FINANCIAL AND SUSTAINABLE DEVELOPMENT REPORT

2022 Universal Registration Document

Digital and Electric:

for a sustainable and resilient future

se.com

Life Is On | Schneider Electric

The Universal Registration Document was filed on March 28, 2023 with the Autorité des Marchés Financiers (AMF), as the competent authority under Commission regulation (EU) 1129/2017, without prior approval in compliance with Article 9 of this regulation.

The Universal Registration Document may be used for purposes of a public offer of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is then approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document is a free translation into English of the official version of the Universal Registration Document which has been prepared in French and in ESEF format (European Single Electronic Format) and which includes the Annual Financial Report for the fiscal year ended December 31, 2022 and is available on the AMF's website (www.amf-france.org) and on the Company's website (www.se.com).

STRATEGIC REPORT

Integrated report

CORPORATE GOVERNANCE REPORT

FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

RFA Annual Financial Report elements are clearly identified in this table of contents with the sign RFA.

Our purpose

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

Our performance

2022 was a year of strong performance against a complex economic and geopolitical backdrop. We navigated the challenges faced with agility, taking the next step on our sustainable growth journey.

Financial KPIs

Revenues
€34.2B
+12.2% organic

Free Cash Flow
€3.3B
96% conversion rate

Adjusted EBITA margin
17.6%
+40bps organic

Adjusted Earnings per Share
€7.11
+16%

Net Income (Group share)
€3.5B
+9%

Proposed Dividend per Share
€3.15
+9%

At Schneider we call this Life Is On

Our Impact

72%

Impact Revenues (+1pt vs 2021)

9.7%

Reduction in suppliers CO_2 emissions

4.91/10

Schneider Sustainability Impact score, outperforming 2022 4.70/10 target

+9.7M

People have access to green electricity since 2020

440M

Tonnes of saved and avoided CO_2 emissions to our customers since 2018

397,864

People trained in energy management since 2009

About Schneider

Our mission is to be your digital partner for Sustainability and Efficiency.

What we offer

We drive digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centers, infrastructure and industries.

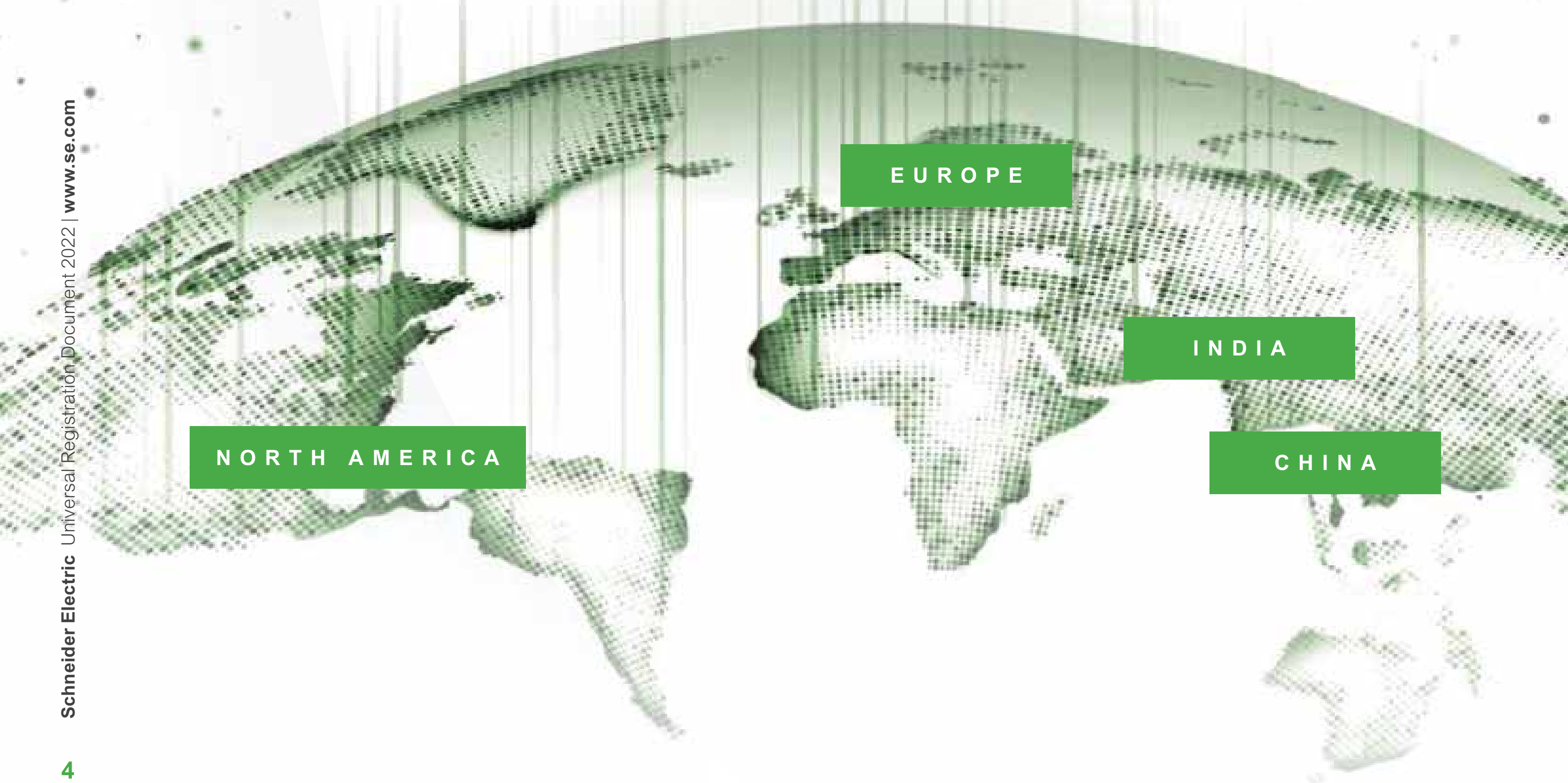
See **page 24** to find out more about what we offer.

Why we do it

We believe access to energy and digital is a basic human right.

Our generation is facing a tectonic shift in energy transition and industrial revolution catalysed by a more electric world. Electricity is the most efficient and best vector for decarbonization; combined with circular economy approach solutions, we will achieve climate-positive impact as part of the United Nations Sustainable Development Goals.

Our four hubs



135,000+

employees

100+

countries

Where we operate

We are one integrated company. We are the most local of global companies.

Our multi-hub approach is a key element to offer improved resiliency, agility and proximity to our customers and suppliers.

See **page 54** to find out more about our quintuple integration.

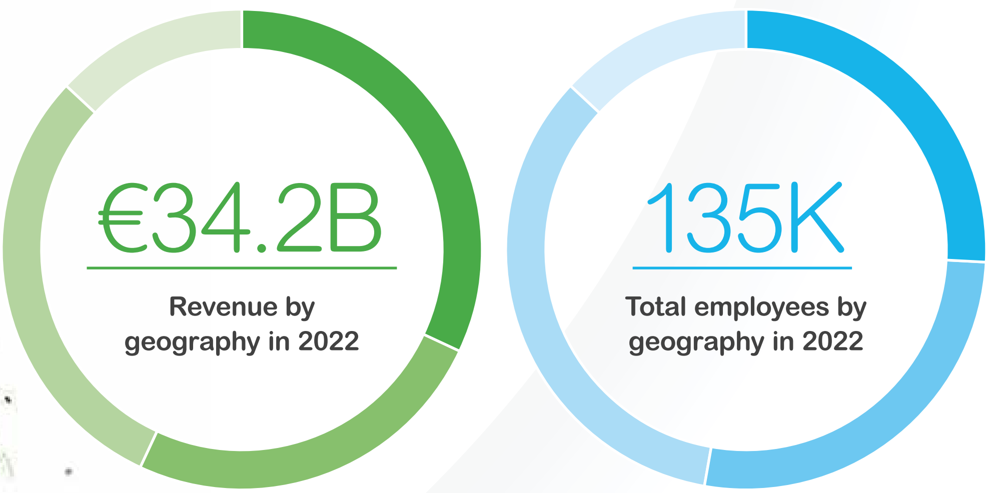
We are an impact company

This means sustainability is at the core of everything we do, in line with our purpose.

See **page 30** to find out more about our Sustainability strategy.

Our business

Revenue		Employees
32%	North America	26%
25%	Western Europe	27%
30%	Asia Pacific	34%
13%	Rest of the World	13%



A future worth investing in

Our position in accelerating markets

Schneider Electric's positioning for a sustainable future focuses on an All-Digital, All-Electric world, deploying its technologies into accelerating markets, to answer customer needs of sustainability and resiliency. The world is at an inflection point. Supported by all stakeholders, including governments, businesses, investors, customers and civil society, we are opening the way to a radically different future.

DIGITAL
for efficiency
Eliminate waste, drive efficiency and optimize from plant to plug

+

ELECTRIFICATION
for decarbonization
Most efficient energy and the best vector of decarbonization

=

SUSTAINABLE WORLD
greener and smarter

Our unique operating model

We leverage our unique operating model to deliver on our mission.

The Integrated Company
It allows us to provide our customers with a complete plug and play and seamless integrated solution.

Multi-hub
Multi-hub is a key element to offer improved resiliency, agility, proximity with our customers and suppliers.

The Impact Company
Sustainability is at the core of everything we do, in line with our purpose.

Open
We are advocates of open standards and partnership ecosystems. Harnessing one data platform for the next level of EcoStruxure openness.

Read more about our operating model in Chapter 1 on **page 54.**

Our growth drivers

Our strategic focus on More Products, More Software, More Services and More Sustainability is set to drive incremental growth in the coming years as we continue our transition to a hybrid digital company.

More Sustainable Products

80% of product sales in 2022 are with Green Premium™ label.

More Software

Complete lifecycle solutions for efficiency and sustainability, through open and agnostic software solutions leveraging one data hub. A fast track to the enterprise metaverse.

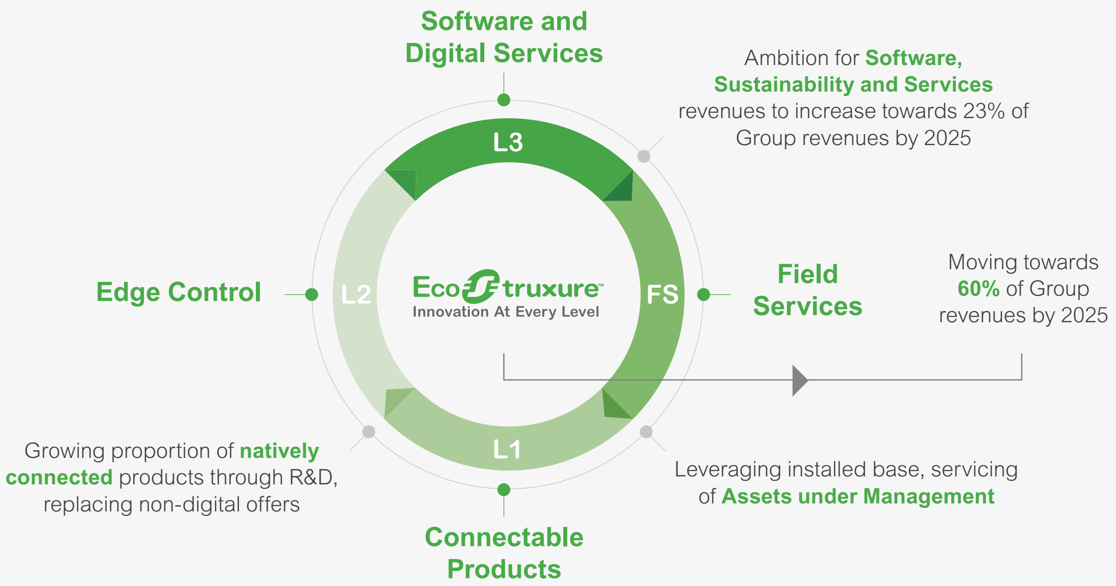
More Services

2x Group growth, peace of mind to customers on mission critical assets.

More Sustainability

Supporting customers in defining and implementing their net-zero roadmap, to drive double-digit growth.

Leading to



Our advantages and resources

We are advocates of open standards and partnership ecosystems that are passionate about our shared Meaningful Purpose, Inclusive and Empowered values.

Our expertise

Our integrated approach allows us to provide our customers with a complete plug and play integrated solution.

People
135k+
employees worldwide, in 100+ countries

Innovation
1,000+
patent applications filed globally in 2022

Environment
77
Number of zero-CO_2 sites

Partners and suppliers
650k+
service provider and partner ecosystem

Financial strength
A-/A3
strong investment grade credit rating

Energy Management

Energy Transition

End markets


Buildings


Data Centers

Creating value

Creating value for all our stakeholders.

Industrial Automation

Industry 4.0

440M
tonnes of CO_2 saved and avoided since 2018

For our customers

10%
performance of the Zero Carbon Project

For our partners and suppliers

39.6M
people provided access to green electricity since 2009

For the planet & local communities

62%
of eligible employees benefitting from 2022 share plan

For our employees

+54%
3-year Total Shareholder Return

For our shareholders


Infrastructure


Industry

Statement from the Chairman & CEO, Jean-Pascal Tricoire

"We develop solutions for a world that is more digital, more electric, and more sustainable."

Jean-Pascal Tricoire, Chairman and CEO

It goes without saying: 2022 was another hugely challenging year for the world. On top of the lingering effects of the pandemic, supply chain disruptions, and electronic and resource shortages of the preceding years, 2022 brought war, sanctions, soaring interest rates, inflation, and an energy and cost-of-living crisis that caused hardship for millions of people and weighed on economies around the world. And not to forget some of the worst climate-related events on record.

Against this backdrop, we, at Schneider Electric, deployed our people and resources across our geographic footprint to make a meaningful impact – both supporting the communities impacted by the immediate crises, and helping all our stakeholders to improve their efficiency, reach for their sustainability goals, digitize to be fit for the future and bolster their long-term resilience against future economic and environmental shocks.

It was another year in which we were true to our purpose: to empower all to make the most of our energy and resources, bridging progress and sustainability for all.

The inflection point: the new energy future is about to materialize

While there's a lot to reflect on, it's best to focus on what this means for the future.

The root cause of both the climate crisis and the energy crisis is the same: an unsustainable energy model that relies heavily on carbon-dense energy sources like gas, coal and oil. In 2022, we saw the consequences of having put insufficient investment towards remodeling our energy system. Energy prices, aggravated by the war in Ukraine, soared to a point that choked the economy.

What all this means is that we're at an inflection point. The twin crises of climate and energy has created a potential turning point in the way we generate, manage, and consume energy.

The medium-term aspiration of reaching carbon neutrality to fight climate change now fully aligns with the short-term objective of ensuring energy security and shielding economies from the volatility and pressure of energy prices.

Accelerating the energy transition has never made more sense.

A year that reinforced our focus on digitization, electrification, and sustainability

The best way to make the energy transition a reality is to decarbonize the demand side of the energy equation – how we use and consume energy. Think about it: Net-zero buildings, homes or cities, cars powered by electricity, ultra-efficient industries. All these are less severely impacted by rising energy costs and energy supply constraints. And they contribute less to climate change.

Too often, the debate focuses purely on how to shift energy supply away from fossil fuels and towards renewables. This is forgetting the most important part: energy transitions happen when we transition the demand side. So we must transition demand for technologies that benefit users, and the supply will follow.

We have the opportunity, today, to create a more energy-efficient world by combining:

1. **Digitization** that can save energy in homes, commercial and other buildings, infrastructure, data centers, and industry.
2. **Greater electrification**, on both the production and the consumption side. Electricity is much more efficient than the combustion of fossil fuels. Electric cars and heat pumps are clear examples of this. We don't appreciate enough that 60% of fossil fuels today are wasted in the process of conversion.
3. **Decentralization** of some of our energy production, via microgrids using on-site renewables.
4. **Flexibility** of energy supply and demand, via smart grids that allow us to optimize how we use or store energy.

At Schneider Electric we've spent the last 20 years building our expertise and portfolio in exactly those areas. We develop solutions for a world that is more digital, more electric, and more sustainable, helping our customers at every stage of their journey towards greater efficiency and resilience, wherever they are.

EcoStruxure, our full IoT, plug-and-play, open, interoperable architecture and platform, covers everything from Connected Products to Edge Control, and Apps, Analytics and Services to meet the needs of customers.

Our **agnostic software and data portfolio** provides the toolbox for customers to digitize their enterprise. By bringing together all of their data into an industrial format, we can build a full digital twin of their operations. This enables them to immerse their people in a comprehensive metaverse of their enterprise, deliver greater efficiency and costs savings, and increase safety, resilience and circularity. The recent acquisition of AVEVA allows us to bring these possibilities to our customers faster.

Our **services** offer supports our customers across the lifecycle of their assets, from initial consultation to end-of-life and circularity.

Our **sustainability business** supports customers with a full-service consultancy offering, from strategy right through to digitization and decarbonization. It starts with measuring their carbon and energy footprint, then helping to reduce this footprint and bolster their energy resilience, including through sourcing the cheapest and greenest energy for their use.

While the majority of our activity is focused on the demand side, we also provide solutions to decarbonize and improve the safety of the fossil fuel industry. Realistically, fossil fuels will remain a significant part of the energy mix for many years. At Schneider Electric, we therefore assist this industry in their journey to minimizing their carbon and methane footprint, and the impact on environment and society.

A year that reinforced our strategy of having ESG at the core of everything we do

Business drivers and performance are one side of the story. The other is non-financial performance: we don't see positive environmental, social and governance (ESG) performance as something that comes at the price of business performance.

Since the early 2000s, we've put ESG principles at the heart of everything we do. Back then, we set ourselves ambitious goals around decarbonization, diversity and inclusion, social responsibility, among others. Since then, we've consistently dialed up those goals and commitments. They've helped us to expand into promising new markets, to innovate, to reduce waste and costs, recycle and save resources, and to attract and retain talent.

Today, we are an "Impact Company", striving to make a long-term positive impact across multiple dimensions on the planet and societies around us. The logic is simple: if you want to do *well* as a company, you must also do *good* – and vice versa. And we must bring everyone along on this journey.

Over the course of 2022, we delivered some great achievements and received numerous awards and recognitions that attest to our performance on these fronts.

For more detail on all this, please read the overview that Gwenaelle Avice-Huet, our Chief Strategy and Sustainability Officer, provides later on in this report.

A year that underlined the value of our unique multi-hub model and culture

Throughout the turmoil of the past few years – and in 2022 in particular – our multi-hub set-up has stood us in good stead. Having four regional hubs -- in North America, Europe, China and India – has provided us with greater resilience amid constant change.

Our teams are empowered to make decisions in light of the local situation, adapting and responding quickly to market opportunities and local circumstances. They do this while staying close to our customers, business partners and other stakeholders, and locating our factories and warehouses close to the points of sale, thus limiting the carbon footprint of our supply chains.

A year that highlighted that Great People really make Schneider a Great Company

Crises or not, our colleagues in more than 100 countries around the world work with purpose, passion and commitment to support our customers, our communities, our business, and each other.

I'm proud to say that's long been the case, as the numerous awards and recognitions we receive every year confirm. But 2022 truly highlighted this dedication.

Our supply chain, sales and customer service teams navigated difficulties and worked hard to try to find solutions to the resource and delivery challenges that still haunted the world for much of 2022. Our factory workers in some countries volunteered to spend weeks inside their sites to ensure that mission-critical operations continued throughout the local lockdowns. And together, our people and company raised over €2 million for the Tomorrow Rising Ukraine Fund, which we set up to support Ukrainians at this very difficult time, and donated a range of electrical equipment, to help restore energy in the country.

A year of challenges – and of opportunity

Yes, 2022 was another year full of challenges for economies, companies and households the world over. But those very challenges are now coalescing to accelerate the transition we so urgently need.

We have the opportunity to create a new energy landscape -- one that is connected, smart, efficient, clean, sustainable, and more resilient to external shocks. And one that makes access to safe and reliable energy a reality for everyone.

Schneider Electric is positioned right at the heart of these changes: our products, systems, services and software; our portfolio, people, and multi-hub set-up; and our commitments to making a positive impact on the planet and society. All these combine to make us a trusted partner and advisor for our customers as they navigate this journey towards the new energy future.

At our 2022 Fiscal results, I made the announcement that as of May 4 2023, Peter Herweck will become Chief Executive Officer of Schneider Electric and I will continue on as Chairman of the Board. After thirty-six years at Schneider, of which twenty were spent as Chief Executive or Operating Officer, I leave the role of CEO just as passionate about the business, people and customers as when I first began my career at this company.

Under Peter's leadership, a new chapter of Schneider Electric begins, building on the solid foundation that many have contributed to and created together these past two decades.

I look forward to continuing this journey with Schneider as Chairman.

Jean-Pascal Tricoire,
Chairman and CEO

Read more about our strategy on **page 22.**

An interview with Chief Financial Officer, Hilary Maxson

"A record year, positioning us well for ongoing sustainable growth."

What were the highlights of Schneider Electric's 2022 financial performance?

We delivered a strong operational performance in 2022 with a focus on execution, enabling us to reach record levels of revenues, adjusted EBITA and net income. We made good progress on our strategic initiatives of more products, more software and services and more sustainability which contributed to us recording +12.2% organic growth and reaching an all-time high EUR 34.2 billion in revenue. We improved our adjusted EBITA margin by +40 bps organic, reaching 17.6%, another record and representing more than EUR 6 billion in value. Net Income of EUR 3.5 billion increased by +9% from 2021 and was also an all-time high, despite losses of ~300M associated with our exit from Russia.

The Group saw good volume expansion year-on-year, with price actions also contributing strongly to growth. Supply chain pressures were evident throughout the year, with progressive easing through the second half, though some tightness related to the supply of electronic components remains. We faced significant inflationary headwinds in the year, from raw materials, freight and electronics, and labor costs, which we were able to offset through strong pricing. We continued to deliver on our structural savings and cost efficiency plan with savings of €203 million in 2022, taking us to a cumulative EUR 1 billion over a three-year period. We also prepared for the future, with an additional €547 million invested on our strategic priorities in 2022.

We delivered Free Cash Flow of EUR 3.3 billion, reflecting record operational cash flow EUR 5.3 billion, but working capital requirements continued to impact the free cash flow for the year, despite strong recovery in the second half, as the Group prioritized securing supply and delivery to customers in an overall strong demand environment.

In 2022, we also made good progress on our digital journey, with our Digital Flywheel now representing 53% of Group revenue, showing good progress towards a target of around 60% by 2025. Software & Services represented 18% of Group revenues in 2022, impacted by our transition to subscription at AVEVA and supply constraints in Services, but with acceleration expected in the next years as we drive our transformation to a hybrid-digital company. Within Software & Services, around 36% of related revenues were classed as recurring, showing strong progress towards a target of around 45% by 2025.

2022 was a year of portfolio change, tell us more about it?

We are happy to have completed the transaction to acquire the entire share capital of AVEVA this year, which will allow us to accelerate on our software strategy and towards our ambition of a consistent "Company of 25"(1). We also completed our portfolio optimization program, disposing €1.7 billion of revenues since the start of the program, in 2019. Over the past four years we've made good progress on our portfolio evolution and are well positioned for the future.

What is the outlook for Schneider Electric in 2023?

Our priority for 2023 is to continue to deliver sustainable growth, targeting organic growth in our adjusted EBITA within the range of between +12% to +16%.

To deliver this strong performance, the Group will use two levers: firstly, organic topline growth where the Group targets between +9% and +11% and, secondly, organic adjusted EBITA margin expansion of +50bps to +80bps.

How do you intend to drive shareholder returns in the next years?

The themes set out in our 2021 CMD are today more relevant than ever, and we are well positioned to benefit in the coming years from long-term secular trends set to drive growth across the end-markets we serve. Our objective is to continue to generate strong earnings growth through a combination of top line growth and margin expansion supported by these long-term secular trends and accelerated by our strategy of more products, more software and services and more sustainability.

We retain a strong focus on shareholder returns, and we continue our track-record of proposing a progressive dividend for a 13th consecutive year, increasing our proposed dividend by +9% to EUR 3.15 per share.

I am confident, as CFO, that we have the portfolio, the technologies and the great people required to enable sustainable growth for years to come, elements which combine to allow us to offer attractive returns to our shareholders.

Hilary Maxson,
Chief Financial Officer

(1) sum of organic revenue growth % and adj. EBITA margin %.

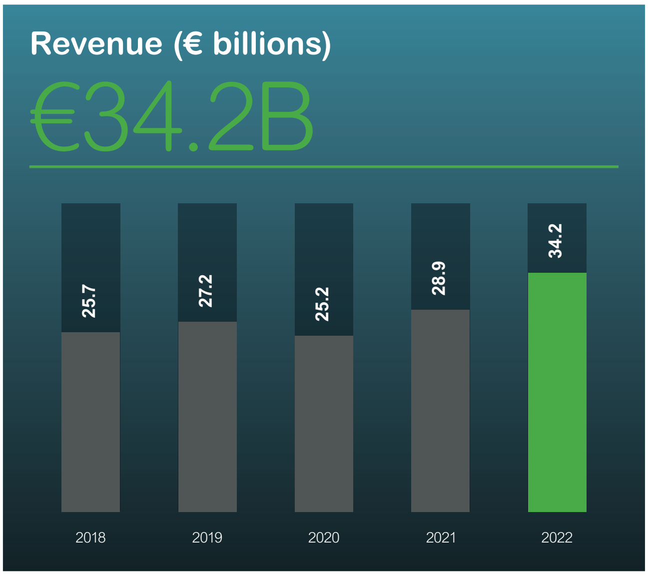
2022 was a year of strong performance against a complex economic and geopolitical backdrop. We navigated the challenges faced with agility, taking the next step on our sustainable growth journey. Strong and dynamic market demand across most end-markets and segments enabled the Group set new record highs in Revenues, Adjusted EBITA and Net Income, while there was a strong recovery on Free Cash Flow in the second half of the year, supported by progressive easing in global supply chains.

Revenue Performance

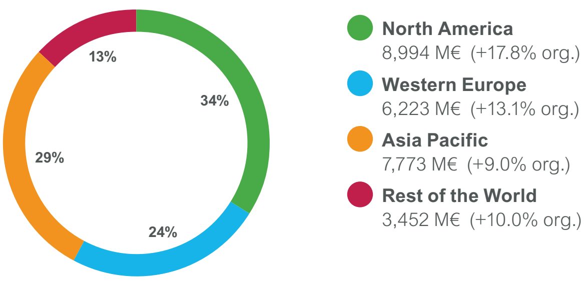
Consolidated revenue totaled EUR 34,176 million for the period ended December 31, 2022, up +12.2% organic and up +18.2% on a reported basis. Organic growth was driven by a continuation of strong and dynamic market demand in the majority of end-markets and segments served by the Group, supported by accelerating energy transition trends and recovery in late-cycle segments. Consumer-linked segments saw softness in some geographies in the second half of the year. The Group saw good volume expansion year-on-year, with price actions also contributing strongly to growth. Supply chain pressures were evident throughout the year, with progressive easing through the second half, though some tightness related to the supply of electronic components remains. Growth was impacted by the Group's withdrawal from Russia and the effects of COVID-19 infections and related lockdowns in China. FX impact was +5.7% primarily due to the strengthening of the USD against the EUR, while there was a net negative impact of -0.2% from acquisitions and disposals.

Energy Management generated revenues of EUR 26,442 million, equivalent to 77% of the Group's revenues and was up +12.9% organically. North America grew +18% organic with strong demand across all end-markets, including residential buildings. Western Europe was up +13% organic with double-digit growth in each of the five main economies of the region with continued good traction in Data Center & non-residential Buildings, though residential markets were impacted by pressures on consumer-spending. Asia-Pacific grew +9% organic impacted by the resurgence of COVID-19 and softer residential markets in China, but with strong growth across the rest of the region, notably in India. Rest of the World was up +10% organic with strong project execution in resource driven economies and despite headwinds from Russia prior to the Group's exit.

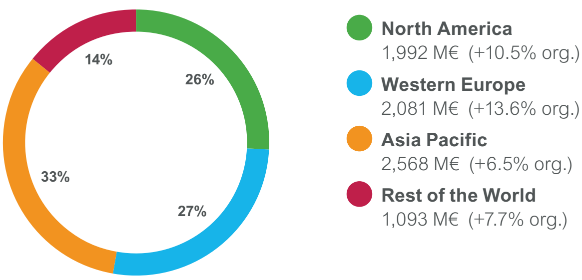
Industrial Automation generated revenues of EUR 7,734 million, equivalent to 23% of the Group's revenues and was up +9.5% organically. Growth was led by Discrete automation markets while sales into Process & Hybrid markets grew strongly, benefiting from recovery in resource driven economies. North America grew +10% organic led by performance in Discrete automation markets, while strong growth in Process & Hybrid markets was supported by execution on a project in Mexico. Western Europe was up +14% organic, with strong growth in Discrete automation markets, particularly in Italy, Spain and France. Asia Pacific was up +7% organic, impacted by the resurgence of COVID-19 in China, but with strong growth across the rest of the region, including in India and Japan. Rest of the World was up +8% organic despite headwinds from Russia prior to the Group's exit.



Energy Management



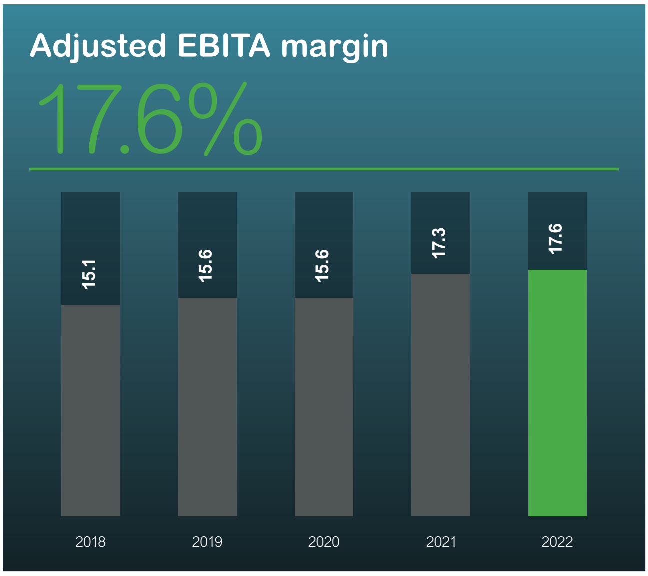
Industrial Automation



Financial Performance Highlights

Summarised Financial Results

€ million	2021 FY	2022 FY	Reported change	Organic change
Revenues	28,905	**34,176**	**+18.2%**	**+12.2%**
Gross Profit	11,843	**13,876**	**+17.2%**	**+10.8%**
Gross profit margin	41.0%	40.6%	-40bps	-50bps
Support Function Costs	(6,856)	**(7,859)**	**+14.6%**	**+8.2%**
SFC ratio (% of revenues)	23.7%	23.0%	+70bps	+90bps
Adjusted EBITA	4,987	**6,017**	**+20.7%**	**+14.4%**
Adjusted EBITA margin	17.3%	17.6%	+30bps	+40bps
Restructuring costs	(225)	(227)		
Other operating income & expenses	(21)	(433)		
EBITA	4,741	**5,357**	**+13%**	
Amortization & impairment of purchase accounting intangibles	(410)	(424)		
Net Income (Group share)	3,204	**3,477**	**+9%**	
Adjusted Net Income (Group share)[1]	3,409	**3,968**	**+16%**	**+13.5%**
Adjusted EPS[1] **(€)**	6.13	**7.11**	**+16%**	**+13.1%**
Free Cash Flow	2,799	**3,330**	**+19%**	



Adjusted EBITA margin at 17.6%, up +40 bps organic due to better volumes, pricing actions and delivery of the Group's cost savings program.

Gross profit was up **+10.8%** organic with Gross margin down **-50bps** organic, reaching **40.6%** in 2022. The decline in margin was mainly driven by lower productivity due to inflationary pressures in the supply chain.

2022 Adjusted EBITA reached **€6,017** million, increasing organically by **+14.4%** and the Adjusted EBITA margin expanded by **+40bps** organic to **17.6%** as a consequence of strong pricing, good cost control and improving SFC/Sales ratio.

The key drivers contributing to the earnings change were the following:

- Volume impact was positive, **+€761** million.
- The Group's industrial productivity level was **-€457** million. Underlying industrial productivity was +€148 million, before the headwind from higher costs of freight, electronic components and other inflationary items in the supply chain which totaled -€605 million. Over a three-year period (2020-2022) the Group has delivered underlying industrial productivity in excess of €700 million (before the impacts of freight and electronics) with 2022 in particular impacted by tightness in global supply chains.
- The net price[2] impact was positive at **+€1,348** million in 2022. Gross pricing on products was positive at +€1,818 million due to pricing actions taken throughout the year. In total, RMI was a headwind at -€470 million. Net price after taking into account freight, electronic components and other inflationary items in the supply chain was +€743 million.
- Cost of Goods Sold inflation was **-€197** million in 2022, of which the production labor cost and other cost inflation was **-€123** million, and an increase in R&D in Cost of Goods Sold was **-€74** million. The overall investment in R&D, including in support function costs continued to increase as expected and represented ~5% of 2022 revenue.
- Support function costs increased organically by **-€581** million, or **+8.2%** organic in 2022 but the Group was able to reduce the overall SFC to Sales ratio from 23.7% to 23.0%, improving by 90bps organic.

The Group continued to deliver on its structural savings and cost efficiency plan with savings of €203 million in 2022. The Group invested an additional €547 million on its strategic priorities in 2022 including R&D, digital and commercial footprint to support future growth. Additionally, the Group faced a significant headwind from inflation, which totaled €254 million in 2022.

Cumulatively in the period 2020-2022, the Group met its objective in delivering €1 billion of structural savings.

- The impact of foreign currency increased the adjusted EBITA by **+€333** million in 2022, including an IFRS technical adjustment for hyperinflation impact in Turkey and Argentina.
- 2022 performance resulted in a favorable mix effect of **+€49** million due to a strong improvement of Gross Margin in the Systems business (mainly coming from pricing) more than offsetting impacts from the relatively faster growth of Systems volumes compared to Products and lower growth at AVEVA.
- The impact from scope & others was **-€226** million in 2022, with net Scope impacts representing a small negative amount mainly associated with Russia, which is treated as a scope item in Q4.

(1) Organic change of adj. Net Income and adj. EPS is calculated after removal of impacts from Russia operations in both 2021 and 2022.
(2) Price on products and raw material impact.

Net income up +9%

Restructuring charges were **-€227 million** in 2022, €2 million higher than last year as the Group continued to implement its operational efficiency program to generate c.€1 billion of structural cost savings in the period 2020-2022. Cumulative restructuring charges over the same three-year period totaled €873 million.

Other operating income and expenses had an impact of **-€433 million**, consisting of -€287 million losses in relation to the exit from Russia (mostly write-off of net book value), -€180 million of M&A and integration costs, -€75 million impairment associated with the disposal of Transformer Plants in Poland and Turkey, partly offset by gains on other disposals made in the year. In 2021, other operating income and expenses had a small negative impact of -€21 million as gains on disposals mostly offset the costs of M&A and integration.

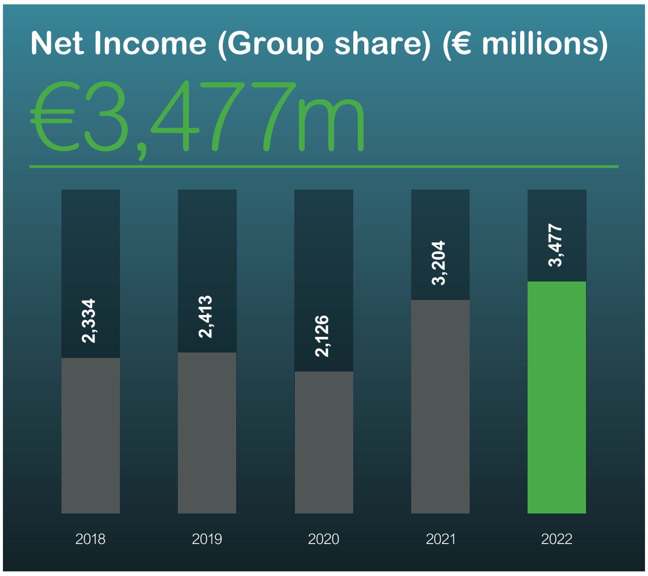
The amortization and impairment of intangibles linked to acquisitions was **-€424 million** compared to -€410 million last year. The increase was mostly due to OSIsoft with a full year of amortization in 2022, compared to 9 months in 2021.

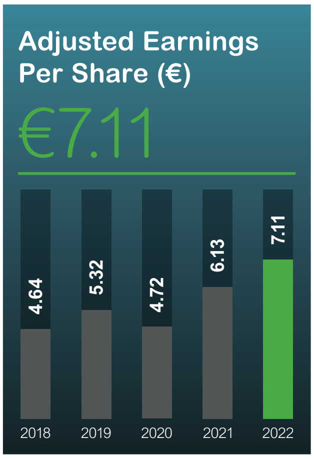
Net financial expenses were **-€215 million**, €39 million higher than in 2021. The cost of debt was up slightly year-on-year, and additionally there was a negative FX impact on currencies where hedging is not possible.

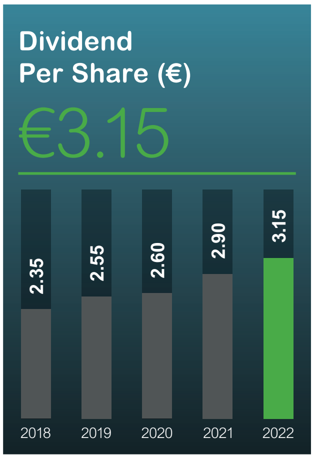
Income tax amounted to **-€1,211 million**, higher than last year by €245 million as a function of the higher profit. The effective tax rate was 25.7%, higher due to the impact of the Russia disposal (ETR of 24.6% excluding Russia, in the expected range of 23%-25% and compared to 23.2% in 2021).

Share of profit on associates decreased to **+€29 million**, down -€55 million compared to last year. Net Income from Delixi was down -€29 million year-on-year, impacted by COVID-19 lockdowns in China and some softness in Residential buildings markets. The net result generated by Uplight was also down year-on-year.

As a result, Net Income (Group share) was **€3,477 million** in 2022, up +9% from 2021. The Adjusted Net Income was **€3,968 million** in 2022, up +16% vs. 2021.







Energy Management

20.4%

Adjusted EBITA margin, up +40 bps organic.

Industrial Automation

18.9%

Adjusted EBITA margin, up +30 bps organic.

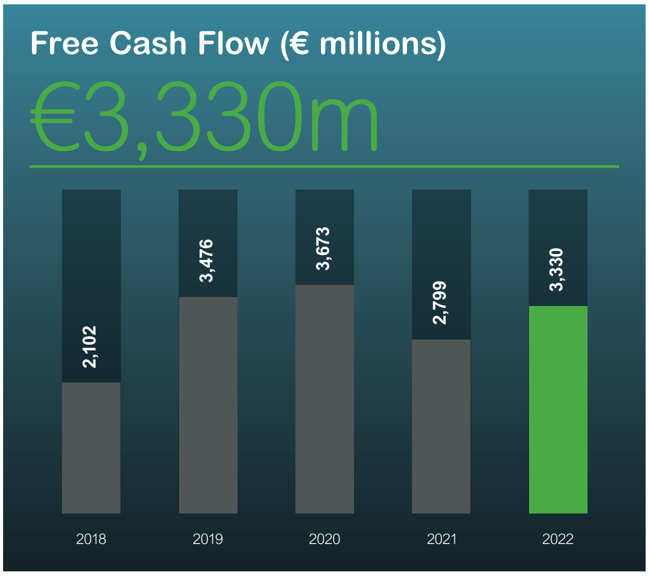
Financial Performance Highlights

Free Cash Flow reached €3.3 billion

The Group delivered Free Cash Flow of **€3,330 million**, primarily due to the P&L performance driving record operating cash flow of €5,393 million.

Trade working capital requirements continued to impact the free cash flow for the year, as the Group prioritized securing supply and delivery to customers in an overall strong demand environment. The trade working capital dynamic turned positive in H2 as expected, with easing of supply chain constraints supporting backlog execution and therefore a reduction in the inventory levels held.

Net capital expenditure of €1,024 million remained stable at ~3% of revenue, while R&D cash costs of €1,845 million represented 5.4% of 2022 revenue.



Balance Sheet Remains Strong

millions of euros	Dec. 31, 2022	Dec. 31, 2021
Total current and non-current financial liabilities	10,463	9,749
- of which Bonds	8,627	8,234
Cash and cash equivalents	-3,986	-2,622
Net financial debt excluding purchase commitments over non-controlling interests	**6,477**	**7,127**
Purchase commitments over non-controlling interests	4,748	176
Net financial debt including purchase commitments over non-controlling interests	**11,225**	**7,303**

Schneider Electric SE issued bonds totaling €1,100 million during 2022.

Schneider Electric's net debt at December 31, 2022 amounted to **€11,225 million** after payment of €1.8 billion to fulfill the 2021 dividend, net acquisitions of €0.3 billion, offset by the good Free Cash Flow performance of €3.3 billion.

The net debt was also impacted by a technical adjustment of €4.6 billion to reflect the commitment to purchase the minority shares in AVEVA, a transaction which closed on January 18, 2023. Adjusting to exclude the impact of such purchase commitments would result in a net debt of €6,477 million, comparable to the €7,127 million of the previous year end.

The Group remains committed to retaining its strong investment grade credit rating.

Financial Strength

A-

Standard & Poor's

S&P Global Ratings

A3

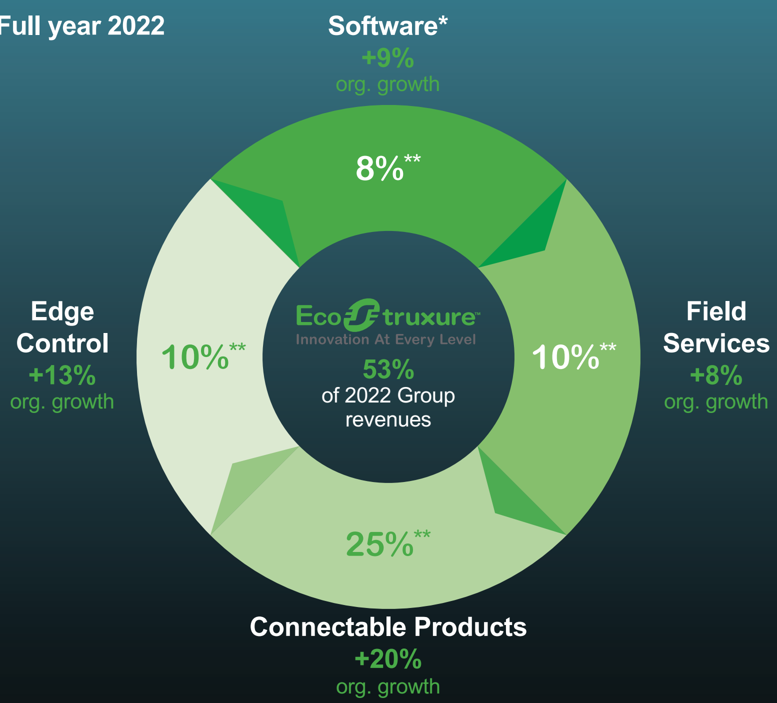
Moody's

MOODY'S

Making strong progress on our digital journey

Schneider Electric continues to make progress on its 'Digital Transformation @ Scale' to create unified software, user experience, data federation and AI as set out in the 2021 Capital Markets Day. This includes tracking the evolution of its digital flywheel where strong progress has been made against the targets set out in 2021. Schneider Electric is focused on growing recurring revenues which serve to deepen the relationship with customers across the lifecycle of their assets and installations, for the benefit of both parties over time.

Flywheel up +15% org. in 2022



*Including Digital Services **% of 2022 revenues

	2021	2022
Digital flywheel as % of Group revenues	c.50%	53%
Software & Services as % of Group revenues	c.18%	18%
Recurring revenue as % of Software & Services revenues	c.30%	36%

Key achievements of the year

- Digital innovation driving strong growth in connectable products
- Good growth in Software and Digital Services despite transition to subscription at AVEVA
- Strong traction for efforts to make software and services revenues more recurring

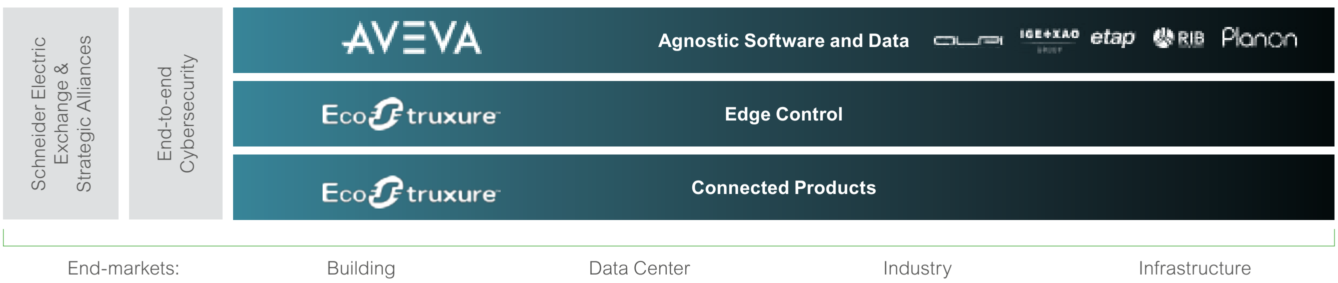
Accelerating our digital journey

Schneider Electric has built the toolbox for customers to digitize their enterprise and build its full digital twin, allowing them to harness insights through data to deliver greater efficiency and savings. This is achieved through EcoStruxure, our IoT enabled, plug-and-play open architecture and platform.

Unparalleled portfolio

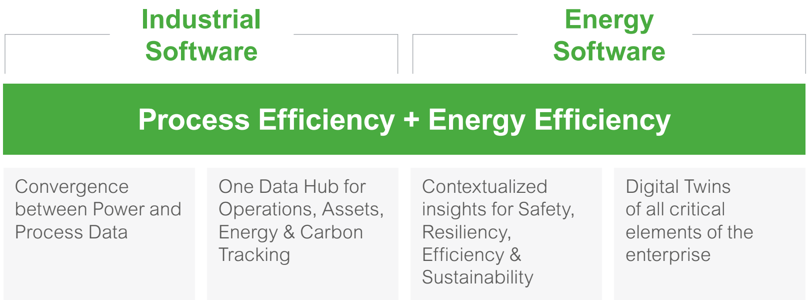
On top of EcoStruxure, we have built an agnostic software portfolio, meaning software that is not tied to any particular hardware device or technology platform, with offers across both Industrial Automation and Energy Management.

EcoStruxure for IoT, Data and Software for a complete Digital Twin



Holistic efficency

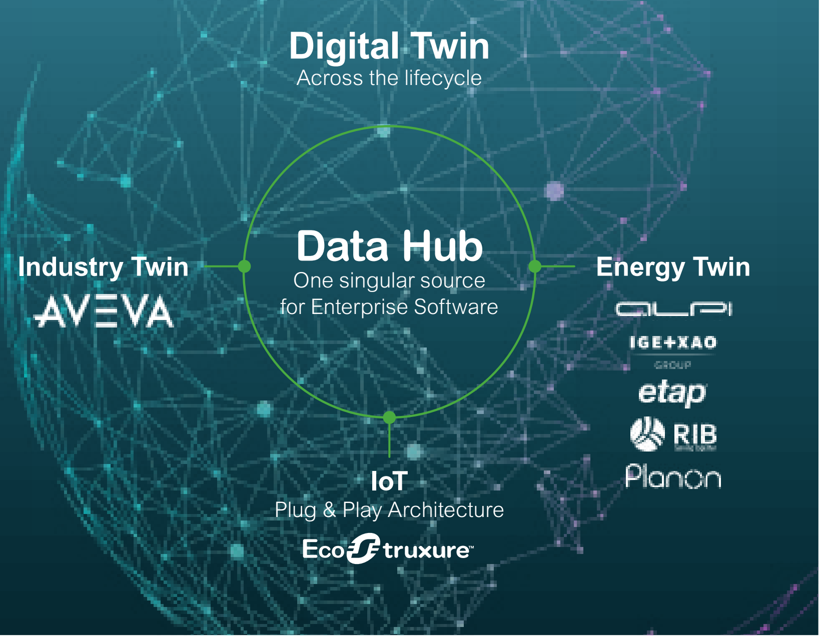
In the current context, with priority on energy security and the resultant rise in energy costs, there is a clear need for greater energy efficiency. Schneider Electric's portfolio of software will allow customers to converge their enterprise data, across domains of process, power and build, and provide contextualized data-driven insights across the lifecycle of their assets.



One Data Hub and a fast track to the Enterprise Metaverse

An increased focus on climate change, coupled with the recent energy crisis, has forced governments and corporations to re-think their energy consumption with a renewed and urgent need for energy efficiency and electrification. Schneider Electric believes that the path to energy efficiency lies in the ability to digitize existing installations across industries with a particular focus on mission-critical and energy-intensive applications.

For our customers there is a clear need for digital solutions across the lifecycle covering both the industry twin and the energy twin across the enterprise. We aspire to be the reference in the industrial world for contextualized asset data. We believe that customers can benefit when data from their enterprise installations feeds into a single data hub, accessible by specialized software applications for tangible efficiency gains and sustainability advancements.



In 2022, Schneider Electric took the next step in the evolution of its strategy, and the acceleration of its digital journey, through the acquisition of the entire share capital of AVEVA.

Transaction timeline

March 1, 2018
Schneider Electric acquires a c.60% share in AVEVA

November 11, 2022
Schneider Electric reaches agreement on the terms of an increased and final cash offer of £32.25 per share

January 18, 2023
Schneider Electric announces completion of the transaction, with shares in AVEVA to be de-listed the following morning

Mar. 18 | Sep. 22 | Nov. 22 | Dec. 22 | Jan. 23

September 21, 2022
Schneider Electric announces its intention to acquire the remaining c.40% of shares in AVEVA that it does not already own, by way of a scheme of arrangement*.

November 25, 2022
AVEVA announces that the requisite majority of eligible AVEVA shareholders have voted to approve the offer and to pass a special resolution to implement the Scheme

December 14, 2022
AVEVA announces that all of the regulatory conditions have now been satisfied

*The cash offer of £31 per share is recommended by the AVEVA Independent Committee and is subject to the approval of the minority shareholders and certain regulatory conditions.

Implications for our customers

The combination of AVEVA and Schneider Electric agnostic software provides customers with one data hub, and a fast track to the Enterprise Metaverse. Doing so will drive benefits for customers, creating value through:

- Acceleration of the transition to a subscription model and Software as a Service (SaaS)
- Creating one data hub, converging customers process and energy data
- Bringing combined process and energy efficiency to industrial and infrastructure customers
- Providing one set of applications for the complete Enterprise Metaverse
- Leading to a frictionless customer experience

Implications for Schneider Electric

The transaction will serve to accelerate Schneider Electric's software strategy, driving growth through:

- A simplified and co-ordinated agnostic software offering
- Operational flexibility and simplification
- Further convergence of technology through closer co-operation on R&D
- A co-ordinated go-to-market and greater customer coverage

Our three principles of Software governance

Schneider Electric intends to apply its fundamental principles of business autonomy and technological agnosticity to the governance of AVEVA by ensuring three "software governance principles", which are:

1. First, to maintain AVEVA's software as fully agnostic. This means that AVEVA will continue to rely on open architectures and interoperable standards providing the equal ability to work with or without Schneider Electric hardware.

2. Second, to preserve AVEVA's business autonomy. This means that the AVEVA name and brand will continue and AVEVA will have its own, dedicated go-to-market, marketing and R&D capabilities, as well as its own P&L.

3. Third, to keep AVEVA's specific culture as a software company. This means that the AVEVA teams will not be merged or integrated with existing Schneider Electric hardware businesses, or country operations.

Key achievements of 2022

January

Schneider Electric achieves outstanding performance in four corporate sustainability ratings underlining its long-standing sustainability leadership.

- 11th consecutive year on **CDP's Climate Change A list**
- 11th consecutive year on the **Dow Jones Sustainability World Index**
- Top rating from **EcoVadis**: in the top 1% of 85,000 corporates assessed and received the Platinum medal
- #1 in the Electronic Components & Equipment sector in Europe on the **Vigeo Eiris index**

In addition, Schneider Electric was recognized for the 11th time in Corporate Knights' Global 100 list of the most sustainable corporations, ranking fourth in 2022.

February

Schneider Electric lands on Fortune's 2022 World's Most Admired Companies list for the fifth year in a row. This year, Schneider Electric ranks third in the electronics industry, signifying its continuing commitment toward building a more digital, electric, and decarbonized world. This accolade is a testament to the Company's ongoing commitments toward innovation, sustainability, diversity, and inclusion.

March

Schneider Electric's Le Vaudreuil factory has been recognized by the World Economic Forum as a Sustainability Lighthouse, one of only six worldwide and the second for Schneider Electric. The World Economic Forum also recognized the Company's Smart Factory in Hyderabad, India as an Advanced Lighthouse — the fifth Schneider Electric factory to receive this distinction to date

April

Schneider Electric donated equipment worth €4 million to help restore essential energy supplies in Ukraine. The donation was facilitated by the World Economic Forum as part of ongoing efforts to identify steps its members can take to support humanitarian needs in Ukraine. In addition, the Schneider Electric Foundation supported NGO partner "SOS Attitude" in running a refugee camp in Moldavia.

Schneider Electric Foundation

May

Schneider Electric launched EcoStruxure™ Machine Expert Twin, a scalable digital twin software solution to manage the entire machine lifecycle. Using EcoStruxure™ Machine Expert Twin our customers can expect 60% savings in commissioning time and up to 50% faster time-to-market by revolutionizing the design and build processes.

June

Schneider Electric won the 2022 Microsoft Energy & Sustainability Partner of the Year award. Schneider was honored among a global field of top Microsoft partners for its innovative EcoStruxure™ software solutions provided to customers that were powered by Microsoft technology.

July

Schneider Electric signed a binding agreement regarding the sale of Schneider Electric Russia to the local leadership team. The transaction was completed at the end of September, with Schneider Electric Russia deconsolidated effective from the start of Q4 2022.

September

Schneider Electric confirmed its firm intention to acquire the share capital of AVEVA that it does not already own. The transaction will create customer value through bringing together energy and process data, creating an unparalleled enterprise data hub augmented by a suite of specialized software offers. The minority shareholders of AVEVA voted in November 2022 to approve the transaction, which closed in January 2023 following satisfaction of all regulatory conditions.

AVEVA

November

Schneider Electric is triply recognized by the Financial Times, Refinitiv and Forbes as a global leader in workplace diversity, equity and inclusion (DEI). These separate endorsements reflect both the depth of the company's long-standing commitment to creating a fairer and more equitable society, as well as the tangible, practical impact of the measures it has implemented to progress that ambition within its workforce.

August

Schneider Electric ranked first in the Gartner Supply Chain Top 25: Europe Top 15, retaining its position for the third consecutive year. This recognition followed the announcement in May that the company ranked second in the Gartner global ranking.

October

Schneider Electric introduces advanced energy management solutions at its Innovation Summit World Tour expanding the AirSeT range with the launch of new SF_6-free MV switchgear for primary distribution (GM AirSet), the EcoStruxure™ Energy Hub IoT SaaS solution for visibility into energy and emission profiles and Schneider Electric EcoCare, a unified IoT-enabled bundle of 24/7 expert support, that delivers deep insights on asset conditions, and expertise to unlock safety, efficiency, and sustainability improvements.

December

Schneider Electric's Wiser Home Energy Management App received special honors at this year's Consumer Electronic Show (CES) being named a 2023 Innovation Award Honoree in the Smart Home category. The award recognizes outstanding design and engineering in technology products, focusing on sophisticated monitoring and control solutions. The Wiser App simplifies home energy measurement & control to increase efficiency, saves on energy bills and allows homeowners to live more sustainably.

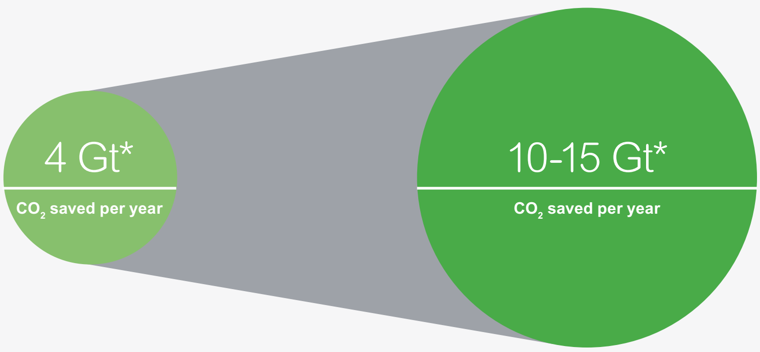
Business

Market trends – All Digital, All Electric

At Schneider Electric, we believe an All Digital, All Electric world is key to limiting the global temperature increase to the 1.5°C trajectory needed to slow climate change and enable a resilient future. The energy crisis in Europe shows that decarbonization is a strategic imperative to ensuring stability today and not limited to ensuring a resilient world in the far future. In fact, the medium-term objective of reaching carbon neutrality to fight climate change fully aligns with the short-term objective of energy security.

We are at an inflection point. We need to build a more sustainable and resilient world.

We need to save 3x more and 3x faster CO_2 emissions by 2030



Current pledged savings, post COP26, by 2030 leading to ~2.7º rise

Minimum required savings by 2030 to limit to 1.5º rise

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

* Gigatonne

Solutions to increase sustainability and resilience exist and are available today.

Schneider's positioning for a sustainable future focuses on an All Digital, All Electric world. It's what we call "Electricity 4.0":

- **Digitization creates resilience and builds a smart future:** Data analytics and insights enable more agile, efficient operations and continuity, making the invisible visible.
- **Electricity makes greener energy possible:** Green energy production offers the best path for decarbonization.

DIGITAL	+	ELECTRIC	=	SUSTAINABLE
For Efficiency		For Decarbonization		Smart & Green

Megatrends highlight the shift to a world becoming All Digital, All Electric.

All Digital

Growing need to aggregate exponential amounts of data.

Expansion of Internet of Things (IoT) in industrial processes driving more and more data. By 2030, the number of IoT devices will be **six times** that of 2020 growing from eight billion to 50 billion, resulting in an eight times increase in compute workloads[(1)].

New business models possible with new technologies like artificial intelligence (AI), algorithms, and digital platforms.

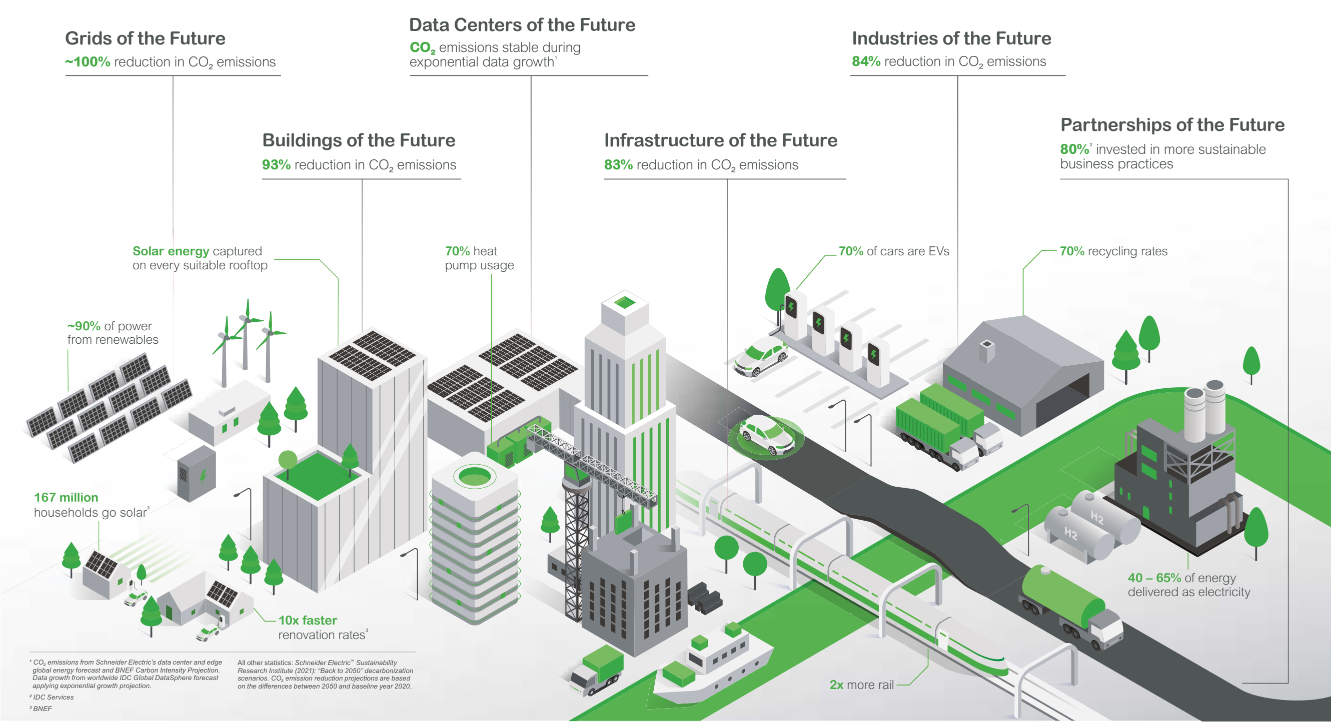
All Electric

More renewables, with a variable capacity mix anticipated to reach up to **50%** by 2040, make power generation greener.

More electric vehicles (EVs) drive changes to the electrical grid and increase the level of electrification.

More energy efficiency from better products and smarter use.

What net zero looks like in 2050



(1) Schneider Electric Sustainability Research Institute.

Industries of the Future

We are on a mission to make the industries of the future sustainable and resilient through open, software-centric automation.

We help our customers integrate sustainability, efficiency, and responsible profitability into every step of their decision making — and lead by example in our own Smart Factories.

Our unrivaled EcoStruxure™ solutions and services, built from the legacy of award-winning brands such as Modicon, Foxboro, Triconex, TeSys, Altivar, and Harmony, are complimented by AVEVA software and strategic partnerships with world-leading companies to provide end-to-end, integrated solutions from the shop floor to the top floor and into the cloud.

Innovations introduced in 2022 include:

- **Lexium Cobot:** An advanced robotic system that increases workforce empowerment and safety by performing heavy, repetitive, and complex tasks.
- **EcoStruxure™ Automation Expert 22.1:** The world's first universal automation solution now reduces engineering by almost 50% through **AVEVA System Platform** integration, and provides a cost-effective, high-computing-power controller with **Modicon M262d** integration.
- **EcoStruxure™ Machine Expert Twin:** A scalable digital twin of real machines allowing manufacturers to design, commission, and manage their lifecycle in the virtual world before impacting the real world.
- **Motor Management:** Decreases motor energy consumption and deterioration without compromising safety and reliability. **EcoStruxure™ Motor Management Design** web app easily performs energy savings analysis, and Altivar™ Soft Starter ATS480 reduces engineering time and costs.
- **EcoStruxure™ Power and Process:** Increases efficiency and sustainability by digitally unifying automation and electrical systems.

Padania Acque

Schneider Electric worked with Italian water services provider Padania Acque, to integrate and modernize its operations, resulting in:

- reduced energy consumption by at least 5%,
- reduced water loss by up to 10%,
- 22% increase in EBITDA over three years.

96%

less energy and 95% less material needed for testing (Euro Machinery).

50%

faster changeover time and up to 40% cost savings (Livetech).

25%

less downtime and 40% less labor costs (Wilo Pumps Indonesia).

Buildings of the Future

We spend the majority of our lives in buildings. They are where we work, learn, shop, and spend time with the people who matter most. That is why it is more important than ever that buildings are:

- **Sustainable:** designed and retrofitted for net-zero. With our 3-step framework – Strategize, Digitize, and Decarbonize—we bridge ambition and action for decarbonization of buildings, new and existing.
- **Resilient:** avoids downtime and recovers quickly. Our power digitalization and microgrid solutions enable business uptime through reliable power, predictive analytics, and conditions-based maintenance.
- **Hyper-efficient:** gathers real-time data for visualization and identification of efficiency opportunities. Through room-level monitoring, occupancy sensors, and building management software, businesses can better manage energy and space utilzation.
- **People-centric:** puts people first in the design and operation of the building for improved health, safety, comfort, and productivity. Our building management and security solutions provide an optimal environment for occupants at all times.

Innovations introduced in 2022 include:

EcoStruxure™ Building Operation 2022

An open, scalable next-generation building management solution that provides a single control center for facility professionals to monitor, manage, and optimize the efficiency of systems that have been traditionally siloed. Now providing simple integration, visibility and actionable data from solar panels, EV charging stations, and renewable energy sources, as well as previously integrated HVAC, power, lighting, security, fire systems, and more to create sustainable and energy-efficient buildings.

SpaceLogic™ Insight-Sensor

Anonymous, real-time people-counting technology and integration with EcoStruxure™ Building Operation building management system (BMS) responds dynamically to changes in room conditions and occupancy to reduce energy waste, enhancing occupant comfort. Additional sound, light, temperature, and humidity sensing delivers data required for green and WELL building standards and certifications.

EcoStruxure™ Building Advisor

Monitor your building management system and heating, ventilation, and air conditioning (HVAC) assets while automatically detecting and diagnosing faults leading to energy waste. Dedicated dashboards indicate tailored recommendations to help prioritize maintenance tasks, based on carbon emission scores. Facility professionals can view the carbon impact of every single building, and also report on carbon footprint reduction across the whole enterprise.

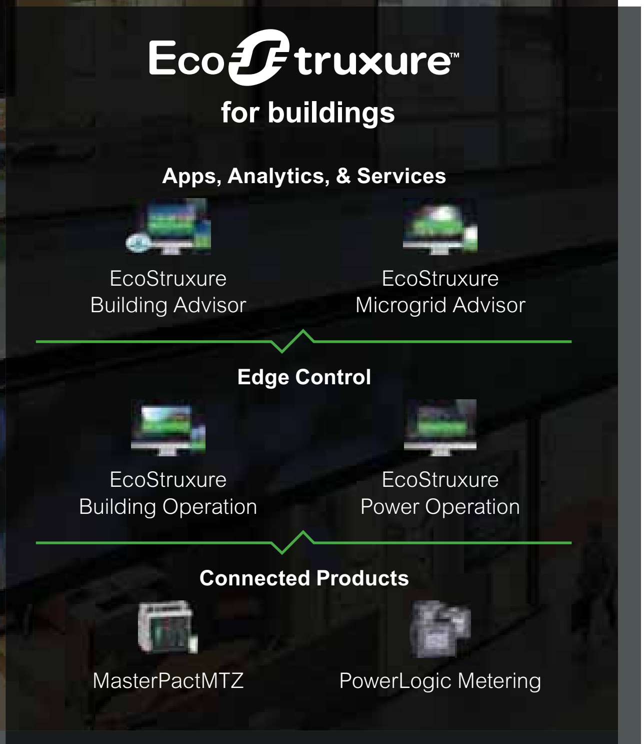
EcoStruxure™ Energy Hub

Cloud-based energy management system designed for small and medium-sized commercial and industrial buildings that simplifies energy management and achieving sustainability goals, without the IT headaches. Simply connect your smart energy infrastructure for a single building or multiple sites to automatically collect, store, visualize, and report on energy data.

Citycon Lippulaiva – Helsinki, Finland

Citycon a leading owner, manager, and developer of mixed-use urban centers commissioned Europe's first energy self-sufficient, sustainable, and carbon-neutral urban center. With EcoStruxure™ solutions, including an advanced microgrid system, Citycon became a prosumer – both a producer and consumer – of energy. The goals included to achieve high sustainability through net-zero emissions, improve energy management, lower energy consumption, and generate revenues by selling energy back to the local utility, and were achieved with EcoStruxure™ solutions. Results of this installation and strategy include:

- 335 tCO_2/year (direct energy savings) emissions reduction.
- 14% reduction in energy costs.
- €3 million investment payback within five years.



50%

Approximately 50% of today's buildings will still be in use in 2050[(1)].

37%

Buildings account for 37% of the world's annual CO_2 emissions[(1)].

(1) https://www.iea.org/reports/energy-technology-perspectives-2020

Homes of the Future

At Schneider Electric, our aim is to make homes more efficient and sustainable, leveraging our future-proof and scalable home energy solutions. Our cutting-edge technologies help monitor, control, automate, and save on energy consumption, while also reducing carbon emissions at home without compromising on comfort and convenience. We design solutions to:

Make homes more sustainable

Homes are the single largest consumer of electricity and contribute up to 20% of carbon dioxide emissions. Schneider Electric provides solutions to make homes multi-energy source ready, maximizing electrification and, therefore, decarbonization (e.g., switching from fossil fuel to electrical heating), making it easy to upgrade existing installations.

Make homes more resilient

Schneider Electric's advanced technology helps customers secure homes against electrical hazard risks, cyber threats, and power interruption. The energy crisis and climate change is putting increased pressure on our home's electrical installation. Our next generation of intelligent electrical switchboards, combined with battery back-ups, ensures critical appliances remain powered even during outages.

Make homes more efficient

Heating accounts for about 60% of the energy bill. Added to this, EV charging will increase electricity consumption by up to 40% in homes[(1)]. To mitigate increased energy bills, our Home Energy Management solutions enable consumers to decrease energy consumption, without compromising on comfort. Through real-time monitoring and control of major energy guzzlers in homes, we empower homeowners to make their home more energy efficient.

Make homes more personal

Schneider Electric helps you create a comfortable home with a bespoke style and personalized living experience at every moment. Thanks to digitization and machine learning, you can take complete control of your home while Wiser learns your preferences to deliver your unique smart home experience.

Innovations introduced in 2022 include:

- **Wiser app Home Energy Management System:** The Wiser App from Schneider Electric makes it simple for homeowners to manage their energy use, reduce bills, and prepare for a more sustainable future, all in just a handful of taps. Users can monitor power consumption in real-time, understand their spending, and set budgets with ease. Plus, Wiser now creates the most efficient schedule for charging an EV, choosing when to start charge based on the cheapest electric tariff.
- **Merten System-M Pure Ocean:** The plates of this series of switches and sockets are made from used fishing nets.
- **Odace Sustainable:** One of the best seller series of switches and sockets, produced in a net-zero factory in Spain, is now available in a recycled material option, which would be 80% post-industrial frames.
- **Resi9 Green:** Introducing recycled content into an electrical component is not an easy task, as the new material needs to comply with high standards in terms of safety and performance, such as resisting temperatures up to 950 degrees. Our teams have been able to make it happen for our Resi9 breakers series.
- **Resi9 Connect:** Resi9 Connect ensures that all home occupants have strong internet connection, using a wired for wireless architecture – wired for performance and wireless for convenience. The solution provides internet access throughout the home via wall hotspots, providing router-quality WiFi in every room.

KB Homes customer testimony

"We are excited to partner with industry and academic leaders to bring advanced technologies and energy solutions to our homeowners. The new KB homes at Oak Shade and Durango at Shadow Mountain will be the first in California to be equipped with smart technologies, a backup battery, and microgrid connectivity. These will provide a self-supporting energy system with a community battery that powers the neighborhood," said Dan Bridleman, Senior Vice-President of Sustainability, Technology and Strategic Sourcing for KB Home. "We look forward to conducting research to measure the energy efficiency and resiliency of our all-new energy-smart connected communities."

x2

Electricity consumption in residential buildings is expected to double by 2050[(2)].

20%

Homes contribute up to 20% of CO_2 emissions[(3)].

54%

Consider smart technologies like home energy management solutions as a way to reduce energy bills[(4)].

(1) ChargeGuru study of 100 EV installations in France.
(2) International Energy Outlook 2019 (EIA).
(3) UN Environmental Program 2020.
(4) Schneider Electric consumer survey conducted across six markets – 8,019 respondents – in July 2021 (performed by OPINIUM).

Infrastructure of the Future

Infrastructure is the backbone of society. Schneider Electric's technology, services, and expertise enable cities and companies to make infrastructure more reliable, safer, greener, and more efficient.

Grids

Sustainable, flexible, efficient, and resilient power grids are fundamental to accelerate the energy transition. In addition to providing innovative electrical equipment, such as switchgear that uses pure air instead of the SF_6 greenhouse gas, the Group equips grid operators with data gathering, management, and analytics capabilities that unlock grids of the future. These digital grid transformations further enable the decarbonization of buildings, industry, and mobility.

Transportation infrastructure

Many governments, cities, and transit authorities are pioneering mobility and infrastructure projects using end-to-end EV charging solutions, renewables, battery storage, and microgrids. Schneider Electric makes this possible through a foundation of digital, future-proof, financially innovative, and services-based infrastructure solutions. These solutions modernize and digitize diverse transportation infrastructure including buses, metros, railways, and airports, speeding up the transition to low-carbon mobility.

Innovations introduced in 2022 include:

- **SM AirSeT and RM AirSeT** are digital MV switchgear ranges using pure air technology, eliminating the need for the SF_6 GHG.
- **EcoStruxure™ Grid Operation** is a scalable, future-proof software solution offering outage management and SCADA modules specifically tailored for small to medium-sized utilities. This modern technology that helps maximize reliability, resilience, and operational efficiency is easy to deploy and maintain while also serving as a foundation for a stepwise journey to Advanced Distribution Management Systems.
- **AVEVA™ Unified Operations Center for Renewables** is an enterprise visualization for creating intelligent operations centers based upon a system of systems approach.
- **ETAP Grid Code** is an end-to-end solution for the design, analysis, protection, optimization, operation, and maintenance of renewable energy systems.
- **EcoStruxure™ EV Advisor** is a platform for building owners and EV drivers to control EV charging remotely.
- **ETAP Train Power Simulation – eTraX™** is software for designing, analyzing, and managing AC and DC railway infrastructure.

80%

of global CO_2 emissions come from the production and consumption of energy(1).

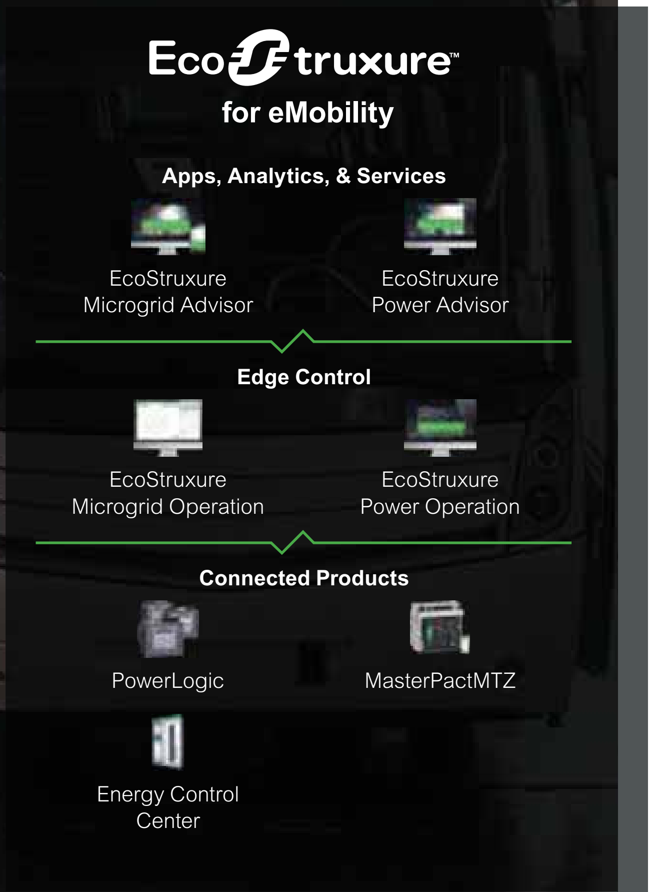
60%

rise in CO_2 emissions from transportation by 2050 in absence of mitigation measures(2).

Brookville Smart Energy Bus Depot

A first-of-its-kind "Energy as a Service" infrastructure electrification project ensuring the bus fleet's continuous operation regardless of utility outages. Backed by renewables, it advances Montgomery County's 2035 net-zero carbon emissions goal. The project is set to deliver sustainable and resilient energy and charging infrastructure supporting at least 44 electric buses at Brookville Smart Energy Bus Depot.

- Solutions installed: solar PV, on-site generation, battery energy storage, microgrid controls, and electric bus chargers.
- 62% carbon reduction from buses eliminating a lifetime (~155,000 tons) of GHG.
- 99.999% resilience and reliability of operations and sized to handle peak-demand.
- Turnkey Energy as a Service solution.



(1) OECD/IEA (2020), World Energy Outlook, Climate Watch (2020), Historical GHG emissions, Schneider Electric Research.
(2) Planete Energies.

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Data Centers of the Future

Data centers are the lifeblood for the digital world, from large cloud centers to small micro ones. They must be sustainable, resilient, efficient, and adaptive to meet the changing demands of technology.

Critical attributes of evolving data centers:

Sustainable – Sustainability in data centers involves creating direct customer benefits and accounting for emissions from the entire supply chain. Robust data is crucial for a sustainable solution for both the organization and its customers.

Resilient – By reducing exposure to hazards and risks to minimize unplanned downtime. Monitoring and data analysis helps data center teams proactively avoid uptime threats and maintain business continuity.

Efficient – More and more data centers are incorporating human resources and cost aspects such as CapEx in total cost of ownership (TCO). Intelligent sensors and digital services will drive more efficient operations.

Adaptive – Speed and precision in delivering goods and services is a new business success threshold. Data centers must adjust to changing customer demands. Agile designs enable data centers to pivot and scale quickly. Meeting these demands is crucial for business success.

Innovations introduced in 2022 include:

- **EcoStruxure™ IT:** Schneider Electric's comprehensive data center infrastructure management (DCIM) software solution that ensures business continuity by enabling secure monitoring, management, and planning for IT infrastructure, from a single rack to hyper-scale, on-premises, in the cloud, and at the edge.
- **APC SmartUPS Modular Ultra:** The most sustainable modular UPS for distributed IT and edge computing allows for scaling power protection from 5-20 kW to meet business needs. Lithium-ion technology eliminates the need for battery replacement, allowing for more power, IT, and edge computing.
- **APC SmartUPS Ultra:** The first of its kind single-phase UPS that has a lighter and more powerful design. It uses lithium-ion technology to power distributed IT and edge computing sites to ensure uptime and resilience.

Maintaining uptime means happy customers

"The biggest win using EcoStruxure™ IT Advisor is that we're now in a position where we're reacting to situations before they actually become situations visible to anybody else. We're doing our best work when nobody really knows that we exist."

Christopher Perez, Advisor for Enterprise Technology, Puget Sound Energy

Up to

20%

reduction in energy usage(1).

Around

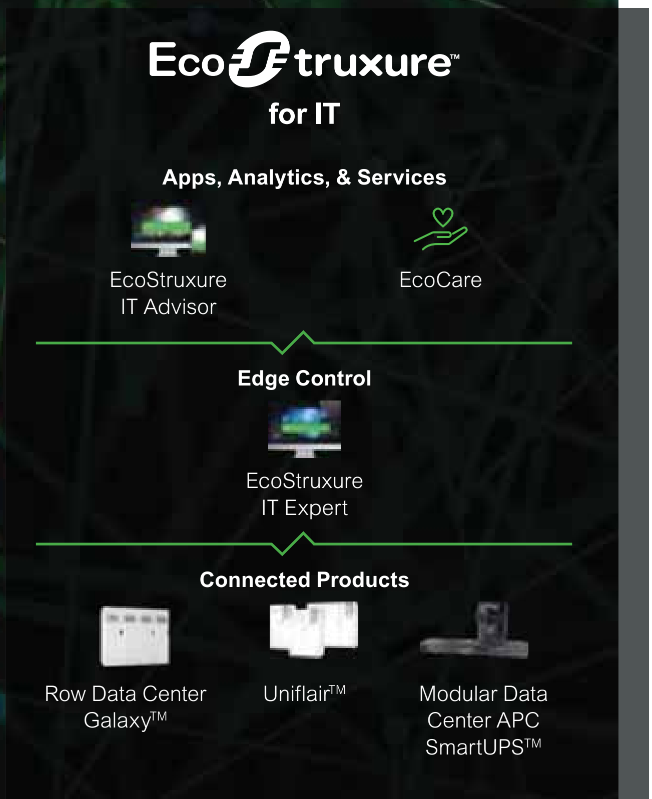
15%

reduction in maintenance costs(1).

EcoDataCenter

EcoDataCenter believes it has a responsibility to be socially and environmentally accountable when it comes to new data centers – which drives its very mission statement. Located in Falun, Sweden, they operate with an emphasis on climate-positive solutions for clients, communities, and the environment.

- Four Galaxy™ VX UPS's operating at 99% efficiency can support 3,750kW of customer load in the data center.
- Connected sensor and meter monitoring allows greater facility temperature control.
- The data center achieves new levels of efficiency, with an EER of 132 and a PUE of 1.15 by reusing low-grade waste heat.



(1) https://www.se.com/ww/en/work/campaign/life-is-on/case-study/tanishq.jsp

Partnerships of the Future

Climate change is the defining issue of our time. We must limit the planet's warming to 1.5º Celsius, which means collectively eliminating three times more carbon emissions by 2030. The good news is, we have tools available to make the world less carbon intensive and more energy efficient. But no one can complete the decarbonization journey alone. Only by teaming together can we accelerate progress on the world's path to net zero. And that's what Partnering for Sustainability is all about.

Building a sustainable future together

Sustainability is more than a corporate social responsibility; it's also, a business imperative. Companies everywhere are concerned about climate change as they feel pressure to address the issue for shareholders, customers, employees, and the younger generation. At Schneider Electric, we're responding by enabling sustainable practices with solutions that are simplified, open, and digital. And we're providing these solutions for, with, and through our partners worldwide.

- **Sustainability For Partners:** We support our partners in assessing their own carbon footprint and building a trackable and traceable plan of action.
- **Sustainability With Partners:** We certify our partners' ability to assess the sustainability of their supplier and customer ecosystem with automated and easy-to-scale SaaS solutions.
- **Sustainability Through Partners:** We assess and market the impact of our solutions on carbon, total cost of ownership, and ability to secure certifications and subsidies to increase our competitive advantage and benefit our partners.

First-ever Sustainability Impact Awards

Schneider Electric launched the Sustainability Impact Awards in 2022 and, in the program's inaugural year, focused on partners who share our passion for decarbonization and are taking action to make the most of their energy and resources. It is altogether fitting that our inaugural global awards program recognizes our partners for their sustainability efforts in their own operations and on behalf of their customers.

Overall, we had participation from 37 countries, 11 channel partners type joined the partner award program, such as contractors, design firm, system integrators or IT solutions provider and 6 global winners will be announced in Q1 2023. In 2023, the awards program will expand to recognize suppliers and end users for their sustainability impact, as well.

Melbourne Cricket Ground

The 100,000-seat sports stadium, considered the home of Australian sport, is a prime example of the convergence of building technology and IoT applications and advanced data to ensure power quality for fans and stakeholders; track consumption of energy, water and gas; and reduce energy costs and usage to minimize environmental impact. Thanks to Critical Power EcoXpert, AZZO and EcoStruxure Power.

EcoXpert

Innovations introduced in 2022 include:

- **PrismaSeT Active** is the newest generation of low-voltage switchboards, natively cloud connected helping boost reliability & efficiency. Maximizing people safety with heat tag. Commissioning is made faster, before smart alarms help optimize maintenance and improve uptime.
- **TransferPacT** is the new generation transfer switch that provides best-in-class reliability with ultra-fast transfer performance. This natively connected switch can be monitored 24/7 and thanks to the modular design, it's easy to upgrade with 30% space saving.
- **TeSys Series:** The new generation of TeSys motor starters - Deca and Giga series are designed to serve the needs of the process machinery, water and wastewater, metals, minerals, and mining as well as various manufacturing and processing industries. The new generation TeSys series reduce engineering time and complexity, whilst improving machine reliability and driving down maintenance costs help provide consistent performance, enhanced safety and uptime, cost savings, and great functionality.

650k

Partners and Service Providers Co-innovate and exchange.

10+

mySchneider Partner Programs Curated content, tools and training.

3.5k+

EcoXpert partners to implement solutions worldwide.

A changemaker for sustainability

For over 15 years, sustainability has been at the core of Schneider Electric's transformation journey. The Group is now a world corporate leader in sustainability and a critical partner to our customers, suppliers, investors, NGOs and other stakeholders using our services and products to accelerate their own energy efficiency and sustainability transition. Our purpose drives us in "empowering all to make the most of our energy and resources, bridging progress and sustainability for all". Schneider Electric is an Impact Company.

IMPACT Company

At Schneider Electric, we pride ourselves in being an Impact Company because sustainability does not only inform what we do, it drives corporate decision making. This entails a responsibility to share learnings and keep raising the bar.

We are an Impact Company convinced that to do good, we need to do well, and vice-versa. To deliver sustainability impact, we must combine solid profitability with leading practice on all environmental, social, and governance (ESG) dimensions. At the same time, this positive impact supports the long-term resilience of the Company as we attract new customers, investors, and talents.

Our sustainability and business impacts converge to act for a climate positive and socially equitable world, while delivering solutions to our customers for sustainability and efficiency.

We bring everyone along in our ecosystem, from employees to supply chain partners, customers, as well as local communities and institutions. Building on a foundation of trust, our unique operating model with a multi-hub approach is set up to impact at both global and local levels. From a meaningful purpose, our culture builds on strong people and leadership values empowering all Schneider Electric people to make a great company.

1. Do well to do good and vice versa

Performance
The foundation for doing good

Business
Part of the solution

All ESG
Dimensions

2. Bring everyone along

Model & culture
Set up for global and local impact

All stakeholders
in your ecosystem

An Impact model recognized in external ratings

Ecovadis Platinum 2023	CDP A List 2022 Climate	A Global 100 Most Sustainable Corporation	Terra Carta	Member of Dow Jones Sustainability Indices
Platinum medal recognizing top 1% performance among 100,000+ companies.	The only company in its sector listed as A List 12 years in a row.	Schneider has been featured on Corporate Knights' Global 100 list of sustainability leaders every year since 2012, ranking #4 in 2022.	Terra Carta Seal obtained in 2022, the guiding mandate for the Sustainable Markets Initiative.	#1 among industry peers, scoring 90 out of 100 in the latest S&P Global Corporate Sustainability Assessment.

See our recognitions on the
Awards page at www.se.com

Our 2025 sustainability commitments

With less than 10 years left to reach the 17 United Nations Sustainable Development Goals (SDGs), Schneider Electric has accelerated its impact and is making new, bold commitments to drive meaningful impact within the framework of its business activity. Schneider Electric's 6 long-term commitments are to:

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.

Our unique transformation tool

Since 2005, Schneider Electric measures and demonstrates its progress against sustainability goals with a unique transformation dashboard called Schneider Sustainability Impact (SSI).

The SSI is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative programs executing our 2021 – 2025 sustainability strategy. It has been designed to focus on the most material issues, leveraging internal and external stakeholders feedback.

Every quarter, the SSI provides, on a scoring scale of 10, an overall measure of all the programs' progress, which is shared with all our stakeholders together with financial results.

At the end of the year, 64,000 employees of the Group are rewarded for the progress achieved as the SSI constitutes 20% of their short-term incentive plans' collective share (STIP).

To ensure robustness, the SSI's performance and monitoring systems are audited annually by an independent third party and obtain a "moderate" assurance, in accordance with ISAE 3000 assurance standard, except for SSI #+1. In 2022, the Group obtained a "reasonable" assurance for SSI #8 and will progressively cover all externally assured KPIs with this new level of assurance.

2021 – 2025
SCHNEIDER
SUSTAINABILITY
IMPACT

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

Read more about Schneider Sustainability Impact and Schneider Sustainability Essentials in **chapter 2 page 78 to 81.**

Read more about our contributions the United Nations Sustainable Development Goals on **pages 82 and 83.**

Proud of 2022's sustainability achievements

The Schneider Sustainability Impact is a scorecard demonstrating that rapid and disruptive changes for a more sustainable world are possible across diverse, complex topics. We are committed to taking urgent action to co-create a brighter future aligned with the United Nations SDGs, and measuring our impact with transparency.

In 2022, the SSI achieved a great score of 4.91/10, exceeding its 4.70/10 target for the year, and is on track to achieve its 2025 ambition. This result represents the average progress of 10 SSI programs, ie excluding SSI #+1 and exceptionnaly SSI #6 as 2022 is the baseline for this program.

Significant progress was notably achieved for SSI #9 with 5.5 million people provided with access to green electricity in 2022 alone (vs 4.2 in 2021). The Group also achieved the rapid transition of 45% of its packaging to plastic-free and recycled carboard (SSI #5), compared to 21% one year before. The Decent Work program (SSI #6) was launched for the first year, with more than 500 suppliers committing to join the program and some 1.5% already meeting the expectations set by Schneider Electric. Lastly, progress against the nearly 200 local commitments taken in all markets where Schneider operates under SSI #+1 can be consulted online, some examples are provided in the opposite page.

SCHNEIDER SUSTAINABILITY IMPACT

4.91/10

vs 3.92 in 2021 and outperforming 4.70/10 target for 2022

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(4)	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 (see Independent verifier's report on page 270). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.
(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.
(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%.

Climate

New Net-Zero target validated by SBTi

Becoming one of the first companies in the world to have its Net-Zero commitment roadmap validated by the Science Based Targets initiative (SBTi) in line with the new Corporate Net-Zero Standard.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Resources

100% sustainable packaging for our Wiser range

Packaging transformation is making great progress with 100% recycled cardboard already used in our distribution centers in India, China, and Europe. Our Wiser range is free from single use plastics and using only recycled cardboard.

Trust

Launch of the Decent Work program

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.

Equal

Clean electricity for essential facilities in India

We helped install clean energy solutions for health clinics and government schools in rural villages in India with Clean Energy Entrepreneur Tushar. 525 students across three schools in India are benefiting from Schneider's Solar Power Backup solutions installed by Clean Energy Entrepreneur Tushar Mahajan.

Generations

Go Green Winners

Celebrating Team GreenOverMorrow from Morocco for their automated greenhouse solution in our student competition.

"GreenOverMorrow is our smart energy management system controlled through the internet of things and artificial intelligence to digitally transform power grids and set in motion the energy transition of modern agriculture."

Local

Supporting Schneider Electric employees in Ukraine

Schneider Electric, with the support of its Foundation and the individual contributions of thousands of employees, raised over €2 million in donations to directly support Ukrainian colleagues and their families affected by the crisis. Schneider Electric also donated equipment worth €4 million to help restore essential energy supplies in Ukraine, while the Schneider Electric Foundation continues to work with local NGOs in support of the local community.

2023 outlook and target

Expected trends in 2023

- A continuation of strong and dynamic market demand, supported by secular trends of electrification, digitization and sustainability
- Demand in consumer-linked segments (Residential buildings, Distributed IT) to continue deceleration from highs, particularly in mature markets
- Government incentives across the world centered around energy transition, decarbonization and improved energy efficiency to further support growth
- Backlog execution to support growth
- Supply constraints expected to progressively ease; improving supply environment should support stronger underlying industrial productivity
- Some deceleration of inflationary pressure, though pockets of inflation expected to remain

2023 Target

The Group sets its 2023 financial target as follows:

2023 Adjusted EBITA growth of between +12% and +16% organic.

The target would be achieved through a combination of organic revenue growth and margin improvement, currently expected to be:
- Revenue growth of **+9% to +11% organic**
- Adjusted EBITA margin up **+50bps to +80bps organic**

This implies Adjusted EBITA margin of **around 17.4% to 17.7%** (including scope based on transactions completed to-date and FX based on current estimation).

2022–2024 targets and long-term ambitions as announced in 2021 Capital Markets Day

2022–2024 Targets:

- Organic revenue growth of between +5% to +8%, on average
- A yearly organic improvement of between +30 bps to +70 bps in adjusted EBITA margin
- c.€4 billion Free Cash Flow by 2024

Longer-term ambitions:

- Organic revenue growth of 5%+ on average across the economic cycle
- Opportunity to further expand adjusted EBITA margin and Free Cash Flow beyond 2024: Operational leverage and continued evolution of business mix to positively impact margins

Governance

Our Board of Directors

As of March 28, 2023, the Board of Directors consisted of 14 Directors and 2 Observers. The appointment as Directors of Mr. Abhay Parasnis and Mrs. Giulia Chierchia, who joined the Board as Observers respectively on July 27, 2022 and February 15, 2023, will be submitted to shareholders at the Annual Shareholders' Meeting to be held on May 4, 2023.

Jean-Pascal Tricoire
Chairman & Chief Executive Officer
59 years, French

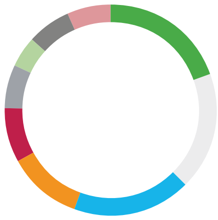
- Organizes and oversees the Board's work and reports thereon.
- Represents the Company in its dealings with third parties, and is vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose.

Fred Kindle
Vice-Chairman & Lead Independent Director
64 years, Swiss

- Ensures proper governance.
- Sets the agendas for Board meetings with the Chairman.
- Meets with shareholders.
- Chairs the Governance & Remunerations Committee.
- Chairs the executive sessions.

- 3 Employee Directors
- 82% Independent Directors*
- 45% women Directors*
- 79% non-French Directors
- 10 nationalities from 3 continents

Board expertise



- International markets (14)
- Corporate finance (12)
- Public company management (13)
- Industry knowledge (8)
- Accounting, audit & risk (5)
- Sustainability (5)
- Law, governance, ethics & compliance (4)
- Digital & Technology (6)
- Employee perspective and knowledge of the Group (4)

*The Director representing the employee shareholders and Directors representing the employees are excluded as per the French Commercial Code and AFEP-MEDEF Corporate Governance Code.

Léo Apotheker
Director
69 years, French & German

Nive Bhagat
Independent Director
51 years, British

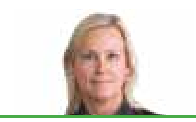
Cécile Cabanis
Independent Director
51 years, French

Rita Felix
Employee Director
40 years, Portuguese

Linda Knoll
Independent Director
62 years, American

Jill Lee
Independent Director
59 years, Singaporean

Xiaoyun Ma
Employee Shareholders Director
59 years, Chinese



Anna Ohlsson-Leijon
Independent Director
54 years, Swedish

Anders Runevad
Independent Director
63 years, Swedish

Gregory Spierkel
Independent Director
66 years, Canadian

Lip-Bu Tan
Independent Director
63 years, American

Bruno Turchet
Employee Director
49 years, French

Abhay Parasnis
Observer
48 years, American

Giulia Chierchia
Observer
44 years, Belgian & Italian

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- © Committee Chair

Activities of the Board in 2022

There were nine meetings (including a Strategy session of three days) with 97% average attendance.

Business and financial results

Ongoing business, financial statements and information delivered to the market, and ESG strategy.

Strategy and investment

Review of strategic priorities, including during the Strategy session, and authorization of significant acquisitions and disposals (over €250 million).

Risks and compliance

Risk mapping, business continuity plan, and ethics & compliance framework.

Corporate governance

Composition of the Board and its committees, succession plan for Corporate Officers, compensation of Corporate Officers, Long-term incentive plan, preparation of the Annual General Meeting.

Board committees

Governance & Remunerations Committee
9 meetings**
5 members
80% independent
93% average attendance

Audit & Risks Committee
6 meetings**
4 members
100% independent
100% average attendance

Investment Committee
2 meetings
5 members
75% independent*
100% average attendance

Digital Committee
5 meetings**
5 members
75% independent*
83% average attendance

Human Resources & CSR Committee
6 meetings**
4 members
100% independent*
100% average attendance

* Excluding the Director representing the employee shareholders and Directors representing the employees. ** Including joint meeting with other committee.

Governance

A new governance effective on May 4, 2023

In accordance with the intention of the Board of Directors announced in 2021 to separate the functions of Chairman and Chief Executive Officer, the Board, at its meeting of February 15, 2023, has decided to implement a new governance structure that splits the office of Chairman from that of Chief Executive Officer as of May 4, 2023:

- Mr. Peter Herweck who was Chief Executive Officer of AVEVA, will succeed Mr. Jean-Pascal Tricoire as Chief Executive Officer of Schneider Electric, becoming responsible for the general management of the Company, as the sole executive corporate officer;
- Mr. Jean-Pascal Tricoire will remain as Chairman, at the unanimous request of the Board of Directors who wants to retain the benefit of his experience in significantly and successfully transforming the company over the past 20 years.

"The Governance & Remunerations Committee, under the guidance of the Board of Directors, has conducted over the last four years a comprehensive robust process to propose a succession plan for the role of CEO. Several high-quality candidates were considered. Peter's level of global operational experience, technology and software acumen, skills and personal qualities were assessed by the Board as being particularly in line with the Group's strategy. His appointment was unanimously approved by the Board of Directors with Jean-Pascal Tricoire's full support".

Fred Kindle, Vice-Chairman & Lead Independent Director

Roles and Responsibilities

Chairman

- Organizes and directs work of Board, presides over AGMs
- Supports the Company in its high-level relations with select stakeholders (notably in Asia), in coordination with CEO
- Promotes Company's values and culture in particular in relation to Environmental, Social and Governance
- Advises CEO, notably on strategic, human capital and leadership development matters

Vice-Chairman & Lead Independent Director

- Consulted by the Chairman on agenda and sequence of events for Board meetings
- Has the ability to require that the Chairman convene a Board meeting
- Deals with any possible conflicts of interest
- Carries out annual assessments of the Board

Chief Executive Officer

- Has sole authority to bind the company toward third parties
- Defines and proposes the Strategy
- Manages the Company
- Runs the Business
- Develops human capital and leadership

Mr. Peter Herweck, incoming Chief Executive Officer

"Passionate about technology driving efficiency and sustainability, allowing both progress and decarbonization."

- Multi-decade industry experience in Energy Management and Industrial Automation
- Technology focus – digital and software
- Diverse, cross-cultural mindset derived from leading teams in both mature and emerging markets

Biography

Mr. Peter Herweck joined Schneider Electric, where he successfully led the global Industrial Automation Business, in 2016 before being appointed as Chief Executive Officer of AVEVA. Mr. Peter Herweck started his career as software development engineer with Mitsubishi in Japan, later joining Siemens, where he held several executive positions in Automation, Power Distribution and Building Technologies, before becoming Chief Strategy Officer. Mr. Peter Herweck has a diverse, cross-cultural mindset, derived from leading teams in both mature and emerging markets. His passion for technology driving positive progress in term of energy efficiency for the world makes him a great candidate for the role of Chief Executive Officer of Schneider Electric.

Timeline

- 2021 — **AVEVA** — Chief Executive Officer, Switzerland & UK
- 2016-2021 — **Schneider Electric** — Executive Vice President, Industrial Automation, Switzerland
- 1993-2015 — **Siemens** — Executive Positions in Automation, Power Distribution and Building Technologies & Chief Strategy Officer, China, USA, Germany
- 1991-1993 — **Mitsubishi Electric Corp** — Software Development Engineer, Japan
- 1987-1991 — **Electrical Engineering** — Metz University, France & Fachhochschule des Saarlandes, Germany
- 1982-1987 — **Electrician** — Stadtwerke Saarbrücken, Germany
- 1966 — Born in Germany

Our Executive Committee

As of December 31, 2022, the Executive Committee was chaired by the Chairman & Chief Executive Officer and meets monthly. Its mission is to conduct Schneider Electric business in line with the strategy defined by the Board of Directors.

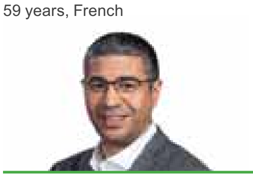
Jean-Pascal Tricoire
Chairman &
Chief Executive Officer
59 years, French

Hilary Maxson
Chief Financial Officer
44 years, American

Charise Le
Chief Human Resources Officer
50 years, Chinese

Chris Leong
Executive Vice-President
Chief Marketing Officer
55 years, Malaysian

Hervé Coureil
Chief Governance Officer
& Secretary General
52 years, French

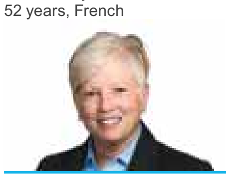


Mourad Tamoud
Executive Vice-President
Global Supply Chain
51 years, French

Nadège Petit
Executive Vice-President
Innovation
42 years, French

Gwenaelle Avice-Huet
Chief Strategy
& Sustainability Officer
43 years, French

Peter Weckesser
Chief Digital Officer
54 years, German



Annette Clayton
Chief Executive Officer
North America
59 years, American

Philippe Delorme
Executive Vice-President
Europe Operations
51 years, French

Laurent Bataille
Executive Vice-President
France Operations
44 years, French

Manish Pant
Executive Vice-President
International Operations
53 years, Indian

Aamir Paul
Executive Vice-President
North America Operations
45 years, American

Zheng Yin
Executive Vice-President
China & East Asia Operations
51 years, Chinese

Barbara Frei
Executive Vice-President
Industrial Automation
52 years, Swiss

Olivier Blum
Executive Vice-President
Energy Management
52 years, French

Key

Global functions
Operations
Business

- **41% women**
- **53% non-French members**
- **7 different nationalities from 3 different continents**

Our Stakeholder Committee

The primary mission for the Stakeholder Committee is to oversee the delivery of long and short-term commitments undertaken by Schneider Electric in accordance with its Purpose and Sustainability strategy.

Jean-Pascal Tricoire
Chairman &
Chief Executive Officer
59 years, French

Bertrand Piccard
Chairman of Solar
Impulse Foundation
64 years, Swiss

Lan Xue (Dr.)
Cheung Kong Chair Distinguished
Professor and Dean of Schwarzman
College in Tsinghua University
63 years, Chinese

Amani Abou-Zeid (Dr.)
African Union Commissioner in charge of
Infrastructure, Energy, ICT and Tourism
61 years, Egyptian

Linda Knoll
Director of Schneider
Electric SE, Human Resources
& CSR Committee Chair
62 years, American

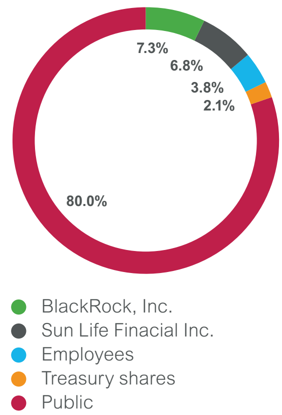
Rita Felix
Employee Director
of Schneider Electric SE
39 years, Portuguese

Salvo Lombardo
Former Chief of Staff, UNHCR
63 years, Italian

Emily Reichert (Dr.)
CEO, Greentown Labs
48 years, American

Michela Conterno
CEO, LATI
47 years, Italian

Our Shareholders



Our Executive compensation

The general principles underlying the compensation policy for Corporate Officers and the analysis of their contribution to the Group's performance are reviewed and approved by the Board of Directors based on the recommendation of the Governance & Remunerations Committee. Executive compensation set by the Board of Directors is aligned with the Group's global strategy and is based on **three pillars** divided into **seven principles:**

Pay for Performance

1. Prevalence of variable components: *circa* 80% for CEO (at target).
2. Performance is evaluated *via* economic and measurable criteria.
3. Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual variable compensation) and medium-term (long-term incentive) components.

Alignment with shareholders' interest

4. Significant proportion of the total compensation delivered in shares.
5. Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.

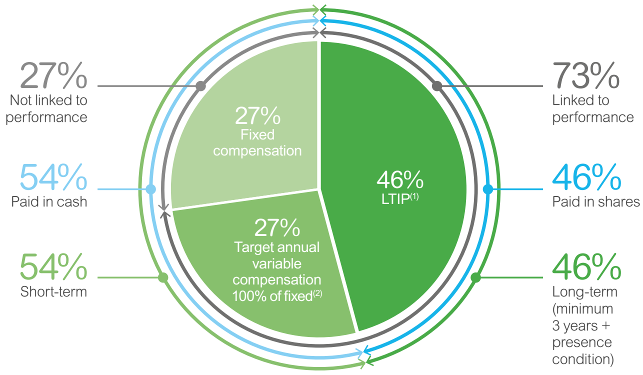
Competitiveness

6. To benchmark the Corporate Officer's compensation package "at target" in the median range of the Company's updated peer group.
7. To reference the CAC 40 third quartile and the Stoxx Europe 50 median.

Aligned with those principles, the compensation of the Corporate Officer is made of the following components: for the variable component of the compensation, the Board upon recommendation of the Governance & Remunerations Committee, chooses the performance conditions directly linked to the Group's priorities. The Schneider Sustainability Impact (SSI) which includes a climate target (see section 2.1.2 of the Universal Registration Document) is used as a criterion in the annual variable compensation of the Corporate Officer and that of the 64,000 employees benefiting from such compensation. In the same way, the Schneider Sustainability External & Relative Index (SSERI) is used for the long-term incentive plan granted to 3,000+ employees including the Corporate Officer.

(1) LTIP granted during 2023 fiscal year valued in accordance with IFRS standards.
(2) Between 0% and 200%.

Balance between compensation elements



Group's strategic priorities

- Organic growth
- Value for customers
- Sustainability
- Continuous efficiency
- Value & returns to shareholders

How the strategy links to the corporate officers' variable compensation

Annual incentive plan

Delivering strong execution and creating value for customers and shareholders every year to contribute to Schneider Electric's long-term success

Group organic sales growth	Group Adjusted EBITA margin improvement	Group cash conversion rate	Net Satisfaction score	Schneider Sustainability Impact
35%	25%	10%	10%	20%

Long-term incentive plan

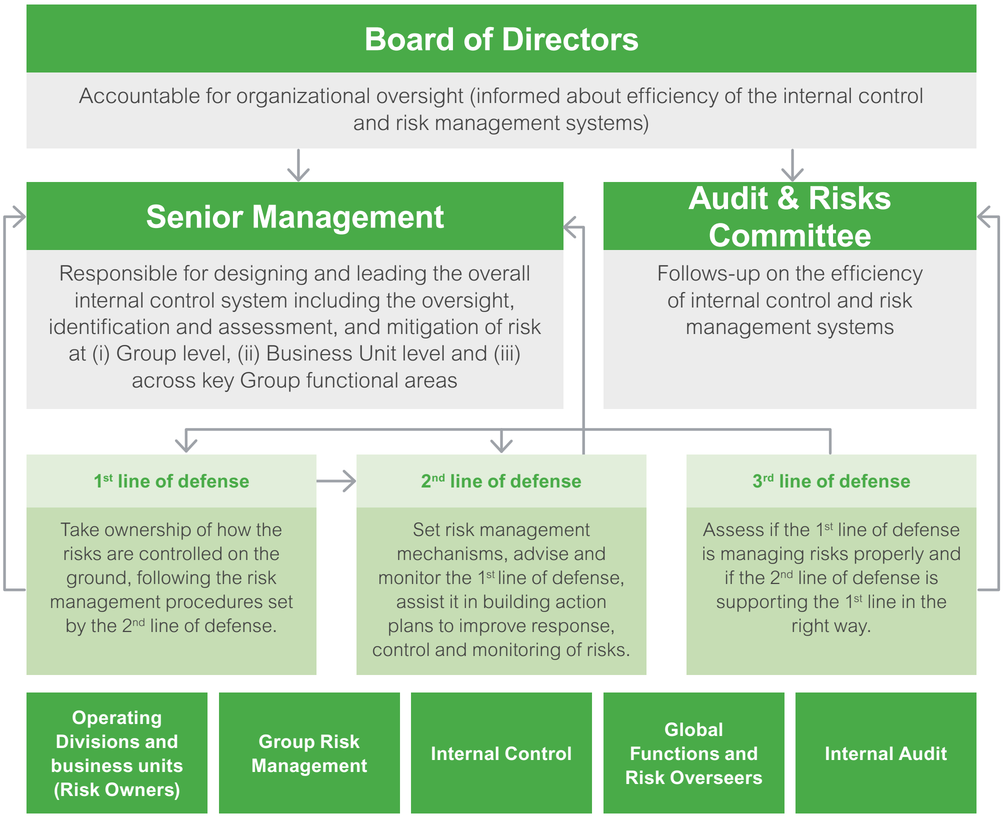
Building an integrated and leading company with strong sustainability focus and attractive returns to shareholders

Adjusted Earnings Per Share	Relative Total Shareholder Return	Schneider Sustainability External & Relative Index
40%	35%	25%

Our Enterprise Risk Management

Schneider Electric places a significant importance on resilience within the values and principles which guide its actions, as a key element for sustainable growth which is part of the Group's Sustainability value.

An Enterprise Risk Management based on the three lines of defense model
Schneider Electric uses a hybrid risk management model with central functions and experts in charge of setting risk management mechanisms, establishing policies, and other activities, while the ownership of the risks belongs to the Business Units and Operating Divisions who are responsible for deploying the central framework to manage their risks.



Key Risks
The key risks selected and presented below are the risks considered by the Group as the one specific to its business and identified as having the potential to affect its activity[(1)]. In each category, risks are assessed in terms of potential impact for the Group, the first one being the most likely to affect the Group.

Key to symbols

- ● High impact
- ● Medium impact
- ● Low impact

	Categories and Risks	Potential net impact
1	**Event triggered risks**	
1.1	Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners)	●
1.2	Export controls	●
1.3	Product quality	●
1.4	Competition laws	●
1.5	Corruption linked to B2B and project business	●
1.6	Human rights, environmental, and safety issues through the value chain	●
1.7	Counterparty risk	●
1.8	Currency exchange risk	●
2	**Trend driven risks**	
2.1	Operational disruption due to global political and economical disruptions	●
2.2	New competitive landscape on energy, technologies, and business models	●
2.3	Supply chain resilience	●
2.4	Evolution of software and digital services offers	●
2.5	Attracting and developing talent with a focus on critical skills	●
2.6	Risk related to the environmental performance of the Group	●
2.7	Natural resoucre crises: Shortage of resources used in Schneider Electric's products or in manufacturing	●
3	**Management practice risks**	
3.1	Data residency	●
3.2	IT systems management	●
3.3	Pricing strategy	●

(1) However, the Group may be exposed to other non-specific risks, or risks of which it may not be aware, or risks of which it may be underestimating the potential consequences, or other risks that may not have been considered by the Group as being likely to have a material adverse impact on the Group, its business, financial condition, reputation or outlook.

Proud to be one of the most ethical companies

Present in over 100 countries with diverse standards, values, and practices, Schneider Electric is committed to behaving responsibly in relation to all its stakeholders. Convinced that its responsibility extends beyond compliance with local and international regulations, the Group is committed to doing business ethically, sustainably, and responsibly. Schneider's business actions and decisions run on trust.

Trust Charter, Schneider Electric's Code of Conduct

Schneider Electric Trust Charter 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. It serves as a compass, showing the true north in an ever more complex world and Schneider Electric considers it to be core to its environment, sustainability, and governance commitments.

Trust powers 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. It is implemented via the Ethics & Compliance program with responsibilities at Board, executive, corporate, and operational levels.

Read our Trust Charter on **se.com** **and on page 110 of this report.**

Access our Trust Line on **www.se.com**

Our Speak Up Mindset

Schneider Electric employees must feel free and psychologically safe to share their ideas, opinions, and concerns, without fear of retaliation, this is the base of our Speak Up mindset. All stakeholders may report concerns either by contacting an appropriate person internally or by using the Trust Line, our whistleblowing system, which is available online globally, at all times, and protects the anonymity of the whistleblower.

To ensure the effectiveness of that Speak Up mindset and related whistleblowing system, the Group created two specific committees: the Group Operational Compliance Committee (GOCC) which detects and manages cases of non-compliance and reviews monthly the effectiveness of the system, and the Group Disciplinary Committee which levies sanctions and remediation actions on serious non-compliance cases to guarantee a fair and transparent disciplinary policy.

All employees are invited to express whether they are comfortable to "report an instance of unethical conduct without fear" each year. In 2022, 82% of employees surveyed answered "yes", a 1 pt progress vs 2021, on track with the group's 2025 ambition to raise its employee's confidence by 10 points (SSI #7).

Training and empowering all employees

Every year, a global campaign of mandatory trainings is run for all employees, called Schneider Essentials, and is available in 18 languages. In 2022, Schneider Essentials trainings were: Trust at Schneider Electric, Cybersecurity, We All Have Mental Health and The Schneider Electric Story. Other trainings are provided to specific businesses or service teams according to their roles and positions, such as anti-corruption.

In June 2022, a Trust Month was launched to further raise awareness among employees. This internal communication campaign has been a great medium to draw together all the pillars of Trust into a single event, which consisted of 15 keynotes, 70 webinars and gathered more than 15,000 webinar attendees.

2022 achievements

15,000+	97.5%	2	2022 WORLD'S MOST ETHICAL COMPANIES® WWW.ETHISPHERE.COM 11-TIME HONOREE
employees participated in the first Trust Month event.	of all employees completed the Schneider Essentials trainings.	New policies have been published: the Decent Work and Philanthropy policies.	Ethisphere Institute – One of the 2022 World's Most Ethical Companies for the 12th year.

Schneider Electric's vigilance plan

In 2017, Schneider started the implementation of a vigilance plan covering its business activities as well as those of its suppliers and subcontractors in order to prevent negative impacts on people or the planet within its value chain. Since then, this vigilance plan has been continuously reinforced, aiming to expand further towards communities.

An end-to-end, risk-based mitigation plan

The Group's vigilance plan complies with the provisions of the 2017 French law on corporate duty of vigilance and includes:

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

In this Registration document, Schneider Electric presents the results of the risk assessment, and the subsequent mitigation actions. A synthesis of key risks and actions is presented below.

The plan is governed by the Duty of Vigilance Committee, set up in 2017. The committee meets twice a year, and has met 15 times since its inception.

Risk areas	Main risk identified	Main mitigation actions	Risk level
Schneider Electric sites	• **Cybersecurity:** only high risk for the Group's sites, as Schneider Electric is a supplier of connected and digital solutions, thus a potential target for cyberattacks aimed at its customers' systems	Training sessions Cybersecurity Leaders Incentive for plant managers Annual review of policies Cyber Badges Read more on cybersecurity **page 122**	High
Suppliers	• **Human rights:** most frequent issues concern decent working hours, paid leave, and proper resting time. • **CO_2 emissions:** notably coming from the transformation and transportation of raw materials. • **Pollution:** for some categories of substances purchased, such as solvents	Supplier Code of Conduct Supplier Vigilance Plan (SSE #17) ISO 26000 assessments The Zero Carbon Project (SSI #3) Green materials (SSI #4) Decent Work program (SSI #6) Sustainable Packaging (SSI #5) Read more on suppliers programs **page 136**	Medium to high
Contractors	• **Health and safety:** physical injuries that can happen during construction, or when doing services and maintenance operations • **Business ethics:** mostly related to potential corruption, conflict of interest, and integrity due to the contractual nature of this activity.	On-site audits Training on anti-corruption and Business Agent Policies Project follow-up Selection process adapted to our Vigilance Plan Read more on contractors **page 135**	Medium to high
Local communities	• Communities living around Schneider Electric sites (factories, offices, etc.) have a limited risk exposure because operations are usually located in large, well-structured urban areas.	Vigilance risks assessments Project reviewed according to involvement and mitigation capabilities Read more on communities **page 146**	Low to Medium

Risk level: Low to Medium ● Medium to high ● High ●

Read more about our Vigilance Plan on **page 130.**

2022 achievements

Top 25%

in external ratings for Cybersecurity performance.

250,000

employees' working conditions improved thanks to the 'Vigilance Program' for suppliers since 2017.

2,000+

suppliers assessed under our vigilance plan since 2018.

Sharing sustainable value with our stakeholders

Schneider Electric is committed to open communication with its ecosystem and uses the feedback to analyze its market and define areas of progress. Schneider Electric aims to boost its positive impact on the planet and society at large by promoting a green and responsible growth that is shared with all its stakeholders.

Stakeholders in our ecosystem

To share its expertise and develop high-performance solutions, Schneider Electric builds long-term partnerships with a wide range of global and local players. Schneider has developed the industry's largest network of distributors, and works with many types of suppliers, as well as with its end customers. The Group is continually strengthening its local connections in all countries to deliver the best customer experience and co-develop sustainable and effective digital solutions. Alongside business partnerships, the Group is involved in various local or international associations and organizations supporting sustainability, working with key players from across society.

Suppliers

The Group established an ambitious sustainable procurement strategy providing guidelines to its 53,000 suppliers to ensure that all contribute to 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.

Distributors and end-customers

We provide our customers 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 build strong customer experience.

Employees and social partners

The Group is committed to offer equal opportunities to all its 135,000 employees around the world and works to empower all across every generation and region. The Group motivates its employees and involves them in its missions by making the most of diversity, supporting professional development, and ensuring safe, healthy working conditions.

Schneider Electric

Communities and civil society

Schneider Electric promotes local initiatives and enabling individuals and partners to make sustainability a reality for all, everywhere. Through education in energy management and investment supporting high social impact, the Group hopes to have a positive and sustainable impact on its ecosystem. Its offers provide access to energy to more than five million people each year.

Financial partners

Our business model delivers consistent, sustainable, and strong financial performance providing our financial partners attractive returns. The Group actively participates in innovative sustainable finance initiatives, such as Sustainability-linked bonds in 2020 or Sustainability-linked Revolving Credit Facilities in 2022.

Institutions and technical bodies

The Group is involved in various local and international associations and organizations supporting sustainability, working with key actors from all level of society. Schneider Electric maintains a constructive dialogue with policymakers and regulators so that its views are represented on issues affecting its industry.

Stakeholders' top four expectations

In its latest survey, Schneider's stakeholders expressed their main concerns and expectations, which have been used by the Group to build its 2021-2025 sustainability objectives.

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 our value chains.

4. Leveraging digital in cybersecure solutions to boost positive impact.

Committed with our partners

B4IG

Schneider Electric has been an active member of Business for Inclusive Growth (B4IG) since its inception in 2019. Schneider's Social Innovation to Tackle Energy Poverty joined B4IG's incubator as an innovative, creative and systems-changing solutions to tackle energy poverty and promote energy sustainability.

United Nations Global Compact

Schneider Electric joined the Global Compact in 2002, and our CEO was appointed to the worldwide Board in 2018. The Group aligns its sustainability strategy with the UN 10 principles on human rights, labour, environment and anti-corruption. As a signatory, Schneider Electric upholds its responsibility to act and aims to contribute to all 17 UN Sustainable Development Goals.

World Economic Forum

Since 2017, Schneider Electric is a Strategic Partner of the World Economic Forum, where our CEO is a member of the International Business Council, the CEO Alliance of Climate Leaders, and co-chairs the Net Zero Carbon City program. The Group engages with a wide range of partners to progress on common world challenges, by joining public-private dialogues and peer-to-peer workgroups, sharing insights and use-cases leading to new frameworks and toolboxes.

Solar Impulse – Efficient Solution Label

The Group has made a four-year commitment to the Solar Impulse Foundation which selects 1,000 solutions contributing to the achievement of at least five SDGs, and which are promoted to corporate and political leaders worldwide. Solutions are selected based on their technical feasibility, environmental benefits, and economic viability.

Read more on our dialogue with stakeholders on **page 84 and 95.**

Revenue breakdown by stakeholder

Every year for the last 17 years, Schneider Electric has published a diagram showing its revenue distribution and financial flow for its various stakeholders.

2022 total revenue: €34,176 million

Employees: Wages	States: Income taxes	Non-governmental organisations: Donations	Shareholders: Dividends	Bank: Net bank fees	Procurement and other
€9,010 million	**€1,211 million**	**€24 million**	**€1,618 million**	**€106 million**	**€20,289 million**

Investment capabilities

Net external financing* including capital change
€165 million

Operating Cash Flow after dividend payment
€2,736 million

Investments and development
€1,024 million(1)

Net financial investments
€387 million(2)

Change in cash
€1,400 million

R&D: €1,845 million

* Borrowings, capital increases and treasury stock disposals.
(1) Of which €357m in R&D.
(2) Of which €130m for long-term pension assets.

Our Stakeholders

Great people make a great company

As the changes to our world accelerate and transform our industry, we consider the Group's culture as a key business differentiator to achieve profitable and sustainable growth. Schneider Electric is a people company where employees come to work for a meaningful purpose and feel empowered to have an impact.

People Strategy in the next normal

The world is moving fast and is at an inflection 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 are demanding 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.

Schneider's People Strategy supports its business growth as well as its culture and leadership transformation. To shape the workforce of the future in the "next normal", the strategy is articulated around 3 pillars:

- **Organizational agility** – a growth and innovation culture, enabled by a leaner, agile and multi-hub/multi-local 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.

Committed to Schneider Great People

Schneider Electric's great people are passionate about our meaningful purpose. 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.

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. In regards to this commitment, the Group launched in 2021 the senior talent program to accompany employees in the later stages of their career which accelerates the transfer of knowledge and skills across all generations, and serves as a great enabler to a just transition.

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

Our Employee Value Proposition

MEANINGFUL	INCLUSIVE	EMPOWERED
Our mission is to be your **digital partner for Sustainability** and **Efficiency.** We empower all to **make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment. We adhere to the highest standards of **governance and ethics**.	We want to be the most **diverse, inclusive, and equitable** company, globally. We **value differences**, and welcome people from all walks of life. We believe in **equal opportunities** for everyone, everywhere.	**Freedom breeds innovation.** We believe that **empowerment** generates high **performance, personal fulfillment, and fun**. We empower our people to use their **judgment**, do the best for our **customers**, and make the most of **their energy**.

Read more about our people programs on **page 198.**

2022 achievements

81%
of employees feel they have the flexibility to modify their work arrangements as needed (vs 80% in 2021).

x1.33
hiring opportunities for interns, apprentices, and fresh graduates.

77%
employees' received digital upskilling thanks to the Digital citizenship program (+2.9 pts vs 2021).

62%
subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP) (vs 59% in 2021).

Local sustainability commitments

As part of the 2021 – 2025 Schneider Sustainability Impact, we promote local initiatives and enable individuals and partners to make sustainability a reality for everyone, everywhere. 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 since 2021; here are a few examples of initiatives being implemented to drive quick and disruptive changes.

USA

Schneider Electric is accelerating its efforts of inclusion, notably by increasing the representation of black professionals at all levels of the organization.

France

To promote change we drive our employees to become ambassadors of our offers and efforts on sustainability. Schneider Electric France has given them access to 2,700 circular product references. We are also growing our channels to deliver circular products to our clients.

China

Through the Schneider Learning Institute, 22,000+ business partners, customers and students have been trained. These courses provide better energy-efficiency skills on energy management products, solutions, and services. We have certified training courses and a tailored program for VIP partners and customers.

Brazil

60% of our employees in Brazil are committed to becoming "Net Zero Corporate Citizens" by reducing their own carbon footprint with a home kit for efficient household management, such as solar panels, EV chargers, and more.

North East Africa

In 7 rural areas, Schneider Electric gave 80,000 people access to 90kW of green energy through holistic solutions. For instance, solar greenhouses with wastewater feeds fishponds & solar chicken incubators, creating jobs for women.

India

Since 2009, 150,000+ youths in India have been trained as Energy professionals to help them gain access to employment opportunities or start their own business through a scalable, sustainable model with high-quality standards.

Check our local commitments on **www.se.com**

Acting for a climate-positive world and preserving resources

Climate change and nature loss are two of the greatest global challenges of the 21st century. They are inextricably linked and require joint efforts and solutions to tackle them. Schneider Electric's climate and resources strategies converge to minimize its environmental footprint and to maximize the environmental benefits its offers bring.

Climate & Resources strategy

Urgent action and a system-wide transformation are needed to deliver the enormous emissions cuts necessary to limit greenhouse gas (GHG) emissions. With its climate programs, the Group aims to limit its carbon emissions by implementing its own Energy Management and Industrial Automation solutions and develop offers that will help its customers do the same.

Schneider Electric was one of the first companies to have its Net-Zero targets validated by the most recent SBTi "Corporate Net-Zero Standard" in August 2022. The Group is committed to be "Net-Zero Ready" in its operations and to reduce by 25% its scope 3 emissions by 2030, and to be Net-Zero across its full value chain by 2050. In addition, as an intermediary milestone, by 2040, the Group will be carbon neutral along its full value chain. With its resource programs, the Group aims to minimize the volume of resources it needs and optimize the use of these resources. The current linear systems and existing infrastructure are not adequate to maintain, collect, and redistribute materials effectively for a global circular economy. As a result, waste, including plastics and e-waste pollutes our land, and the world continues to deplete the limited natural resources. Schneider Electric embraces circular economy principles all along the lifecycle of products and offers.

The keystone of Schneider's circularity approach is EcoDesign Way™, a process that is applied to the development of all new products. EcoDesign Way™ enables the right trade-offs between the environmental impact along the lifecycle of products, allowing to co-ordinate the efforts over the whole value chain.

2025	2030	2040	2050
Carbon neutral in our operations	25% absolute reduction across our entire value chain and "Net-zero ready" in our operations	Carbon neutral across our entire value chain	Net-zero CO_2 emissions across our entire value chain

2021 – 2025 initiatives to act for climate & preserve resources

Suppliers		Operations		Customers/Society	
SSI #3	Reduce CO_2 from suppliers operations	SSE #1	Transition to Zero-CO_2 sites	SSI #1	Grow our impact revenues
SSE #4	Improve CO_2 efficiency in transportation	SSE #3	Source renewable electricity	SSI #2	Save and avoid CO_2 emissions for customers
		SSE #5	Improve energy efficiency	SSE #2	Substitute products using SF_6
		SSE #7	Switch to electrical vehicles		
SSI #4	Use green materials in our product	SSE #8	Deploy local biodiversity programs	SSE #6	Product revenues covered by Green Premium™ eco-label
SSI #5	Switch to sustainable packaging	SSE #9	Make waste a resource		
SSE #10	Avoid primary resource use	SSE #11	Deploy water conservation action plans		

2022 achievements

72%
of our revenues are impact revenues (vs 71% in 2021).

45%
of our primary and secondary packaging is free from single-use plastic and use recycled cardboard (vs 21% in 2021).

Climate A
Part of CDP Climate A List for the 12th year in a row.

77
Zero-CO_2 sites helping us decarbonize our operations.

Delivering social impact for a just transition

Around the world, Schneider Electric gives people access to energy and education through initiatives that combine training, technological innovation, social innovation, and entrepreneurship. This means thinking about the world of tomorrow by empowering everyone, regardless of origin, gender, or socio-economic level to build a fair future for individuals and families worldwide.

Bringing access to green electricity

Today, more than two billion people have little or no access to electricity, representing one in four of the world's population. At Schneider Electric, we believe that access to energy is both a fundamental right and a means for social and economic development. Specifically, 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.

We call this Electricity for Life and Electricity for Livelihood.

"Electricity for Life" means delivering access to green electricity as a fundamental right, answering to essential needs (such as lighting, social connection, or education) for off-grid households, small businesses, and the humanitarian sector.

"Electricity for Livelihood" means delivering access to green electricity as a driver of economic development and poverty reduction for households connected to an unreliable grid, and for productive businesses, In fact, farms, schools, or health centers in rural areas, depend on an intermittent grid and need quality energy with back-up solutions based on solar energy.

Schneider's Access to Energy solutions already benefited close to 40 million people between 2009 and 2022. Our ambition is to support a cumulative total of 50 million people by 2025, and 100 million by 2030.

Empowering youth by education and entrepreneurship

For more than 20 years, training and entrepreneurship have been the historical mission of the Schneider Electric Foundation, under the aegis of Fondation de France. The Group's ambition is to train one million people by 2025 for energy-related professions. 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 providing funding, our expertise, volunteering our time and collaborating with our partners on the ground, we are empowering younger generations and the broader community to achieve a better future through sustainable development.

Our work is divided into three main areas:

1. Support access to qualitative jobs through vocational and entrepreneurship training in the energy field.
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.

To do this, the Schneider Electric Foundation draws on a network of around 85 delegates across 80 countries. Their role is to select local partners in vocational training and entrepreneurship in the energy sector and to raise sustainability awareness. The Foundation also leverages its VolunteerIn organization to empower employees to be local actors and ambassadors of the Group's societal commitments.

Read more about our social impact on **page 224.**

2022 achievements

41,000+
volunteering days since 2017 (+13,112 vs 2021).

397,000+
young people trained in energy related professions since 2009 (+ 69,505 vs 2021).

40M
people connected to green electricity since 2009 (+5.5M in 2022).

€1.9M
raised for the Tomorrow Rising Fund to support employees and their families in Ukraine.

Sustainable relations with suppliers

With a network of more than 53,000 suppliers around the world, Schneider Electric is committed to developing lasting relationships, while at the same time helping them introduce more sustainable practices.

Supply chain and procurement visions

Our world-class supply chain is driven by the following principles and objectives:

- Customer satisfaction and quality is our number one priority, our supply chain is market driven and tailored to the customer.
- Sustainability is at the core of procurement actions with the focus on the impact that operations of our supplier generate on the environment and society.
- Competitive landed costs and optimized cash, driving high level of productivity and Schneider Electric's top-line growth and margin.
- An agile and secure supply chain that is a competitive advantage in the market throughout the product lifecycle.
- World-class competencies and talents with values of accountability, collaboration, and simplification.

Read more about our sustainable relations with suppliers on **page 136.**

Building a Sustainable Procurement Strategy

Schneider Electric aims to collaborate with its 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. To achieve this, the Group:

- Provides a Supplier Code of Conduct with fundamental requirements that all suppliers delivering goods or services to Schneider Electric are expected to adhere to.
- Integrates sustainability criteria in the day to day, operational procurement actions. The qualification process focuses on people, social responsibility, and environmental management. Sustainability criteria account for a significant part of the evaluation.
- Has begun in 2021 a new five-year engagement with ambitious targets for each of the thematic areas:
  - Climate action, addressed by The Zero Carbon Project (SSI #3), aiming to reduce operational emissions from 1,000 suppliers.
  - Enhance Circular Supply Chain by increasing the use of Green Materials (SSI #4) and Sustainable Packaging (SSI #5)
  - Uphold social commitment related to Conflict Minerals and Extended Minerals (cobalt and mica)
  - Uphold human rights and inclusive workplaces by implementing best-in-class practices through the Decent Work program (SSI #6).

Holistic monitoring approach

To complete the Group's commitment to environmental and social topics, it established a transversal 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.

On the one hand, strategic suppliers are subject to the Group's ambition to promote continuous improvement based on the ISO 26000 standard evaluation.

On the other hand, our Vigilance program aims at auditing 4,000 suppliers by 2025, identified as high risk suppliers.

Suppliers can also report any corporate misconducts through the Trust Line, which will be thoroughly and confidentially investigated.

2022 achievements

10%
performance of the Zero Carbon Project (vs 1% in 2021).

+1.6pts
increase of suppliers' ISO 26000 score vs 2021 (+9.2 pts since 2017).

500+
strategic suppliers commited to provide Decent Work to their employees.

ecovadis
Best value chain engagement award from Ecovadis.

Sustainability and efficiency for Customers

As the digital partner of its customers for Sustainability and Efficiency, Schneider Electric delivers products and services empowering them to make the most of their energy and resources. To do so, the Group relies on the highest standards of product quality and safety, as well as digital trust and security.

Green Premium™ offers

In 2008, Schneider Electric developed Green Premium™, its product sustainability program, to provide transparent information on hazardous substances, environmental impact, and end-of-life instructions.

The new Green Premium™ is an expression of our innate belief that ambitious environmental considerations must be embedded in all our value propositions. It is also what customers and business partners have been increasingly asking for, in multiple geographies, across multiple market segments.

The new label encompasses three pillars: Trust, Transparency, and Performance. Trust means Schneider continuing to be transparent with customers, and going beyond regulations by applying the same rules regardless of the geographies. Transparency is the warranty from Schneider to disclose in a digital way the environmental impacts of its products, their end-of-life treatment, as well as any meaningful environment-related attribute for customers. Finally, performance is Schneider's commitment to deliver products with reduced environmental impact.

Today, more than 80% of Schneider's product sales originate from Green Premium™ offers.

Strive for Premium Quality

Schneider Electric's priority is to delight customers with an outstanding end-to-end experience. It is our ambition to earn the reputation as the safest supplier in our industry. This vision is built on trust: we are committed to ensuring the safest experiences for our customers and we believe it is the personal responsibility of every employee at Schneider. Safety is at the heart of innovation at Schneider. At Schneider, industry standards are not the goal – they are the baseline. We innovate beyond standards and believe that technology helps people work safer. Safety demands active engagement of all, without exception. We rise to new challenges. Moreover, to better fulfill customers' needs and improve their satisfaction, Schneider Electric relies increasingly on data analytics, and digital interlocks to secure a zero defect mindset at the core of our processes from design, to execution and services. The Group's commitment to quality and customer satisfaction is illustrated in its ambition to have zero product recalled from customers, by 2025.

From 2022 we have introduced a Customer First Performance Criteria in the incentive goals for Group executives, measured with our Net Customer Satisfaction through real-time digital customer surveys covering six critical touchpoints as part of our customer operational interactions. All the results are available in the Customer Feedback Management Platform where all the employees are engaged to act on the Customer Experience.

Strive for Resiliency

Resiliency is the capacity to quickly recover from difficulty. We use a risk centric framework to reduce our exposure to technological, environmental, process, geopolitical, and health risks that might disrupt our business. Schneider Electric has standardized issue-escalation processes in place, as well as risk assessment and business impact analysis, and is prepared to manage any crisis with disaster recovery and business continuity plans, if needed. The Group's local leaders are empowered to assess risks, increase their preparedness and handle all types of crises with a rapid and effective response, thanks to processes and tools in place to support them.

Strive for trust in Cybersecurity, Data Privacy and Protection

Schneider Electric's cybersecurity strategy encompasses people, processes, and technology across the operational lifecycle. By following globally recognized standards and complying with certified 'secure by design' development processes, the Group safeguards digital ecosystem and delivers secure offers, systems, solutions and services. The right to privacy and protection of personal information is a fundamental human right. Schneider considers fairness, transparency, data integrity, quality, security, and trust as core principles of how the way it handles data and uses it in the products, systems and services they deliver. In 2022, the Group was awarded Gold Medal for its first participation to the CyberVadis' assessment, underlining its commitment for cybersecurity. By leveraging digital technologies based on human centered design with a 'do no harm' oversight, solutions benefit customers' sustainable future.

2022 achievements

440M

tonnes of CO_2 saved and avoided for customers since 2018 (+93M vs 2021).

911/1000 MATURE — Rated Gold 2022 by cybervadis

Gold medalist during the first participation to CyberVadis.

80.2%

of our product revenue covered by Green Premium™.

24

recalled products from our customers.

1 Group strategy and sustainability

1.1 Trends and opportunities

The medium-term objective of reaching carbon neutrality to fight climate change fully aligns with the short-term objective of energy security

The Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report issued in 2021, was described by the UN Secretary General, Antonio Guterres, as a "Code Red for Humanity". Critical decarbonization measures are required to stay within a global warming trajectory of 1.5°C.

The year 2022 will go down in the history books as one of the most turbulent in decades. Against the backdrop of some of the worst climate-related events on record – extreme heatwaves across Europe, a dried-up Yangtze River in China, catastrophic flooding in Pakistan – economies and societies around the world also faced painful geopolitical turmoil, and an energy crisis that caused prices to soar and exposed dependencies on supply.

These events brought untold pain for millions around the world. But they also generated an opportunity we cannot afford to miss: to tackle the energy and the climate crises, hand-in-hand.

Because the root cause of these multiple crises – notably climate and energy – is the same, the solution is also the same: diversifying and decarbonizing energy sources and empowering all of us to better produce and manage the energy we need. The medium-term objective of reaching carbon neutrality to fight climate change fully aligns with the short-term objective of energy security.

Schneider Electric advocates deploying proven digital technologies for energy efficiency, and an increased focus on electrification and sustainability to urgently decarbonize buildings, transport, and industry.

We are at an inflection point.

Being part of the solution
Technologies already exist to make our companies energy resilient and net-zero.

70% CO_2 emissions can be removed using existing technologies.

As part of its ambition to deliver a more sustainable future, Schneider Electric uses technologies to help customers in many sectors to build net-zero pathways. Our research shows that 70% of emission reduction is achievable with existing, proven, and competitive technologies.

Efforts must be done on both the demand and the supply side. And we need a major acceleration on the demand side of the energy equation.

Impact of key transformations on decarbonisation (in %)

25%	30%	45%
Save	**Electrify**	**Decarbonize supply**
• Digitization as disrupter • Energy Efficiency • Process Efficiency • Circularity • Digital Twin & Metaverse	• IT • EVs • Heat Pumps	• Smart Grid • Microgrid • Renewables • Storage • VPP, aggregation, contract & demand management

The equation for the future: Digital and electric is the recipe for a more sustainable and resilient world

Schneider's positioning for a sustainable future focuses on an All Digital, All Electric world. It's what we call "Electricity 4.0":

- **Digitization creates resilience and builds a smart future:** Data analytics and insights enable more agile, efficient operations and continuity, making the invisible visible. Digital Intelligence makes massive amounts of invisible energy waste visible
- **Electricity makes greener energy possible:** Green energy production offers the best path for decarbonization

DIGITAL + ELECTRIC = SUSTAINABLE

DIGITAL	+	ELECTRIC	=	SUSTAINABLE
For Efficiency		For Decarbonization		Smart & Green

1. All Digital

Digital defines new levels of efficiency. Today's digital economy is driving disruption across every sector, defining new levels of efficiency. While life is returning to pre-pandemic levels in places, many newly formed behaviors will not change (remote work, remote operations).

- **Expansion of Internet of Things (IoT) in industrial processes, driving an abundance of data:** By 2030, the number of IoT devices will be six times that of 2020 growing from eight billion to 50 billion, resulting in an eight times increase in compute workloads[(1)].
- **Growing need to aggregate exponential amounts of data:** 11 billion smart appliances in one billion homes are expected to participate in interconnected electricity systems by 2040[(2)].
- **New business models with artificial intelligence, algorithms, and platforms** that turn vast amounts of data into insights and value. It is estimated that 70% of new value created in the economy over the next decade will be based on digitally-enabled platform business models[(3)].

2. All Electric

On the second part of the equation, we have electrification, a key factor in accelerating towards decarbonization.

- **Climate change is an energy challenge:**
  - >80% of the world's CO_2 emissions are linked to the production of energy.
  - >80% of energy demand is still delivered by fossil fuels.
  - Fossil fuels have high efficiency losses, with almost two-thirds of primary energy being lost during use, while renewable energy sources have much lower losses, only around 5% in transmission and distribution.
- **Regardless of source – electrification is going to profoundly change energy on both sides (usage and supply):**
  - Electrification of usage: Energy batteries are expected to provide up to five times more energy density by 2030[(4)].
  - Electrification of supply: More renewables, with a variable capacity mix anticipated to reach up to 50% by 2040[(5)].

In reality, the equation of the future needs to be an equation for today.

The journey to net-zero is also a journey to energy security. Priorities are:

- Efficiency through digitalization.
- Decarbonization of all sources, with electrification/green electrification at the core.
- Flexibility through grid stability.

We are running out of time, but it is not too late – we need the demand side to take charge.

Why these trends matter for Schneider Electric?

Sustainability is not just a part of Schneider Electric's business; sustainability is the core of our strategy. We integrate sustainability everywhere, in our model and culture, to have a strong impact at both a global and local level.

We see many of our customers stepping up their efforts and investments in sustainability. We have both the technologies and the expertise to support our customers on their sustainability journeys. Our solutions, from connected devices to software, digital services, and sustainability consulting, help our customers, whatever their maturity and scope.

Electrification and digitization are key drivers in all our end-markets bringing sustainability and efficiency. They fuel both of Schneider Electric's businesses: Energy Management for energy transition and Industrial Automation for Industry 4.0.

Schneider Electric's mission is to be your digital partner for Sustainability and Efficiency. We provide energy and digital automation solutions for sustainability and efficiency for your business. We combine world-leading process and energy technologies, real-time automation, software, and services, enabling remote everywhere integrated solutions that are built with safety, reliability, and cybersecurity for your homes, buildings, data centers, infrastructure, and industries.

(1) Schneider Electric Sustainability Research Institute.
(2) International Energy Agency.
(3) World Economic Forum: Shaping the Future of Digital Economy and New Value Creation, 2019.
(4) Rocky Mountain Institute.
(5) Includes Onshore Wind, Offshore Wind, Utility-scale PV, Small-scale PV, and Solar thermal. Source: Bloomberg New Energy Finance.

1.2 Schneider Electric's unique operating model

1.2.1 The integrated company

The Schneider Electric Group is built as one operating model to both deliver simplicity benefits to customers and significant advantages in attracting talents, scaling deployment, as well as bringing simplicity and cost efficiency, especially region by region.

ONE
- Sales
- Marketing
- Digital
- Supply Chain
- Associated Software

Benefits for Customer

- **Customer** experience
- **Digital** journey
- **Data** for digitization

Benefits for Company

- **Attractiveness** for talents
- **Scale** for deployment and strategic positioning
- **Simplicity** and cost efficiency

Next level efficiency to our customers enabled via five integrations:
Schneider Electric's EcoStruxure™ architecture delivers five integrations to enable next level efficiency, providing our customers with a complete plug and play and seamlessly integrated solution.

Quintuple integration

1 Energy + Automation

Schneider Electric brings together energy and automation to achieve power and process efficiency.

2 End Point ▶ Cloud

Schneider Electric products are connected from every end point – on the shop floor, in the infrastructure, in the cloud. Our connectable products collect data, which are processed at edge or in the cloud, through the EcoStruxure™ offering from Schneider.

3 Design & Build ▶ Operate & Maintain

With offers from software companies such as AVEVA, ETAP, ALPI, IGE+XAO, RIB, and Planon, and EcoStruxure™ software, we can cover the entire lifecycle of our customers buildings and power assets. At the core of this offer is a powerful data hub that can converge process and energy data across the lifecycle stages – from design and build to operate and maintain.

4 Site-by-Site ▶ Unified Operations Center

Our offerings enable factory floor data access anytime and anywhere around the world, by connecting all assets and sites information in one repository.

5 Opportunistic Supply ▶ Sustainable & Integrated Supply

Schneider Electric helps customers meet their risk and sourcing challenges through a holistic and strategic approach.

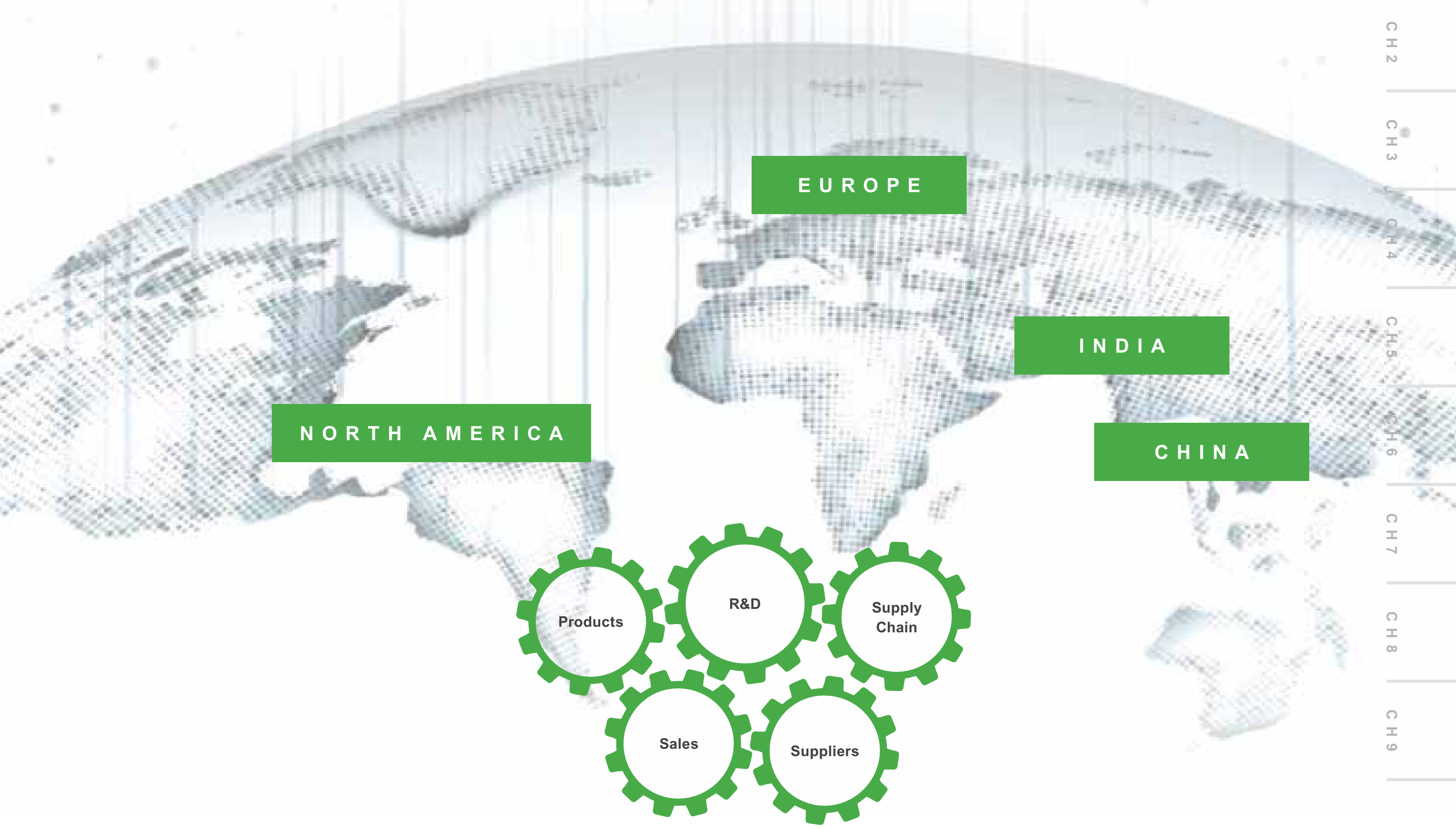
1.2.2 The multi-hub company

The multi-hub approach enables improved resiliency, agility, and proximity with our customers and suppliers.

We are one of the most local of the global companies. Our people are in the regions where we operate, close to our customers.

Our multi-hub approach continues to be key in Schneider Electric's strategy. It enables improved resiliency, agility, and proximity with our customers and our network of suppliers.

As today's world is increasingly divided by politics, trade and data regulations, and the ever-evolving health situation, this characteristic of Schneider Electric's model has shown its strategic importance.



Four hubs serve the Group's different markets (Europe, North America, China and India). Each hub has its own capabilities, while operating and contributing together toward the same Group objectives.

Group objectives

Products and offers are adapted locally to the specificity and standards of local markets, leveraging global R&D platforms and architectures.

This is key for compliance with local standards (e.g., NEMA North America, IEC Europe, and CCC Asia Pacific), regulations (e.g., data and cybersecurity), operating conditions, and design specificities.

Schneider Electric's supply chain is organized by region, serving local customers with the support of local suppliers.

As such, in 2021, 92% of Schneider's supplied goods come from the same region as its manufacturing sites, and 80% of Schneider's sales are produced in the same region as its customers.

Schneider Electric's suppliers are becoming increasingly local as close relationships are built with manufacturers in the region, for better flexibility and resiliency.

1.2.3 The open company

At Schneider Electric, we practice openness with EcoStruxure™, across our open ecosystem and through the open standards our customers need for interoperability. As such, Schneider Electric can grow faster, deliver complementary offers, bring additional value to existing systems, and to deliver agile innovation.

Open ecosystem

Schneider Electric works closely with its worldwide network of partners to unleash the infinite possibilities of an open community, offering collaboration opportunities and innovation across market segments. With dedicated partner programs such as EcoXpert, an industrial services partner program, the Technology Partner program, and more, the Group has:

- **60%** of revenues through partners.
- **4.5k+** EcoXpert program partners.
- **20k+** suppliers in production/direct procurement.
- **650k+** service providers and partners.
- **45k+** system integrators and developers.
- **184** technology partner offers.

Major technology partners

Microsoft, accenture, WIND RIVER, amazon web services, intel, IBM, Capgemini, salesforce, CISCO

Platform openness

One of the key outcomes of the 2025 digital vision for Schneider Electric is to drive further openness of our EcoStruxure™ platform and provide direct access to data and capabilities of the offer, allowing customers and partners to tap into EcoStruxure's™ full potential and to position it as the reference platform-as-a-service (PaaS) for the industry, enabling new ways of capturing value such as data-as-a-service and API usage billing.

Bigger opportunities from EcoStruxure™ openness

EcoStruxure™-compatible solutions and services expand our portfolio, enabling access to EcoStruxure™ data and creation of use case-specific joint solutions:

- Providing data to customer applications with a seamless integration
- Embedding data and capabilities in partner applications
- Integrating third-party solutions into EcoStruxure™ via external data interfaces

To drive collaborative innovation, interoperability, and seamless interfaces, Schneider Electric is working with and promoting open standards across industries.

In 2022, Schneider Electric joined the Metaverse Standards Forum as a principal member. This multidisciplinary, self-governing body aims to promote alignment on priorities and requirements for metaverse interoperability standards. Through this initiative, Schneider Electric is acting on its accelerated development of interoperability standards for an open and inclusive metaverse.

Metaverse STANDARDS FORUM™

1.2.4 The Impact Company

Sustainability is at the core of our purpose, culture, and business as we accelerate our contributions to a sustainable and inclusive world.

IMPACT Company

1. Does well to do good and vice versa

Performance
The foundation for doing good

Business
Part of the solutions

All ESG
Dimensions

2. Brings everyone along

Model & culture
Set up for global and local impact

All stakeholders
in your ecosystem

Paving the way as an Impact Company

Schneider Electric aims to champion environmental, social, and ethical issues across its entire value chain and stakeholders, while delivering solutions to its customers for sustainability and efficiency. We call this dual approach "Impact Company".

The Group's strategy is driven by the conviction that robust financial performance is a prerequisite to delivering positive sustainability impact. At the same time, this positive impact supports the long-term resilience of the Company as we attract new customers, investors, and talents. We pride ourselves in being an Impact Company and we strive to address the biggest challenges of our time, climate change and social inequality, at global and local levels.

Today, Schneider Electric is a recognized worldwide sustainability leader, notably ranked #1 in the industry sector by the S&P Corporate Sustainability Assessment in 2022, and a member of several initiatives to advance on the 17 United Nations Sustainable Development Goals (SDGs) with common objectives to protect the planet, alleviate poverty, and achieve worldwide peace.

Measuring progress with Schneider Sustainability Impact, a unique transformation tool

For over 15 years, Schneider Electric has measured its holistic sustainability performance through a dashboard called Schneider Sustainability Impact (SSI) and has set up specific governance bodies to ensure that sustainability is positioned within every part of the Group's strategy from the Board of Directors to the operational levels.

The SSI is a transformation scorecard demonstrating that rapid and disruptive changes for a more sustainable world are possible across many complex topics. Its scoring scale of 10 provides an overall measure of the Group's progress on sustainability objectives.

By tracking our performance and publishing quarterly results, we uphold our commitments to the SDGs and industry leadership in corporate social responsibility. The five-year SSI for 2021 – 2025 features 11 global impacts plus one local impact linked to six long- term commitments. Beyond our SSI, we also instill a global and local culture with a meaningful purpose around sustainability through trainings and performance incentives for employees and leadership teams.

Read more about Schneider Sustainability Impact in Chapter 2, on **page 80.**

Our six sustainability pillars

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

Empower local communities

1.2.5 Moving from opportunistic to integrated supply

The onset of unprecedented market volatility has reinforced the need for proactive strategies to source energy from providers in a holistic fashion according to organizational demands.

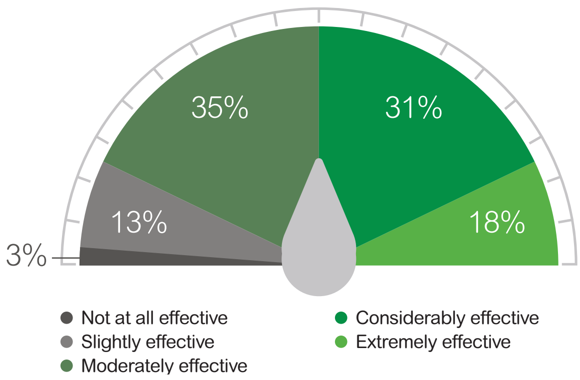
Further, over the past decade, energy sourcing has grown increasingly complicated and nuanced. Today's market-leading approaches require adaptive, integrated sourcing to help organizations respond strategically to risk, build resilience, and decarbonize their assets/portfolios.

Market disruption and volatility are material risks for most businesses. The current energy crisis in Europe is a clear case. Unprecedented short-supply conditions have caused energy prices to hit historic levels, jeopardizing not only business profitability, but business *viability* as operations, budgets, and ancillary priorities, such as decarbonization goals, suffer.

In a recent study conducted by Schneider Electric, only about 50% of the corporate respondents felt they were "considerably" or "extremely" effective in managing energy commodity risk due to volatility.

This is surprising as companies that do proactively manage volatility often realize measurable benefits across numerous departments within their organizations.

Rate your organization's ability to manage energy price and energy supply volatility:



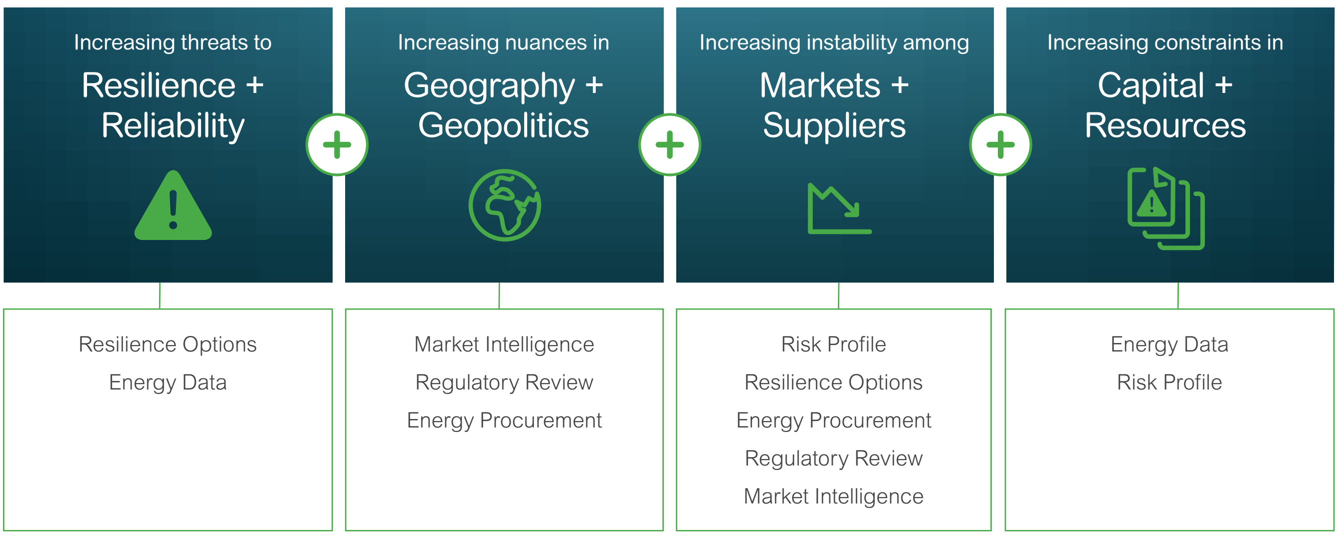
Integrated energy commodity risk management and sourcing at Schneider

Schneider Electric's Sustainability Business helps our customers to meet their risk and sourcing challenges through a holistic and strategic approach which:

- Addresses the risks associated with energy complexity, including resilience and reliability, geopolitical uncertainties, geographic/market barriers, and resource or capital constraints.
- Leverages artificial intelligence (AI) technology combined with our industry-leading market expertise to approach sourcing solutions using a mind+machine strategy.
- Harnesses the strength of Schneider's global risk & analytics, commodity management, and renewables teams to develop and deliver risk profiling, cost analysis, and strategic procurement recommendations.
- Maximizes energy flexibility in the form of connected, optimized distributed energy resources and other cleaner, greener technologies.
- Advances budget management, cost forecasting, and risk preparedness through EcoStruxure™ Resource Advisor, giving customers greater insight and access to strategic sourcing recommendations.

Read more about how Schneider Electric is switching to 100% renewable energy on **page 161.**

An Adaptive Sourcing strategy evolves with disruptors to minimize complexity.



1.3 Schneider Electric's priorities for sustainable growth

Against a backdrop of market uncertainty, the Group continues to achieve sustainable growth through five priorities.

More Products

As customer operations are increasingly digitized, our products are becoming natively connected. Coupled with Schneider Electric's EcoStruxure™ advisors, they deliver incremental value and support our customers in their everyday operations. Additionally, Schneider Electric strives to continuously increase the quality of its products and offer the highest levels of safety and reliability.

Better Systems

The EcoStruxure™ platform is the foundational technology backbone to build and deliver Schneider Electric solutions. We will enrich the EcoStruxure™ platform with more segment applications and expertise, offering more value. We provide a unified customer experience through our open ecosystem and we upskill our people in digital technologies.

We continue to expand our natively connected equipment portfolio with digital tools, making condition-based maintenance and connected expert service available to customers for more productivity, safety, efficiency, and collaboration.

More Services

Services are an incremental growth engine for the Group, delivering peace of mind to our customers along their lifecycle with safety, resilience, efficiency, and sustainability. We continue to accelerate and support our customers, expanding our portfolio each year. We see this in 2022 via the additions of EcoConsult, EcoCare, and ECOFIT™ within our portfolio, all of which have been built to support customers in their journey to strategize, digitize, and decarbonize.

More Software

Schneider Electric customers are looking for integration across phases from Design and Build to Operate and Maintain. With our software portfolio across EcoStruxure™, AVEVA, OSIsoft, RIB Software, ETAP, Planon, IGE+XAO, and ALPI, and our partnerships, we can cover the entire lifecycle of our customers' buildings and power assets. We also understand our customers' need for a unified, simple way of managing and acting on complex data. That is why with our evolving hub capabilities and unique software portfolio, we're putting in place the building blocks of the enterprise metaverse.

More Sustainability

The climate crisis is a significant risk to organizational continuity. In response, stakeholders are demanding urgent action from businesses. This pressure has driven more than 4,000 companies globally to commit to a science-based decarbonization target.

We aspire to both achieve our own aggressive climate targets and support our stakeholders in their decarbonization journey through our solutions and experiences. As the demand for cleaner energy sources and climate action strategies has grown, so has Schneider Electric's Sustainability Business, which now serves 40% of Fortune 500 companies.

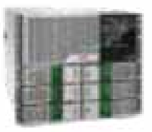
1.3.1 2022 innovation highlights

We are proud to showcase our 2022 innovations. With these innovations, we were able to satisfy our customers' needs from different end markets and learn more about what it really means to be the leader in our business. These offers are testaments to the progress made in our commitment, which is, making energy safe, reliable, efficient, sustainable and connected.

Data Centers

APC™ Smart-UPS™ Modular Ultra

The first modular Lithium-ion single phase UPS and the most sustainable modular UPS of its kind.



EcoStruxure™ IT Expert & EcoStruxure™ IT Advisor

An innovative platform to enable capacity planning decisions through data analysis.

Homes

Square D Energy Center & Wiser Home Energy Management Solution

Solutions for smart and sustainable homes.

Acti9 Active

Miniature circuit breakers for space optimization in electrical distribution.

Buildings

EcoStruxure™ for eMobility

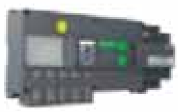
Solutions for homes, buildings and fleets.

EcoStruxure™ Buildings

Open, secure building management platform integrating multiple systems for centralized, real-time control across 1-to-many enterprise buildings.

TransferPacT

Next generation transfer switch providing best-in-class reliability with ultra-fast transfer performance.



Power Digitization

Solutions for better decision-making, faster issue resolution, minimized downtime and reduced energy usage.

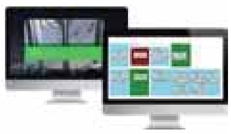
ComPacT, PowerPacT, PrismaSeT Active, FlexSeT

Next generation low voltage (LV) circuit breakers and switchboards.

Industries

EcoStruxure™ Automation Expert

World's first universal automation solution reducing engineering by almost 50% with AVEVA System Platform integration.



EcoStruxure™ Machine Expert Twin

Digital twin software suite for digital models of real machines. Software-centric industrial automation system.

Lexium™ MC12 multi carrier

Innovative transport system for moving, positioning or grouping objects in machines for discrete processes.

Motor Management innovations

Holistic lifecycle solution for advanced asset management and energy efficiency. From "Design & Build" to "Operate & Maintain.

Grids

EcoStruxure™ Grid

Bridges supply and demand sides, with End-To-End software lifecycle (from planning, design, build, operate to maintain) while ensuring protection against cyber attacks.

AirSeT Family

Sustainable medium-voltage (MV) switchgear SF_6-free, powered by pure air and digital.

1.3.2 Digital Flywheel

Software is central to everything we do, making sense of all the systems we are connecting and the data collected from them. Our ambition is to develop a best-in-class software portfolio for our customers and our partners.

At Schneider Electric, we see a world where efficiency can be catalyzed through integrations. EcoStruxure™ is our solution to deliver each of these five integrations to our customers.

What is EcoStruxure™?

EcoStruxure™ is our open, interoperable, IoT-enabled system architecture and platform. EcoStruxure™ delivers enhanced value around safety, reliability, efficiency, sustainability, and connectivity for our customers. EcoStruxure™ leverages advancements in IoT, mobility, sensing, cloud, analytics, and cybersecurity to deliver Innovation at Every Level. This includes connected products, edge control, and apps, analytics and services which are supported by customer lifecycle software. EcoStruxure™ has been deployed in almost 500,000 sites with the support of 20,000+ developers, 650,000 service providers and partners, 3,000 utilities and connects over 7,400,000 assets under management.

How do we measure EcoStruxure™ growth?

To measure our performance in the digital sphere and how EcoStruxure™ grows at each level, we employ a digital flywheel.

The flywheel represents the digital transformation of Schneider Electric's business: shift from non-connectable to connectable products; in order to drive more solutions towards software and services; and generate more recurring business for Schneider Electric.

The layers of the flywheel represent groups of offers:

- L1 – Connectable Products
- L2 – Edge Control Solutions
- L3 – Software and Digital Services
- FS – Field Services

Non-connectable products and systems are classified as NF – off-set.

EcoStruxure™
Innovation At Every Level

Digital flywheel definition by layer

Software: System and application software which are hardware agnostic and monetized independently of the hardware

Digital Services: Analytics-based services which are digitally enabled

Edge Control Solutions: Devices or systems that enable an operator to monitor and/or control a specific process, manufacturing line, or installation

Field Services: Installation, repair, modernization, maintenance, etc., performed at a customer site (excl. digital services)

Connectable Products: Smart, connectable device or equipment that can communicate with an edge control system (from Schneider Electric, or not)

EcoStruxure™ represents the ecosystem of hardware, software, and digital services that leverages data to create actionable insights for customers and help them optimize their installation for higher sustainability

1.3 Schneider Electric's priorities for sustainable growth

How do we use the digital flywheel?

Step 1: Shift from non-connectable to connectable products:

- L1 sales enable L2, L3, and FS sales.

Step 2: Drive more solutions towards software and services, enabling data collection, monitoring, and analysis from these connectable products:

- Software and services provide a competitive advantage with truly differentiating offers.

Step 3: Generate more recurring business for Schneider Electric:

- Recurring revenues are an indicator of business continuity.

Where do we aim to go with digital?

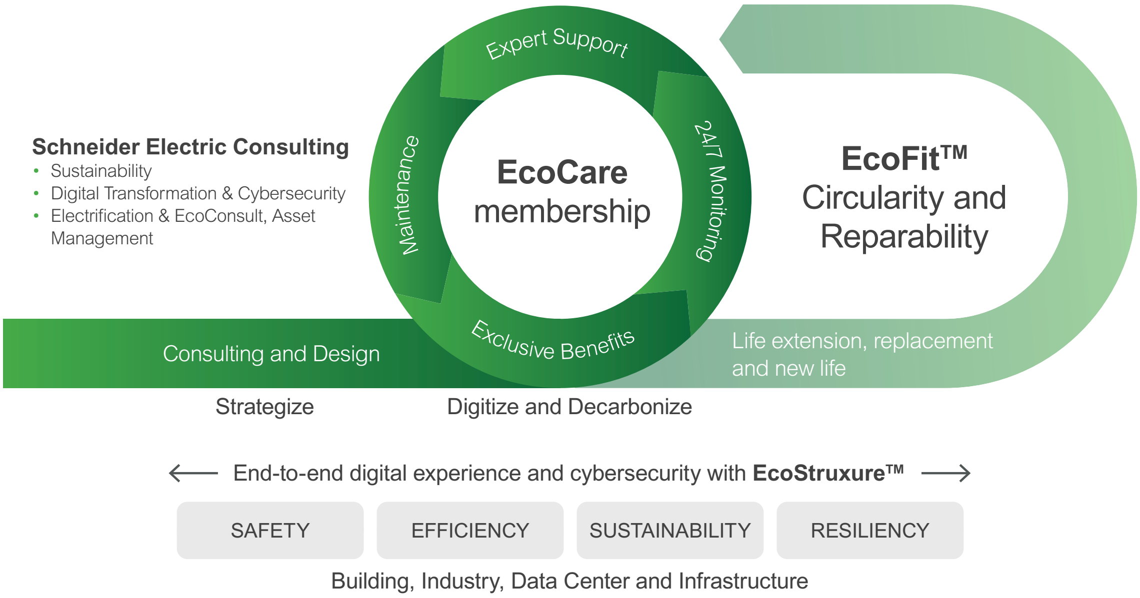
Services, software, and sustainability continue to be high potential, incremental growth engines. Directly tied to Schneider Electric's core business, they are expected to deliver Schneider's indicative objectives for 2025 as the Group makes another step change on its path to becoming a hybrid digital company:

	2021 Baseline		2025 Target
Digital flywheel as % of Group revenues	c.50%	+10pts	60%
Software and Services % of Group revenues	c.18%	+5pts	23%
Recurring revenue as % of Software and Services revenues	c.30%	+15pts	45%

For more information on our digital Flywheel performance, please refer to **page 17.**

1.3.3 More services: Lifelong partner to decarbonize and electrify faster

With the energy and climate crisis, energy efficiency, sustainability, and decarbonization through electrification are top priorities for our customers; and an opportunity for our services business to accelerate and support our customers.



2022 Highlights: New Services portfolio

EcoConsult experts provide **actionable insights** and map electrical and automation assets and systems with best-in-class **software and a digital twin** such as **ETAP**. Recommendations through the **mySchneider** platform generate new Services business opportunities.

EcoCare, our recurring services, is an exclusive **membership** for the entire life of equipment. It offers **exclusive access** to expertise, 24/7 monitoring for maximum business continuity, and **extended reality solutions**.

EcoFit™ is a unique approach for modernization to minimize waste and maximize safety and efficiency. We **upgrade** equipment with **connectivity** to boost EcoCare, we **replace the core components** to avoid up to 90% of waste, and we **take back** to recover, rebuild, and give a new life to resell.

Three strategic and transformational pillars

Seamless CapEx to OpEx to recurring

Services reinforce **customer intimacy at every stage of the lifecycle**, from CapEx to OpEx to recurring and from **Build to Operate to Maintain phases:**

- Connected products are manufactured with native connectivity to our cloud platform.
- Our Digital Logbook enables customers to stay constantly connected to their assets increasing our greenfield tracking knowledge.
- EcoCare membership offers 24/7 remote assets monitoring, proactively reducing breakdown risk thanks to advanced analytics from EcoStruxure Advisors

Full Customer lifecycle experience

- Our **coverage model** and **consultative approach**, via **EcoConsult**, bring end-to-end solutions to focused segments.
- We innovate and contribute by identifying **mergers, acquisitions**, and investments, and reinforce **partnerships** in domain knowledge, predictive analytics, and new business models.
- We drive a lifecycle **circularity and sustainability** approach as a differentiator with **ECOFIT™**.

Scale through partners

- Access to **>1,200 certified Services partners** able to buy, resell, and perform our services.
- Extension to **non-certified partners and channels** to influence and scale through our network.
- Our vision is to enable all partners, through a **digital marketplace**, to reach the diffused market (pilot in North America).

430

service centers

6,000

customers

1.3.4 Software and data: enabling the enterprise metaverse for sustainability and efficiency

We accelerate the digital transformation of buildings, infrastructure, Industries and Data Centers to deliver complete lifecycle efficiency and sustainability thanks to the power IoT, data, and open, agnostic software applications.

Having worked with hundreds of customers across industries, we know that efficiency and sustainability can only be achieved thanks to insights based on energy, process, and carbon emissions data. We also understand our customers' need for a unified, simple way of managing and acting upon all this complex data. That is why with our evolving data hub capabilities and unique software portfolio, we're putting in place the building blocks of the enterprise metaverse – to allow our customers to manage all their energy and operations in a unified, complete, frictionless experience.

Our Data Hub Model

We are building this experience with the fully acquired teams of AVEVA by converging the data platforms with shared services and connectors to create a single cloud data hub:

- Across buildings, data centers, industry, and infrastructure.
- Across lifecycle stages.
- From design and build to operate and maintain.
- To enable tracking of operations, assets, process, energy, and carbon emissions.

This powerful data hub and a single digital twin of our customers' energy and process can be used by the agnostic software applications in our portfolio, with offers from software companies such as AVEVA, ETAP, ALPI, IGE+XAO, RIB, Planon, and our EcoStruxure software.

Based on industry standards with an open and agnostic approach, this central data hub enables advanced analytics, visualization capabilities, and the largest ecosystem of partners. All these elements together make up the building blocks of the enterprise metaverse in energy management and industrial automation.

	Design	Build	Operate & Maintain
Industry & Infrastructure	AVEVA	AVEVA RIB	AVEVA EcoStruxure
Power	ALPI IGE+XAO GROUP etap	RIB	EcoStruxure
Building	Partnerships	RIB	Planon[1] EcoStruxure

AVEVA: Over 90% of leading companies in 12 industrial sectors rely on AVEVA's solutions to help them deliver life's essentials: safe, reliable energy, food, chemicals, infrastructure, transportation, and more. By connecting people with trusted information and AI-enriched insights, AVEVA's software helps companies design capital projects and engineer better, operate more efficiently, and create sustainable value.

ETAP is the worldwide leading software making electrical power systems' digital twin a reality. Over 90% of the largest EPCs in the world trust ETAP to design, analyze, optimize, simulate, train, control, and automate their electrical power systems. ETAP's recent software releases cement their worldwide expertise on battery energy storage systems among many contributions to a sustainable energy landscape. The combination of AVEVA and ETAP offers the twin intelligence of power and process.

ALPI is a European leader in automated design software for low-voltage electrical installations in a BIM model. ALPI's solutions include calculation, sizing, schematics, and costing to enable users to manage a complete project.

RIB is the European leader of digital transformation making engineering and construction, efficient and sustainable. RIB group offers an enterprise platform for construction management (iMTWO) and multiple costing, scheduling, and collaborative site management cloud software. Created 40 years ago, RIB helps 600,000 users across contractors and enterprises executing buildings, infrastructure, and plants projects. RIB software enhances AVEVA project execution capabilities.

IGE+XAO is the second largest software vendor specialized in computer-aided design for detailed schematics, engineering, and manufacturing of electrical harnesses and cabinets. IGE+XAO serves all industries, transport infrastructure, and buildings. IGE+XAO software suite is a perfect continuum from AVEVA engineering towards detailed electrical engineering, manufacturing, and equipment maintenance.

Planon is the leading global provider of real estate and facility management software that enables building and service digitization by integrating smart building technology, business solutions, and data.

(1) Strategic minority investment

1.3.5 Sustainability Business

The past year has demonstrated the urgent need for the energy transition. This urgency has been reflected in the growth of corporate climate action and a surge in new legislation to increase corporate disclosures on climate risk. The combination is leading to a rapid uptake of sustainability among corporations, with more than 4,000 companies globally committing to a science-based decarbonization target.

Transitioning energy sources remains the fastest path towards decarbonization since energy drives approximately two-thirds of global emissions today. As the demand for cleaner energy sources and climate action strategies have grown, so has Schneider Electric's Sustainability Business, which now serves 40% of Fortune 500 companies through a unique combination of strategic consulting and implementation services, paired with best-in-class digital solutions.

Our differentiated value proposition is to support our customers on climate, from strategy setting to execution.

Strategize: Define climate strategy to meet client ambitions. Decarbonization starts by quantifying environmental baselines and definining organizational ambitions. Our consultants help companies measure their emissions, set decarbonization targets, create a roadmap for action, structure their program and governance, and communicate on commitments.

Digitize: Create a single-source-of-truth for energy, emissions, and resource data management. AI-powered EcoStruxure™ Resource Advisor and award-winning PPA marketplace solutions NEO Network™ and Zeigo™ provide clients with the data they need to identify savings opportunities, make strategic decisions and take action on decarbonization.

Decarbonize: Execute decarbonization strategy using four key levers: electrification of operations, reduction of energy use, replacement of energy source, and engagement of the whole value chain. Ultimately, decarbonization requires action. Schneider Electric's robust portfolio of end-to-end net-zero solutions supports clients in their pursuit of their energy and emission ambitions. Our global team of experts help customers deploy solutions to systematically achieve their decarbonization aspirations.

Collaborating for climate action

Scope 3 emissions

CDP estimates that an average of 11.4 times as many emissions can be found in the value chain than in corporate operations. This extensive category, classified as Scope 3 emissions by the Greenhouse Gas (GHG) Protocol, is also the most difficult to decarbonize.

Recently, the Sustainability Business has partnered with clients including Walmart, PepsiCo, a group of 15 pharmaceutical companies (known as the Energize program), and Schneider's own Zero Carbon Project to reduce Scope 3 emissions, specifically within the supply chain.

Walmart Gigaton PPA program

In 2022, the first cohort under the Walmart Gigaton PPA program was announced. Consisting of five Walmart suppliers working together to go to market as an aggregated buyer's consortium, the cohort worked with consultants from Schneider Electric to procure a 12-year wind Power Purchase Agreement from Orsted's Sunflower Wind Farm, expected to generate approximately 250,000 megawatt-hours annually of new renewable power. The aggregated consortium model allowed the cohort participants to gain market access they could not achieve alone.

Energize program

At COP27, Schneider Electric announced that the first European and U.S. cohorts under the Energize program have also been formed and will go to market together. The cohort consists of nine companies, representing a potential aggregate of two terawatt-hours of electricity demand.

1.3.6 Global supply chain

A vast global network covering the end-to-end value chain

Source
20,000 suppliers, €11 billion (production parts procurement)

Make
162 factories in 40 countries

Deliver
84 logistics centers in 45 countries

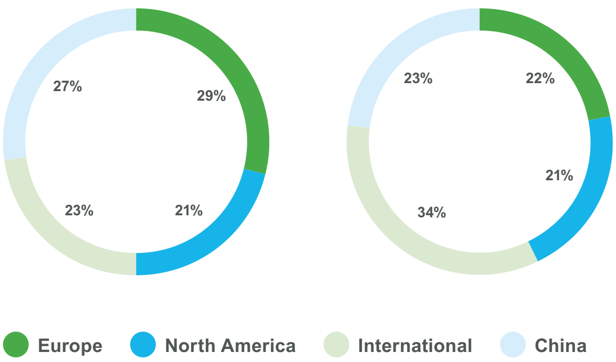
Customer
17 segments and personas 180,000 order lines a day 290,000 references

Towards an even more resilient and regional footprint

Moving from 80% to 90% regional sales

Supply chain is well balanced across our regions:

Industrial costs **GSC headcount**



Each are responsible for their product specifications, research and development, supply chain, and suppliers. Our supply chain works hand in hand with the regional sales and marketing organization, and the multi-hub approach allows us to adapt to the requirements of the market at pace, work very closely with all the stakeholders in the market, and be as sustainable as possible.

60% to 70% of the products that we are selling in India today have been designed in India, with 90% of what is sold there having been produced there.

Key announcements in 2022

North America

Invested $46 million to upgrade and increase capacity in Lexington, Kentucky, and Lincoln, Nebraska factories. Augments the $100 million already committed in 2021.

New factory in El Paso, Texas announced to boost domestic manufacturing capacity.

India

Construction starts on new factory in Hyderabad, the second for Schneider Electric in Telangana, and to be spread across 18 acres.

Asia

Launched carbon netural, smart logistics distribution center, Hub Asia, in Singapore. Spanning 21,000 square meters, the new warehouse will see a 30% increase in operational capacity compared to the previous site in Penjuru. At the doorstep of the new Tuas Mega Port, Hub Asia will support operations for annual revenue totaling €2 billion for Schneider Electric and will increase physical operational efficiency and supply chain resiliency. Schneider has committed to invest SGD $110 million over the next 10 years to operate Hub Asia.

Investing for future growth

22
sites with major extension projects

16
in construction

1.3.7 SE Ventures

"There's never been a greater need for transformation, or a greater opportunity to digitize, electrify and decarbonize. Fund II reinforces our commitment to a future where startups with bold solutions and companies with bold ambitions together have access to the resources, tools, and partners they need to meet this moment and make an even better future."

Nadège Petit, Chief Innovation Officer, Schneider Electric

Innovation at the Edge

We believe a more digital and electric world is key to addressing the climate crisis. Innovation at the Edge sits at the intersection of technology, internal and external, and brings to market new solutions, services, and businesses for a future that is more digitized, electrified, and sustainable. It is important for us to continue our internal innovation engine, but also fuel ideas from outside our organization. Our team explores new businesses, technology, and business models through partnerships, investments, incubations, and joint ventures. Through our venture capital fund, SE Ventures, we have invested in startups, who have disruptive ideas or technologies with potential to drive real business value.

SE Ventures invests in the future

Structured like a typical venture fund, in addition to capital, SE Ventures provides agility in decision making and unparalleled access to Schneider Electric's global ecosystem of customers and partners. SE Ventures' Fund I has proved the efficacy of this unique model, with investments in over 40 startups and seven venture funds alongside partnership engagement with over 200 startups. As a result of our SE Ventures' model, we have accelerated new energy and automation technology faster, with 70% of all portfolio companies entering a commercial partnership with Schneider Electric. Fund II was launched in 2022, bringing total investment to €1 billion. With a focus on new technologies and business models in climate tech, new energy, and industrial technology, SE Ventures' investments advance our mission toward a more efficient and digital world.

SE Ventures - Areas of interest

Climate Tech/Energy | **Industrial Tech**

Sustainability ⟷ Electrification and Digitization ⟷ Automation

Category leading software solutions

Examples of SE Ventures investments

AIDASH	AUGURY	CLAROTY	Patch	K
SaaS Vegetation Management	Industrial Predictive Maintenance	IoT Cybersecurity	Climate Technology Platforms	Construction Industry Materials Management

Prosumer acquisitions in 2022

AutoGrid	energysage	evconnect	Qmerit
Distributed Energy Resources	Solar Marketplace	EV Charging Platform	EV Charging Installation Network

SE Ventures at-a-glance

€1B	30+	10	5
committed venture capital	active investments	incubations	major exits

1.4 End-customer focus

Schneider Electric, leveraging digital, helps customers to identify and unlock value creation opportunities in five areas.

*Occupant experience: for Residential and Building

The value proposition of Schneider Electric to end-customers from the different markets leverages digital and address five areas that are very synergetic:

- **Sustainability:** Carbon emission reduction, environmental impact mitigation, recycling, net-zero design…
- **Operational efficiency:** Throughput/quality improvement, flexibility, asset performance management, utilities efficiency, workforce efficiency, value chain optimization…
- **Operational resilience:** Uptime, process safety, cybersecurity, license to operate, regulation compliance…
- **Occupant experience:** Comfort, healthy and attractive environment, occupant productivity… (for Residential and Buildings segments only)
- **CapEx project efficiency:** Project cost, TCO, time to market, de-risking…

1.4 End-customer focus

We serve end-customers from all markets: Residential, Buildings, Data Center, Industry, Infrastructure

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

Buildings: We are the trusted advisor on sustainability and efficiency for our building customers across healthcare, hotels, retail, real estate and design consultants. Our solutions combine early engagement, data driven design, building and power management technologies, and software to provide more resilient, sustainable, people-centric, and hyper-efficient buildings. In an All Digital, All Electric world, our technologies give our customers the structure to Design, Build, Operate, and Maintain future-ready operations, assets, and portfolios.

Cloud and service providers: Data centers will continue to be the backbone for digital solutions and sustainability will be integrated into their infrastructure. Schneider Electric has expertise in power, building, and IT domains and is uniquely positioned to partner with clients globally. Digitization enables sustainability, reliability, safety, and risk management, improving time to market.

Mobility: We partner with automotive manufacturers and electric vehicle (EV) battery manufacturers in their transformation by enabling the digitization of operations, massive electrification, and new sustainable mobility. We also provide solutions for critical transportation infrastructure, such as railways and metropolitan transport, airports, and ports for their digitization, electrification, and decarbonization. Our solutions include microgrids and Energy-as-a-Service, to help customers run safe, reliable, efficient, and carbon-free operations.

Consumer packaged goods: We provide digital solutions to help food and beverage and life science companies improve their competitiveness and profitability. We enable digital transformation on every step of the value chain, focusing on decarbonization, manufacturing flexibility, asset performance, product safety/compliance, and workforce empowerment for better sustainability, efficiency, and resiliency of the operations.

Mining, minerals, and metals: We help our resources industries to contribute to progress, ensure social license to operate, and build a sustainable mining, minerals, and metals business that is responsible, efficient, and profitable with digitally-integrated automation, power, and process along a unified value chain.

Water and wastewater: We are the digital partners for sustainability, resilience, and efficiency for the water cycle, from water resources to water distribution, sewage management, and treatment. We support customers from strategy to execution, combining power and process solutions for energy efficiency and net-zero water, and innovative smart water technologies and services to boost water efficiency, safety, reliability, and circularity.

Energies and chemicals: We are the digital partners for sustainability and efficiency for oil, gas, and chemicals industries. We empower customers to manage the entire lifecycle of capital projects, achieve sustainability targets, and improve safety. Leveraging the best of power, process and digital solutions (AVEVA, ETAP), we help them to achieve the energy transition. Our strong field-proven experience enables them to decarbonize their operations and develop them into new energies businesses.

Power and grid: We help power and grid customers to fulfill growing low-carbon electricity demand, efficiently and reliably, and we enable a flexible energy system from power plant to grid to prosumers. Thanks to a stepwise digitalization and optimized data management, they can overcome challenges such as increased intermittent renewables, decentralized generation, and extreme weather events. We are the trusted partner for our customers to achieve their sustainability objectives.

Semiconductor: We are the digital partner to Design, Build, Operate, and Maintain semiconductor fabs with the utmost efficiency and resiliency towards a sustainable future.

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

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

Distributors and retailers: Our main distribution partners are electrical distributors, specialists in IT, telecom and data center applications, DIY retailers, online marketplaces, e-tailers, and specialist technical distributors for automation and industrial software solutions, access control, and security products.

We lead the ecommerce transformation in our industry. We continue to digitally equip our customers and channel partners with more web-based trainings, enhanced product content, and digital tools for design, selection, configuration, and customer support.

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

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

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

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

Electricians: We have one of the most comprehensive digital networks with more than 300,000 electricians worldwide. We enable electricians to operate more efficiently through training, technical support, and digital tools, accessible on the go via the mySchneider mobile app. Our relationship with electricians is strengthened by increasing their visibility to end-users through different tools, including online "electrician locators".

Original equipment manufacturers (OEMs): We work with more than 140,000 OEMs to improve machine performance and reduce time-to-market for packaging, conveyor, CPG process machinery, material handling, pumping, generator sets, assembly, battery manufacturing, semiconductor, wind turbines, hoisting, and heating, ventilation, and air conditioning (HVAC) applications, providing tools and software such as EcoStruxure™ Automation Expert and others. We nurture strong OEM partnerships through programs to enhance their capacity to deliver internationally.

2 Sustainable development

An introduction by Chief Strategy & Sustainability Officer, Gwenaelle 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 CO_2 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.

Gwenaelle Avice-Huet, Chief Strategy & Sustainability Officer

2.1 Sustainability for all

In this section

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 CO_2 emissions for our customers since 2018 (+93MT vs 2021).

40M
People have access to green electricity in 2022, since 2009 (+5.5M vs 2021).

2.1.1 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.

2025	2030	2040	2050
Carbon neutral in our operations	25% absolute reduction across our entire value chain and "Net-Zero ready" in our operations (SBTi)	Carbon neutral across our entire value chain	Net-Zero CO_2 emissions across our entire value chain (SBTi)
Objectives of the Schneider Sustainability Impact (SSI), and Schneider Sustainability Essentials (SSE)	Provide access to energy to 100 million people		

2.1.2 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 SSI and SSE programs on the next page and throughout the report.

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.

2.1.2.1 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 thorough 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, CO_2 and safety KPIs.

See Independent verifier's report on **page 270.**

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.

Read further details in the 2.5.4. "Compensation and benefits" section on **page 218.**

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 +93MTCO_2e saved and avoided for customers, a net improvement compared to 2021 (+84MTCO_2e), 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 CO_2 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.

2.1.2.2 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 vehicule 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 assesed 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 CO_2 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 stilll in development.

2.1.2.3 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**

2.1 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 (see Independent verifier's report on page 270). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.

(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.

(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%.

Read more about the SSI indicators methodology on the **pages 243 to 247.**

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**

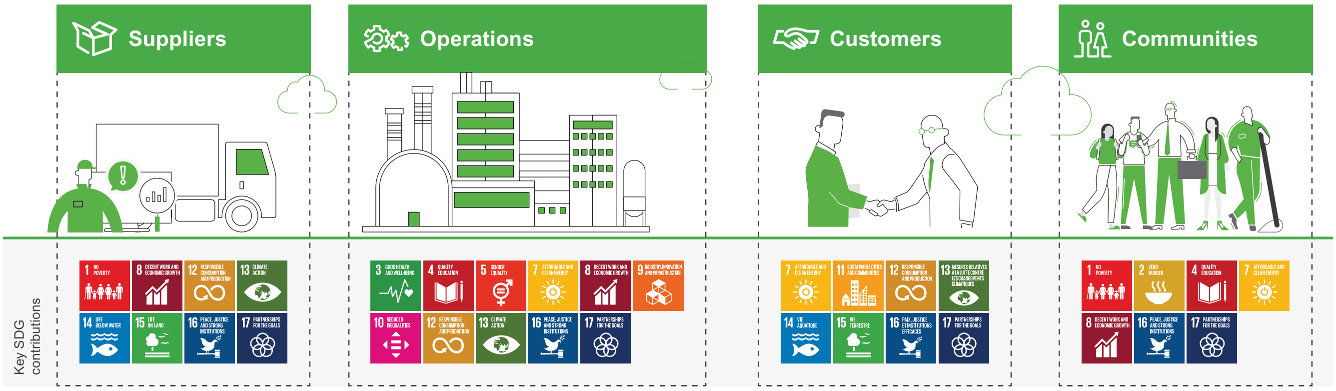
(1) See note (1) under the SSI table in the left page.
(2) See note (2) under the SSI table in the left page.
(3) SSE #12 'Social Excellence' program is under development.

Read more about the SSE indicators methodology **page 248 to 253.**

2.1 Sustainability for all

2.1.3 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.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.1.4 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.	10% 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.	82% 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.	440M 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.	72% 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.	300+ 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.	200+ local commitments that positively impact communities

2.1.5 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 chapter;
- 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 consult chapter 3, pages 244 to 319;
- The Vigilance risks matrix, which is presented and described in chapter 2.2.10 "Vigilance Plan" page 133, 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, 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 2021 pages 76-77.

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.

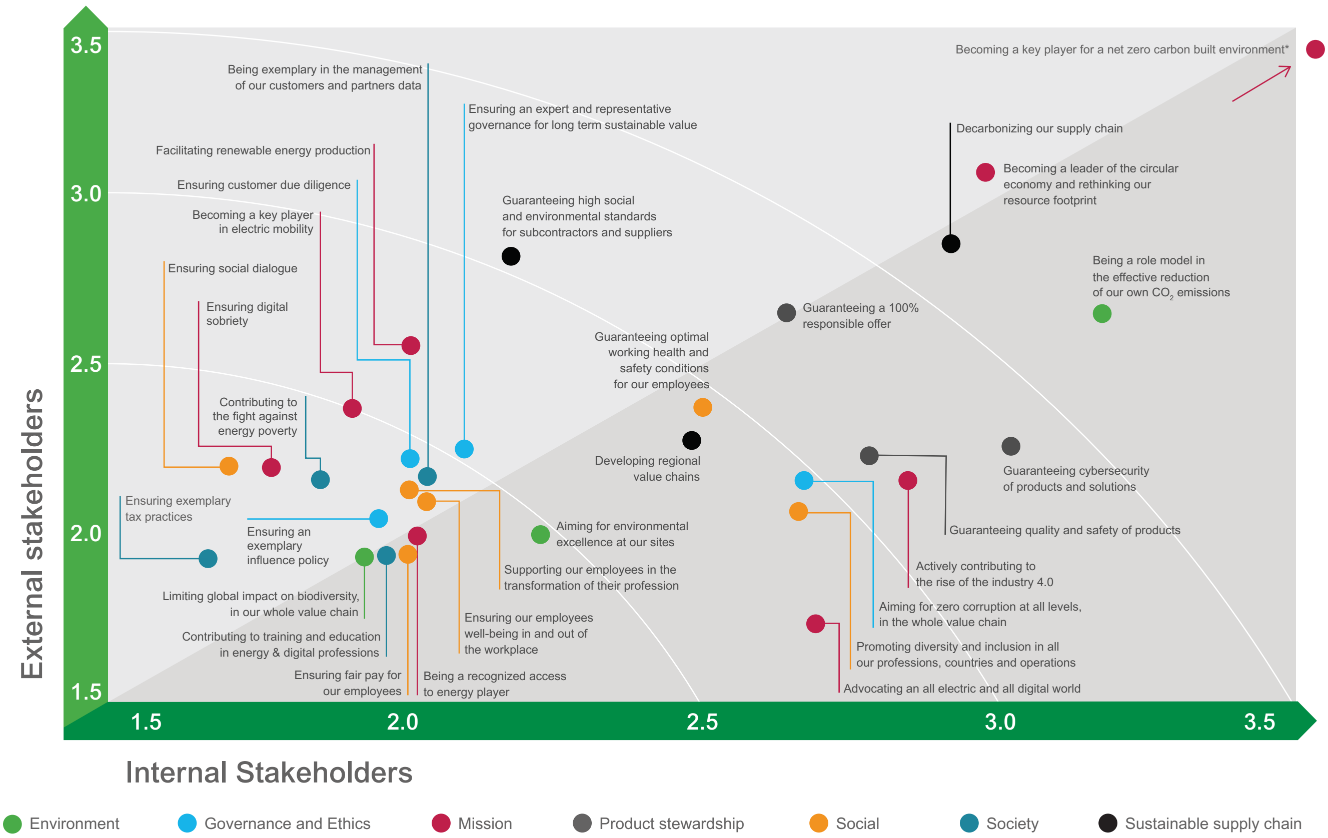
2.1 Sustainability for all

- 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.

2.1.6 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			
Non-compliance with competition laws and regulations, could result in: • Fines • Brand and reputational impact	Trust Charter Conflict of Interest Policy Competition Law Policy Trust Line whistleblowing system	• 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			
Corruption may occur through third parties' activities (partners, suppliers, intermediaries, companies to be acquired) and cause various impacts: • 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	• 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			
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: • Brand and reputational impact • Distrust from stakeholders and loss of attractivity 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)	• 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 CO_2 footprint reduction of 22% vs 2021	Higher credibility and attractivity 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			
Business disruption of Schneider's industrial and customer operations. Risk of a malicious exploitation or intrusion into the infrastructures of Schneider Electric production and distribution centers • Impacts on productivity, data privacy, operations • Financial cost, and loss of confidence from stakeholders	Directive Site Protection Data center, IT Room and Network Enclosure Security Policy IT Disaster Recovery Plan for Business Continuity Policy Network Security Policy Acceptable Use of Assets Policy Security testing for products and systems	• 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	Greater confidence of our customers and partners in our supply chain and products Market access to critical infrastructures/customers Critical certifications obtained IEC 62443 Advanced discussions with authorities and greater collaboration on safety and security
Compliance			
Non-compliance with data laws may result in: • Endangerment, modification and exfiltration of data from Schneider Electric's data systems • Potential fines	Data Privacy Policy Data Classification Policy Global Data Retention Record Creation Backup and Recovery Policy Log Management & Monitoring Policy Acceptable Use of Assets Policy Digital Certification Policy	• 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	Increase trust among our customers, partners and larger community Prove alignment to regulations and devotion to ESG requirements

Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Damage to customers assets			
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 • Impact on customer assets and production • Reputational impact	Product and system security policy Source Code Security Policy Cyber Badge Principles Third-Party Security Principles Network Security Policy Malicious Software Policy	• Cybersecurity contact identified, with ad hoc and periodic assessments for strategic ones For customer-facing employees: • Deployment of Cyber Badges across 20,000+ employees • Compliance monitoring For customer-facing suppliers: • Cybersecurity and Privacy Terms & Conditions developed for all suppliers	Increase trust among our customers, partners and larger community
Sustainable Supply Chain			
Supply Chain Disruption			
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. • Delays in production and delivery, incurring important costs • Impact on customer experience if delays are too long	Regional Supply Chain footprint calculation Multi-sourcing Independent risk assessment (fire, weather, climate) of our Industrial sites Preventive and reactive risk management of Natural risks in Supplier Risk Management (SRiM) program Recurring risk assessment of our Industrial sites and suppliers through Global Risk Consulting program	• Introduction of CO_2 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	Strong local presence Deepening Strategic Supplier Relationship with greater C-Level engagement Shorter lead times and low logistics costs and CO_2 from deliveries Improving component life cycle visibility and taking the opportunity to standardize electronic components.
Human Rights			
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 • Workers Health & well-being impact • Legal impact • Reputation and brand image	Trust Charter and associated trainings Trust Line Supplier Code of Conduct Schneider Human Rights Policy, updated in 2022 Environmental Engineering and Health Services (EEHS) risk mapping of suppliers EEHS included in procurement process	• 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)	Increased cooperation with suppliers Increased trust with our customers

2.1 Sustainability for all

Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Resources			
Scarcity of resources used in our products or in manufacturing: Volatile prices and availability of materials and resources could lead to: • Cost increase of primary materials and energy • Disruption of supply	Supply chain resiliency Raw material productivity and hedging strategy Water stewardship in water-stressed areas Proactive product returns and take-back policies for a range of offers	• 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	Differentiation through greater environmental performance Access to demanding green markets Superior resiliency to face potential decrease in availability of virgin raw materials
Product, project, system quality & offer reliability			
Deficient product safety			
Product malfunctions or failures could result in: • 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	All our sites are certified ISO 9001 Phoenix program launched in 2018 covers our End-To-End Supply Chain ReeD (Reliability End-To-End by Design) to cover Design practices Implement Nets on legacy offer to ensure we capture defects or potential defects internally	• 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	Work in collaboration with customers Challenging innovation and R&D to seek perpetual improvement Increase brand reputation and value
Responsible workplace			
Health and Safety			
Serious or fatal employee injury or illness could result in: • Loss of, or impact to, employees • Property damage • Impact to Company image • Decreased customer confidence • Fines	Safety strategy Global safety directives Serious Incident Investigation Process (SIIP) GlobES reporting, Global Safety Alerts, EHS assessment	• SSE #14: 0.58 Medical Incident rate (vs 0.65 in 2021)	Increase confidence of current and prospective employees. Continuous Safety improvement

Risk description and impact	Policies and systems	Main actions and 2022 performance	Opportunity created
Equity, Diversity & Inclusion			
Discrimination in the workplace: not providing equal opportunities to everyone and limiting the ability to attract and retain the best talents may lead to: • Cost of turnover • Loss of women in top potential pipeline • Legal issues • Company image	Diversity & Inclusion Policy Global Anti-Harassment Policy Trust Line whistleblowing system Women representation in leadership roles Gender pay equity	• 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	People attraction and retention with equal opportunities for everyone
Well-being and mental health			
Lack of focus on well-being & mental health: not providing ideal working conditions may lead to: • Absenteeism • Cost of turnover • Disengagement • Poor company image in the marketplace	Global Family Leave Policy Career development and learning Flexibility@Work hybrid policy Well-being practices and training	• 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	Improved talent attractivity and retention
Talent acquisition and retention			
Attrition of talents and skills: not attracting, developing, and retaining the best talent in the market especially for critical skills leads to: • Cost of recruiting and onboarding • Gaps in critical skills • Less positive brand perception by talent pool	New talent acquisition platform to simplify the application process and track the candidate journey by stages Grow the early talent pipeline through global program and country-specific initiatives Annual performance and development approach, with fair, transparent and competitive rewards and development 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 Flexibility@Work policy	• 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)	Recognized as an employer of choice and market leader for talent development for everyone, everywhere, leading to greater talent attractivity

2.1.7 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.

More details about the composition and activities of the Human Resources & CSR Committee are provided in **Chapter 4, page 359.**

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 Gwenaelle Avice-Huet, the Chief Strategy & Sustainability Officer of Schneider Electric, acts as its secretary.

More details about the Stakeholder Committee are provided on **page 37.**

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

Management oversight

Board of Directors	Executive Committee	Stakeholder Committee
Human Resources & CSR Committee	Group Sustainability Committee	
• Approve the sustainability strategy and SSI • Approve LTIP and STIP for the Chairman & CEO	• Validate strategy and alignment with the United Nations SDGs • Challenge and monitor global sustainability performance and progress of initiatives	• Participate, challenge and oversee the execution of Schneider's Purpose, Sustainability strategy and delivery of long- and short-term commitments

Co-ordination and monitoring

Sustainability department and territory sustainability leaders

- Co-ordinates and monitors the sustainability strategy and performance
- Manage innovation projects
- Lead the relationships between internal and external stakeholders

Diffusion

360-degree ESG implementation	360-degree ESG vision	Network and expert committees
Businesses and corporate functions • Implement strategy and Company programs and policies • Execute sustainability objectives (SSI, variable compensation) • Support awareness • Innovate	**SSI Pilots & Sponsors** • Establishes dialogue with the entire company to boost ambition, innovation and integrate all challenges • Co-develops new SSI programs • Representatives from Executive Committee, operational activities and central functions	**Schneider Electric has expert committees* on dedicated and material topics, in particular:** • Climate • Environment • Human rights • Governance • Ethics • Citizenship • Diversity & Inclusion

All employees: Sustainability Fellows network, Volunteers, Schneider Electric Foundation delegates

* 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.

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. Further details are provided on page 110.

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 (see page 124). 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.

2.1.8 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 producted 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.

2.1 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 enabeling 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).
Comité Stratégique de Filières Nouveaux Systèmes Energétiques	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		
Cercle d'Éthique des Affaires	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'Ethique 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.
Entreprises pour les droits de l'Homme	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 representativenes 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		
Alliance pour le Mécénat de compétences	The *Alliance pour le Mécénat de compétences* 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.

2.1 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 (chairing 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.

2.1.9 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 CO_2 by 2025 (cumulatively since 2018). As of end 2022, the Group delivered 440 million tonnes of CO_2e 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 CO_2 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 SF_6 from offers by 2025, SF_6-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, SF_6-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 Expendiiture (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.

Read more on our EU Taxonomy assessment methodology and the full list of activities eligible under the current EU Taxonomy **pages 253 to 263.**

(2) Regulation (EU) 2020/852

2.1 Sustainability for all

FY 2022 EU Taxonomy reporting focuses on two out of six environmental objectives, for which a Delegated Act has already been published

Climate change mitigation	**Climate change adaptation**	Sustainable use and protection of water
Circular economy	Pollution prevention and control	Biodiversity and ecosystems protection

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 Smart monitoring and regulation of heating systems Zoned thermostats and devices for the smart monitoring of electricity loads or heat loads	Electric vehicles charging stations and supporting grid reinforcement technologies Electrical infrastructure for urban and suburban public transport Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations	Manufacture of renewable energy technologies, equipping wind and solar power generation capacities	Equipment and projects for the construction of transmission and distribution infrastructure Communication and control technologies for the controllability and observability of the electricity system, such as advanced automation software	Technical consultations such as energy audits, simulations and trainings Energy management services 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 2.7.2 page 253
2. Compliance with DNSH?		
• Climate change adaptation (Appendix A of Annex 1 to the Delegated Regulation)	Aligned	Section 2.3.1 page 150
• Sustainable use and protection of water and marine resources (Appendix B)	Aligned	Section 2.4.4.3 page 191
• Transition to a circular economy	Aligned	Section 2.4.5 page 195
• Pollution prevention and control (Appendix C)	4% of revenues from eligible offers not aligned	Section 2.7.2 page 253
• Protection and restoration of biodiversity and ecosystems (Appendix D)	Aligned	Section 2.4.1 page 176
3. Compliance with minimum safeguards?	Aligned	Section 2.7.2 page 253

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 on pages 254 and 255.

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.

Read more about calculation method of Taxonomy-eligible and -aligned turnover **pages 253 to 254.**

Read more about the DNSH checks performed **page 255.**

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 2.3.4 "Investing to achieve the Group's climate strategy and vision", page 158, 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.

Read more about calculation method of Taxonomy-eligible and -aligned capital and operating expenditures **pages 254 to 255.**

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.

2.1.10 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: see ISO 14001 and ISO 50001, page 189; ISO 45001, page 128; ISO 9001, page 94; ISO 27000, page 305; and ISO 14025 and 14021, page 187.

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 in pages 264 and 265 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 266 to 269.

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 (see page 269). 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**

2.1 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	1st 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 particiapted 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.

2.2 Driving responsible business with Trust

In this section

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 helps 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

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

(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 (see Independent verifier's report on page 270). Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.
(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.

2.2.1 Trust Charter, Schneider Electric's Code of Conduct

2.2.1.1 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.

Discover our Trust Charter
on www.se.com

2.2.1.2 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.

2.2.1.3 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.

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**

2.2.2 Ethics & Compliance program

2.2.2.1 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.

2.2.2.2 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.

2.2.2.3 Group policy

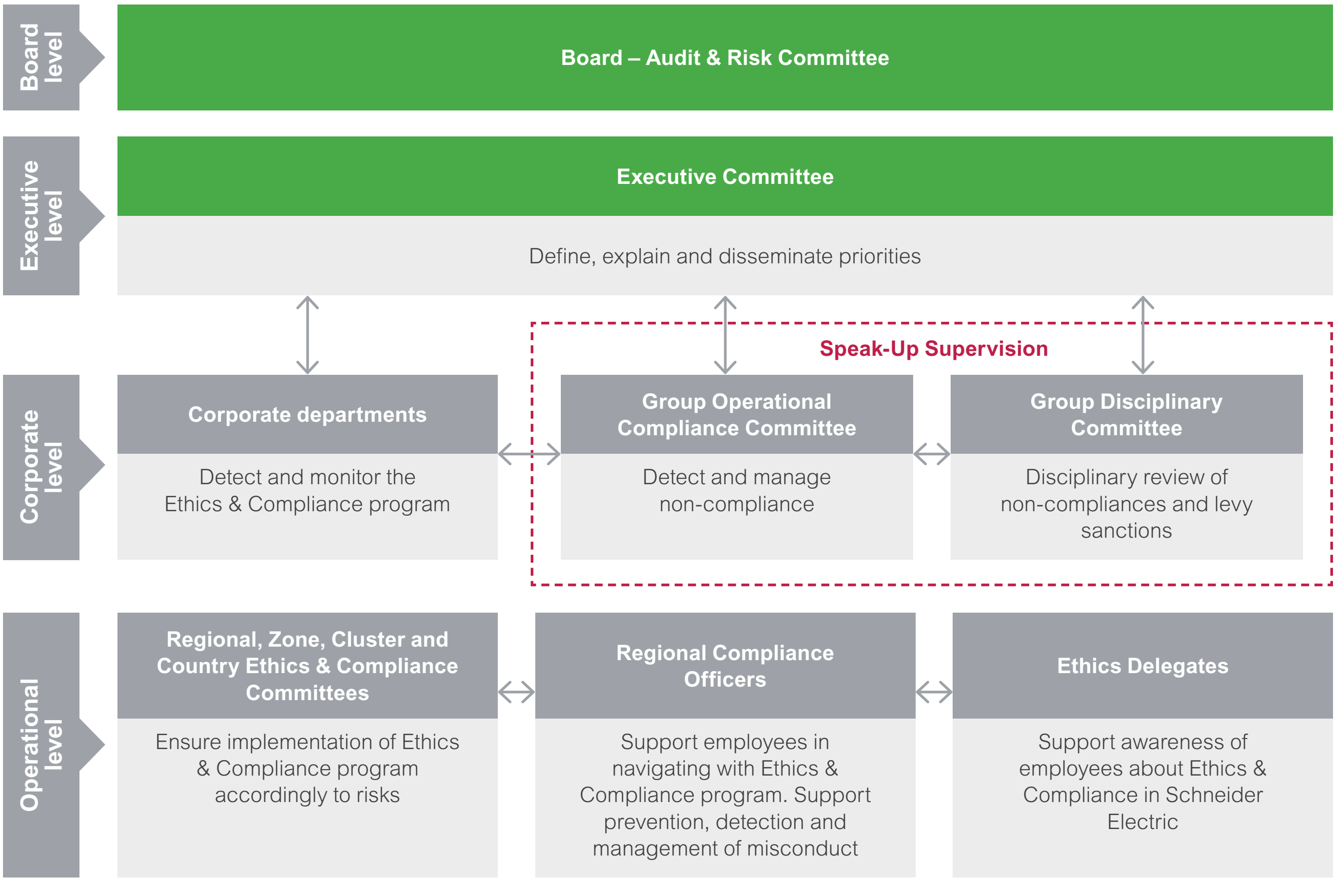
Through its Ethics & Compliance program, Schneider Electric aims to prevent, detect and mitigate integrity risks, including corruption, fraud, violation of human rights, health and safety, responsible workplace (including discrimination, harassment and sexual harassment), anti-competitive practices, 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 114), 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.

2.2.2.4 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".

2.2.2.5 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.

2.2 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%

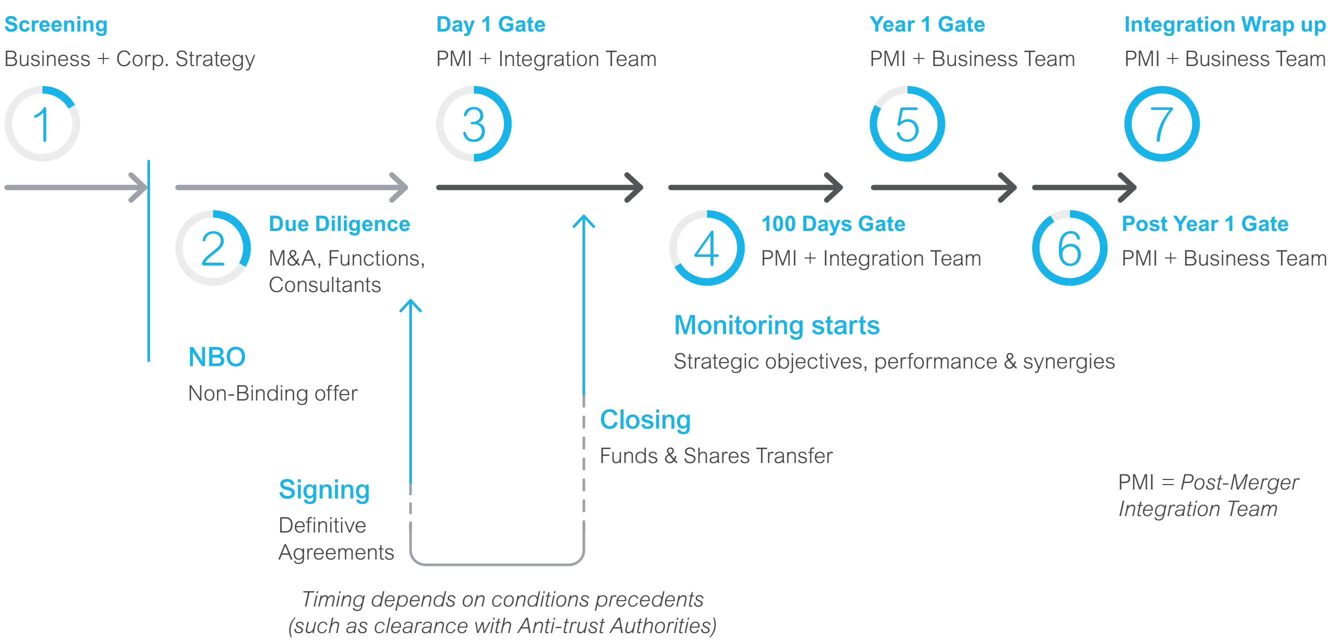
External communication informs stakeholders of Schneider's integrity and of the design and implementation of the Ethics & Compliance program. The Group communicates through a webpage dedicated to Ethics & Compliance and the dissemination of specific external communications. Schneider Electric also responds 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

1. Report

Report potential violation

By employees, third parties

2. Assess

Confirm (or not) validity of alert

Assign investigator(s)

By Group Compliance Team

3. Investigate

Facts finding process, interviews, data analysis

- Allegations confirmed or not
- Root cause analysis.

By assigned investigator(s)

4. Remediate

Remediation and/or disciplinary measures.

By Group Compliance Team and Management

5. Follow-up

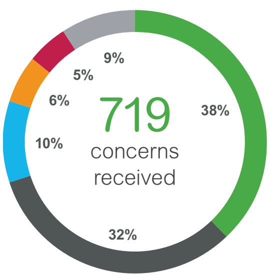
Check implementation of actions decided and non-retaliation.

By Group Compliance Team

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.

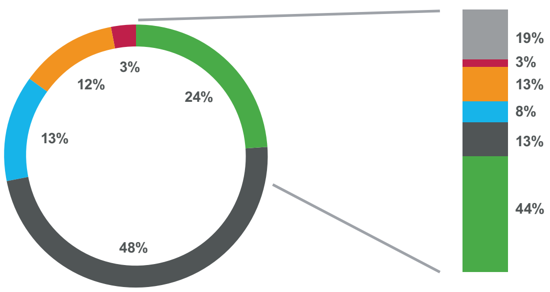
Number of concerns received through our whistleblowing system per region



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

Status of concerns received* through our whistleblowing system

Distribution of confirmed alerts by type of issue



- 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

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

2.2 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.

For more details on Key Internal Controls and the Group’s Internal Audit. Please refer to **page 126.**

2.2.3 Zero-tolerance for corruption

2.2.3.1 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.

2.2.3.2 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 2.2.2 "Ethics & Compliance program", page 111. 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%.

2.2.3.3 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 112).

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.

2.2.3.4 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-learnings, 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-learnings 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-learnings 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.

2.2.3.5 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.

2.2.4 Responsible Workplace

2.2.4.1 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.

2.2.4.2 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.

See more details in Chapter 2.5 **page 196.**

2.2.4.3 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.

2.2.4.4 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.

2.2.5 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.

2.2.6 High standards for the quality and safety of our products

2.2.6.1 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.

2.2.6.2 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).

2.2.6.3 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.

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.

2.2.6.4 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.

2.2.6.5 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 though 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 though the adoption and rigorous execution of a quality system consisting of the highest available standards.

2020 Baseline	2022 Progress	2025 target
25	24	0

2.2.7 Digital trust and security

2.2.7.1 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.

2.2.7.2 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.

2.2.7.3 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**

2.2.7.4 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".

2.2.7.5 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

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

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

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, Cybersceurity 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%

2.2.7.6 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

2.2.8 Human rights

2.2.8.1 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.

2.2.8.2 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 details please see page 133).

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 138).

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.

2.2.8.3 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 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
Anti-Harassment	States Schneider Electric's commitments to have zero-tolerance for any kind of harassment or offensive behavior.	Pages 203 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
Employee Benefits	Defines the global principles, standards, and governance for the provision of employee benefits at Schneider Electric.	Pages 215 to 217

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 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

2.2.8.4 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.

2.2.8.5 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 "2.5 Great People making Schneider Electric a great company", page 198.

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 section 2.5.3 Talent attraction and development, page 211.

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 section "Employee health and safety", page 127.

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 page 142 to 143).

See more details about supplier programs in the Vigilance plan, and Sustainable relations with suppliers sections **pages 130** to **144**.

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 section "2.2.11 Relations with project execution contractors", page 135.

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 section "2.2.13 Vigilance with local communities", page 146.

2.2.9 Employee health and safety

2.2.9.1 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.

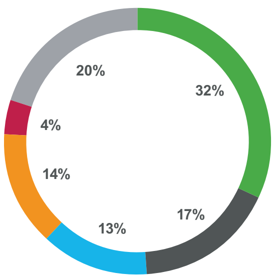
New technology also exists to identify 'at risk situations', and to warn employees about risks so they can take action to mitigate them. Schneider Electric is constantly exploring how these technologies can make the work environment safer. Schneider Electric has embedded new digital technologies in many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

2.2.9.2 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.

2.2.9.3 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.

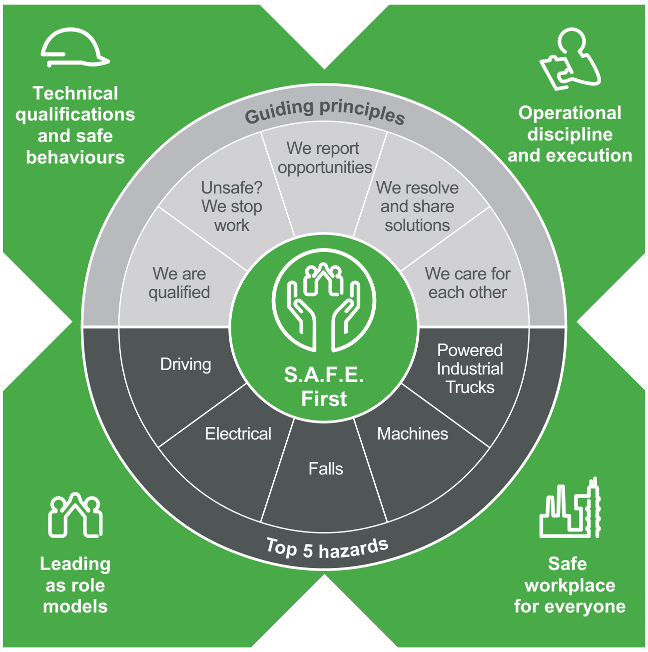
Consult and download Schneider's Health & Safety Policy **on www.se.com**

2.2.9.4 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.

2.2.9.5 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.

2.2.9.6 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.

Trust

SSE #14

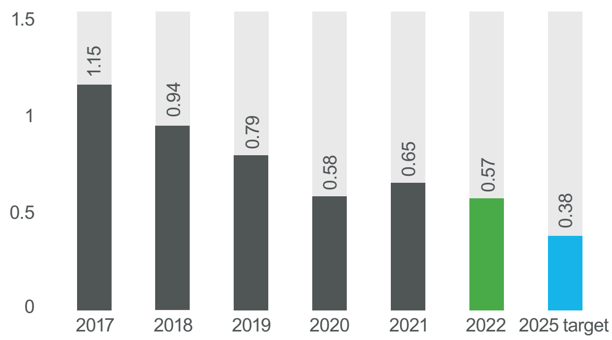
0.38 or below Medical Incident Rate

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.

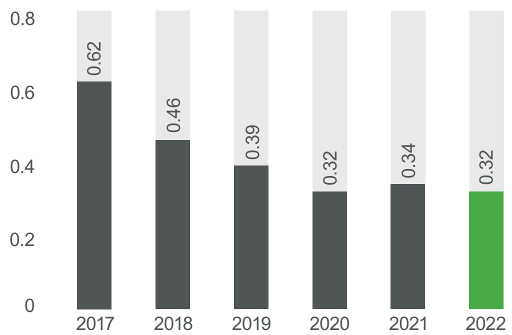
2019 Baseline	2022 Progress	2025 target
0.79	0.58	0.38

Employee safety participation trend

MIR historical trend



LTIR historical trend



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%.

2.2.9.7 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.

2.2.9.8 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.

2.2.10 Vigilance plan

2.2.10.1 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**

2.2.10.2 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.

2.2.10.3 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

2.2.10.4 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, CO_2, and GHG

Business conduct:

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

Offer safety and cybersecurity:

- Offer safety
- Cybersecurity and data privacy

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;
- **CO_2 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…).

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 CO_2 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 the description of the program included in Chapter 2.3 "Leading on decarbonization", page 148.

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**	Low	Low	Low	Low	Low	Low	Medium	Medium	High	Low	Low	Low	Low	Low	Medium	Medium	High
	Health and Safety	Low	Low	Low	Low	Medium	Medium	Low	Medium	High	Medium	Medium	Medium	Low	Low	High		
Environment	**Pollution and specific substances management**			Low	Medium	Low	Low		Medium	High	Medium	High	High	Medium	Low	Medium	Low	Medium
	Waste and circularity		Low	Low	Medium	Low	Low	Low	Medium	Medium	Low	High	Medium	Low	Low	Medium		
	Energy CO_2 and GHG	Low	Medium	Medium	Medium	Medium	Medium	Low	High	High	High	High	Medium	Medium		Medium		
Business Ethics	**Ethical business conduct**	Low	High	Low	Low	High	Low	Medium	Medium	Medium	Low	Low	Medium	Low	Low	High	Low	Medium
	Alert system, protection and non-retaliation	Low	Low	Low	Low	Low	Low	Medium	Medium	Medium	Medium	Low	Medium	Medium	Low	Medium		
Offer safety and cybersecurity	**Offer safety**			Low	Low	Low	Low		Low		Low	Low	Low	Low		Medium		
	Cybersecurity and data privacy	Medium	High	Medium	Medium	High	High	Medium	Low	Low	Low	Low	Low	Low	Low	High		

2.2.10.5 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	Pages
Schneider Electric sites			
Human rights	**Decent workplace** **Health and Safety**	See section "2.2.8 Human Rights" (i) and section "2.2.9 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: • Schneider Electric's employees' safety; • Human rights and people development policies; • Well-being programs.	(i) page 124; (ii) page 127
Environment	**Pollution and specific substances management** **Waste and circularity** **Energy CO_2 and GHG**	See section "2.3 Leading on decarbonization", for more details on the deployment of environmental actions on Schneider's sites. It covers, notably: Certification of its sites to ISO standards; • Schneider Electric specific programs to reduce CO_2 emissions; • Reduction of SF6 emissions; • Schneider Energy Action program for energy efficiency; • Reduction of waste and increased circularity.	page 148
Business Ethics	**Ethical Business Conduct** **Alert system, protection and non-retaliation**	See section "2.2.2 Ethics and Compliance" (i) and section "2.2.3 Zero-tolerance for corruption" (ii) for more details on the deployment of business ethics actions on Schneider Electric sites. It covers, notably: • Internal and external alert systems; • Third-party relationship management; • Specific anti-corruption actions.	(i) page 111; (ii) page 117
Offer safety	**Offer safety**	See section "2.2.6 High standards for the quality and safety of our products" for more details on the deployment of offer safety actions. It covers, notably: • Sustainability Quality Excellence; • Reliability.	page 119
Cybersecurity and Data privacy	**Cybersecurity** **Data privacy**	See section "2.2.7 Digital trust and security" for more details on the deployment of data privacy and cybersecurity actions. It covers, notably: • Cybersecurity by design approach; • Personal data protection; • Training and awareness on cybersecurity.	page 122
Suppliers			
Suppliers	**Supplier vigilance**	See section "2.2.12 Sustainable relations with suppliers" for more details on the deployment of actions towards Schneider Electric's suppliers. It covers notably: Continuous Improvement process based on ISO 26000 standards; • Decent Work program for strategic suppliers; • Vigilance plan for suppliers; • Zero Carbon Project.	page 136
Subcontractors			
Sub-contractors	**Subcontractors vigilance**	See section "2.2.12 Relations with project execution contractors" for more details on the deployment of actions towards Schneider Electric's subcontractors (or solution suppliers). It covers notably: • Integration of ESG into the project decision making; • Vigilance plan for project contractors.	page 136
Local Communities			
Local communities	**Around Schneider Electric sites** **Around customer projects sites**	See section "2.2.13 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: • Risk mitigation around Schneider Electric sites; • Risk mitigation around customer project sites.	page 146

2.2.11 Relationships with project execution contractors

2.2.11.1 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).

2.2.11.2 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.

2.2.11.3 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.

2.2.11.4 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.

2.2.12 Sustainable relationships with suppliers

2.2.12.1 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.

2.2.12.2 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 attractivity 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), CO_2 emissions (especially coming from the transformation of raw materials into components and their transport), and pollution risks linked with some specific purchases categories.

2.2.12.3 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)

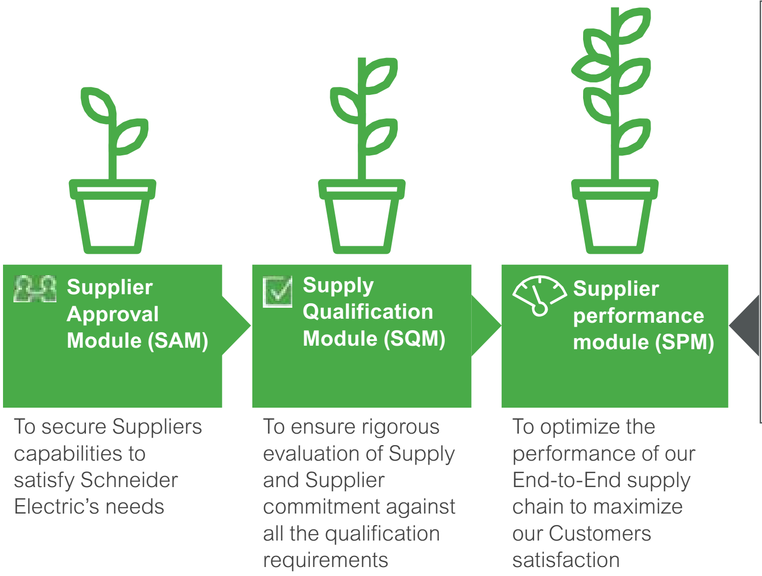
The SAM assessment results have an impact on the overall risk profile of the supplier managed by the SRiM process. Suppliers with low and medium risk are favored for business association, and those with high risk are requested to work on risk mitigation plan.

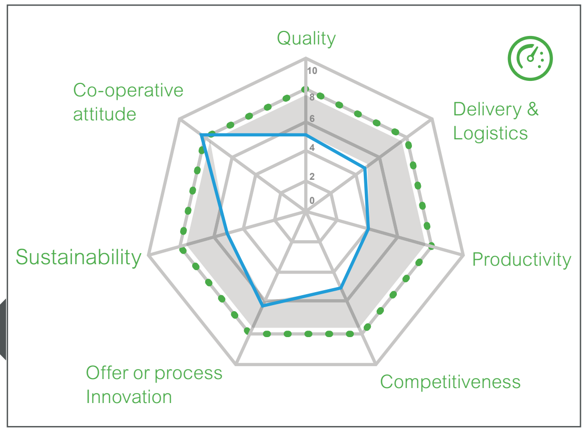
Supplier Qualification Module (SQM)

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**

2.2.12.4 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 corelate 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.

2.2 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
The Zero Carbon Project	**Green Materials**	**Sustainable Packaging**	**REACH/RoHS**	**Conflict Mineral/Cobalt**	**Decent Work**	**Social Excellence**	
Reduce CO_2 emissions from top 1000 suppliers' operations by 50%	Increase green material content in our products to 50%	100% packaging uses recycled cardboard & no single-use plastic	Continued adherence and compliance to regulations governing hazardous materials and conflict minerals		100% strategic suppliers provide decent work to their employees	Deploy a "social excellence" program through multiple tier of suppliers	• 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
(SSI #3)	(SSI #4)	(SSI #5)			(SSI #6)	(SSE #12)	

ISO26000:	Improve sustainability profile of suppliers though 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

2.2.12.5 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.

~53,000 suppliers

RBA Risk assessment

1 — 3,000 suppliers targeted for self-assessment evaluation plan in 5 years

2 — 1,300 high-risk suppliers targeted for on site audit → 374 audits conducted in 2018–2020; Target + 1,000 audits 2021–2025

3 — SSE #17 indicator: 4,000 suppliers assessed under Schneider Electric's 'Vigilance Program'

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 "2.2.6 High standards for the quality and safety of our products" page 119.
- Business Conduct: 11 questions
- Cybersecurity: non-applicable in RBA framework. More details about Schneider's end-to-end cybersecurity approach are provided in section "2.2.7 Digital trust and security" page 122.

- 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

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	2,083	4,000

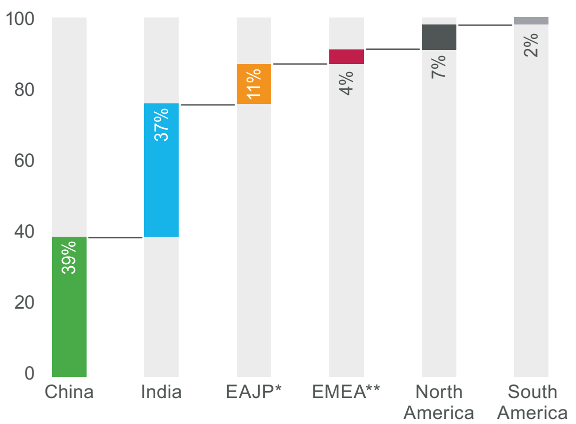
2.2 Driving responsible business with Trust

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.

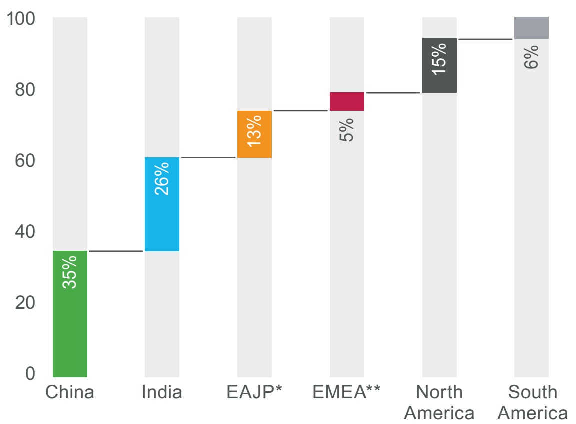
In order to reinforce the co-ordination between Schneider Electric teams and suppliers on vigilance topics, a specific training program has been implemented. The primary target audience is the Schneider Electric Procurement team, and the training modules aim to increase their knowledge on the nature 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

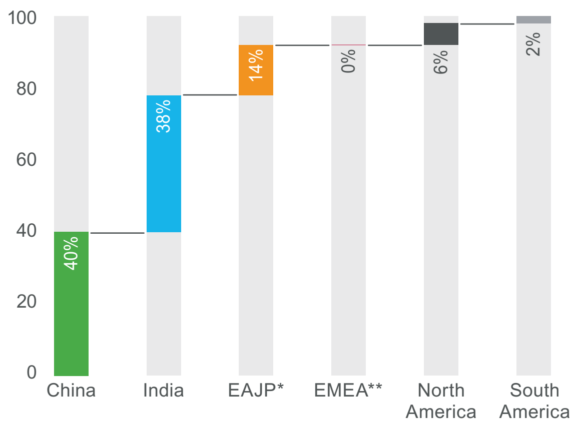


% Audits carried out in 2022 by geography – Graph 2



% 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.

2.2.12.6 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.

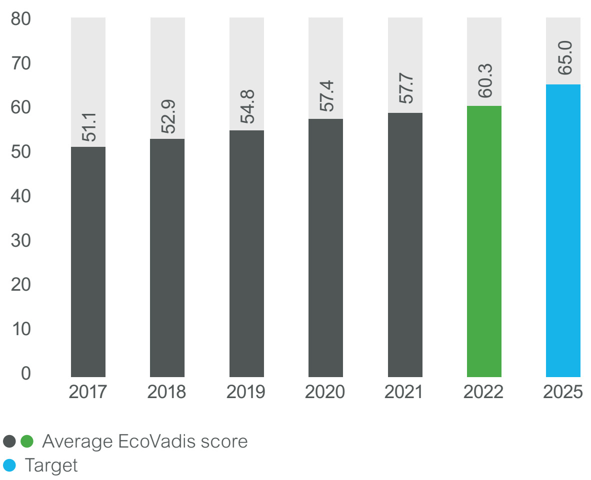
The Group has set out to engage all its strategic suppliers in a process of continuous improvement in sustainability. At the end of 2022, strategic suppliers represented c. 55% of Schneider Electric's purchases volume. Strategic suppliers who have passed the third-party evaluation process cover 70%+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



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.

2.2.12.7 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.

2.2 Driving responsible business with Trust

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.

2.2.12.8 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.

2.2.12.9 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.

Read more details on The Zero Carbon Project in Chapter 2.3 "Leading on decarbonization" **page 148**, and in chapter 2.7 "Methodology and audit of indicators" **page 242**.

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

2.2.12.10 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.

Read more details on the Green materials program in chapter 2.4 "Be efficient with resources", **page 174**, and in chapter 2.7 "Methodology and audit of indicators" **page 242**.

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.

Read more details on the sustainable packaging program in chapter 2.4 "Be efficient with resources", **page 174**, and in chapter 2.7 "Methodology and audit of indicators" **page 242**.

2.2.12.11 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.

2.2 Driving responsible business with Trust

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.

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%

2.2.12.12 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

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.

2.2.13 Vigilance with local communities

2.2.13.1 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.

2.2.13.2 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.

2.2.13.3 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.

2.2.13.4 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.).

2.2.13.5 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 type1 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.

2.3 Leading on decarbonization

In this section

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 CO_2 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%	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%
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%

These programs contribute to UN SDGs

7 AFFORDABLE AND CLEAN ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES · 13 CLIMATE ACTION · 17 PARTNERSHIPS FOR THE GOALS

(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 (see Independent verifier's report on page 270). Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.
(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.

2022 Highlights

CDP A LIST 2022 CLIMATE

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

2025
- **Carbon neutral operations**

2030
- **25% absolute GHG emissions reduction across the entire value chain from a 2021 baseline**
- **"Net-Zero ready" operations**

2040
- **Carbon neutral across the entire value chain (Scopes 1, 2, and 3), including carbon offsets**

2050
- **Net-Zero CO_2 emissions across the entire value chain**

2.3.1 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.

More details in chapter 3 **page 292** "How we manage risks at Schneider Electric".

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.

2.3.1.1 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 CO_2 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.

See more details about Schneider Impact revenues and EU taxonomy in chapter 2.1.9 **page 100**.

2.3.1.2 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 CO_2 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.

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.

2.3.1.3 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).

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, CO_2, 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.

2.3.1.4 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**

2.3.2 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	**14%**
Purchased goods and services	**7.6 MtCO_2e**
Freight	**0.7 MtCO_2e**
Other	**0.4 MtCO_2e**

Schneider's Operations Scopes 1 & 2	**<1%**
Energy consumption in sites	**0.17 MtCO_2e**
Company cars	**0.06 MtCO_2e**
SF_6 leakage	**<0.01 MtCO_2e**

Customers Scope 3 downstream	**86%**
Use of sold products	**47.3 MtCO_2e**
End-of-life (mostly SF_6)	**4.6 MtCO_2e**
Freight	**0.4 MtCO_2e**

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 CO_2 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 SF_6:** the calculation is based on the SF_6 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 SF_6 at product decommissioning, based on Schneider's research, considering that some SF_6 in equipment is being recycled, while the majority is not recycled.

Coverage of reported emissions is 99% for energy, fugitive SF_6 emissions, waste, purchases, capital goods, commuting, travel, and freight (coverage is estimated using a relevant activity indicator for each source of emissions, such as spend 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 CO_2 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 SF_6 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.

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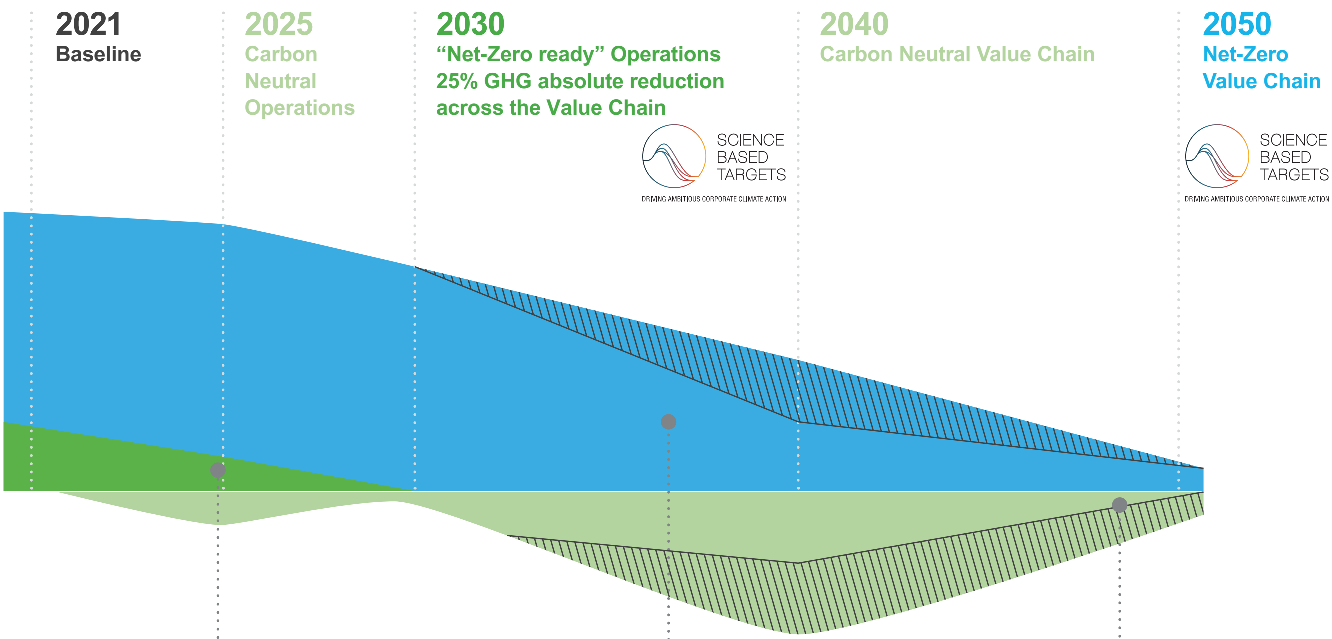
2.3.3 Schneider Electric's Net-Zero Commitment

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.



Scopes 1 & 2

Decarbonizing our operations with:

- Energy conservation measures
- Sites and vehicle fleet electrification
- Sourcing and generation of renewable power

Scope 3

Decarbonizing our upstream value chain by:

- Engaging and supporting suppliers to decarbonize
- Ecodesigning safe and high quality products with lower lifecycle CO_2 footprint
- Sourcing of low-carbon materials

Decarbonizing our downstream value chain by:

- Influencing for global decarbonization
- Innovating with more efficient products and SF_6- free medium voltage equipment

Carbon offsets

Progressively compensate residual emissions with:

- High quality carbon removals
- The more GHG emissions are reduced, the less residual emissions need to be compensated with removals. From 2040 onwards, carbon offsets shall equal residual value chain emissions

- Scopes 1 & 2 emissions
- Scope 3 emissions
- Carbon offsets

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 CO_2 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 SF_6-free alternatives for all medium voltage technologies by 2025 (SSE #2);
- increase CO_2 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 CO_2 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-CO_2 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 CO_2 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.

Read more about Livelihoods in chapter 2.6 **pages 224** to **241**.

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.

2.3.4 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 CO_2 or resource efficiency for customers, have longer lifespans and lower end-of-life impacts, such as SF_6-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-CO_2 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 page 100.

An example of investment priority is on SF_6-free products, in line with Schneider Electric's target to substitute 100% of relevant offers with SF_6-free medium voltage technologies by 2025 (SSE #2). For SF_6-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 CO_2 emissions compared to 2017. The last miles in Schneider's journey to be "Net-Zero ready" in 2030, achieving 90% CO_2 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.

2.3.5 Decarbonizing the Group's operations by 2030

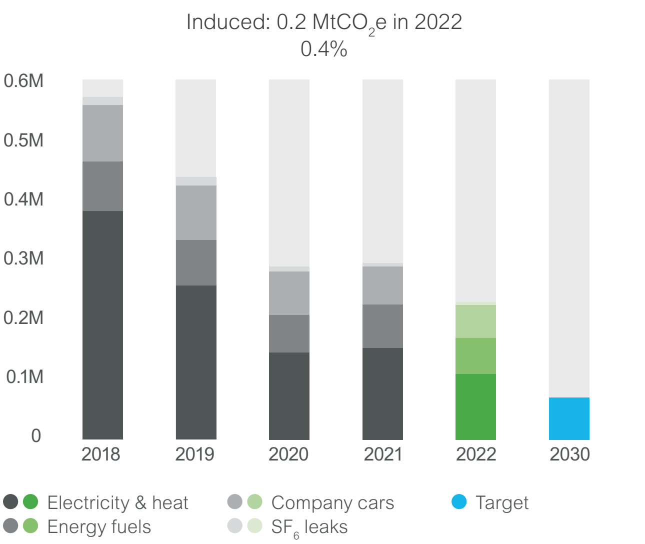
Emissions from operations are the Scopes 1 & 2 of the Group's carbon footprint, representing 229,348 tonnes of CO_2e in 2022, and 0.4% of the company's GHG footprint. Direct Scope 1 emissions result mostly from the natural gas consumption of sites that are not yet electrified, from the fuel used by company cars as well as a small amount from SF_6 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 SF_6 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.

Schneider's Operations
Scopes 1 & 2 annual GHG emissions ($MTCO_2e$)



-22%

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

This strategy has delivered an absolute reduction of 469,731 tonnes of CO_2e emissions on Scopes 1 & 2 (compared to 2017), which is a 67% decrease, as presented in the chart below, and a 64,703 tCO_2 reduction versus 2021.

2.3.5.1 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.

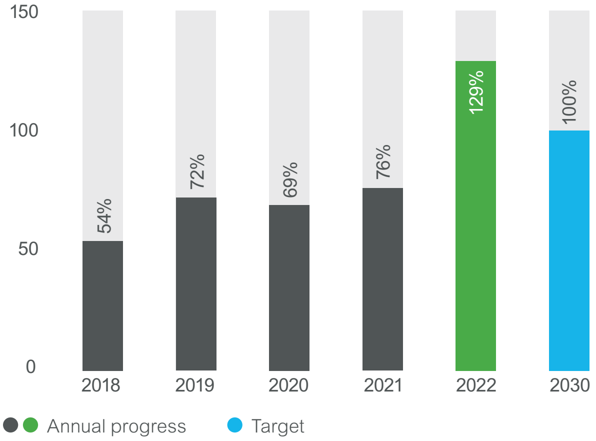
2.3.5.2 EP100: deliver efficiency from the inside out

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.

CLIMATE GROUP EP100

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-CO_2 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

2019 Baseline	2022 Progress	2025 target
0%	7.8%	15%

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.

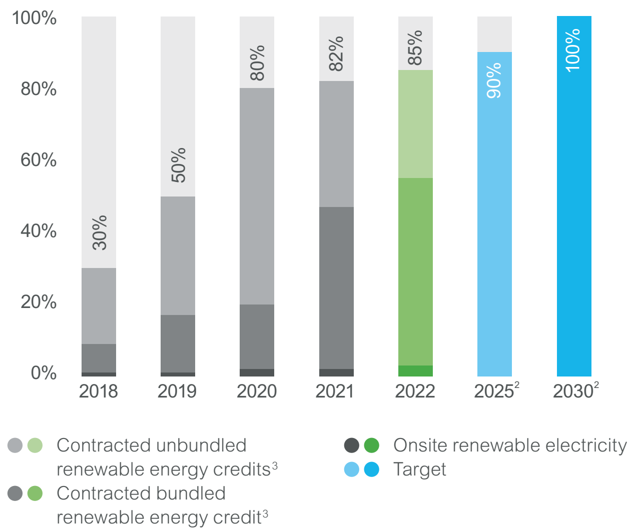
In offices, Schneider Electric's EcoStruxure™ solutions Building and Workplace Advisor enable analytics of Building Management System data alongside space, utilization, and comfort metrics. These smart solutions enable the Group and site leaders to actively benchmark, and develop occupancy and facility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

2.3.5.3 RE100: switch to 100% renewable electricity by 2030

In 2022, electricity consumption in Schneider Electric's sites generated 98,312 tonnes of CO_2e 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).

RE100
CLIMATE GROUP

SSE #3: annual share of global renewable electricity[1] (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.

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).

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%	85%	90%

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

Company cars generated 56,856 tonnes of CO_2e 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 GROUP
EV100

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%	13.8%	33%

2.3.5.5 Going further with Zero-CO_2 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 CO_2e, 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-CO_2 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-CO_2 sites benefitted from this exception);
- digital energy monitoring;
- no SF_6 leaks;
- no CO_2 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-CO_2 sites, Schneider reduced 54,000 tonnes of CO_2.

Climate

SSE #1

150 Zero-CO_2 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-CO_2 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 CO_2 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

2020 Baseline	2022 Progress	2025 target
30	77	150

2.3.5.6 Reduce SF_6 leakage on sites

SF_6 is an excellent gas in terms of insulating properties, which is why it is commonly used in the electric power industry. Yet, SF_6 is a harmful greenhouse gas with a global warming potential 25,200 times higher than CO_2 over 100 years. While Schneider Electric's product portfolio is progressively moving away from SF_6 (see additional information in section 2.3.7.1, page 170), SF_6 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 CO_2-equivalent, these leakages represented 4,777 tonnes of CO_2e in 2022, which is 2% of emissions from Scopes 1 & 2. The GHG emissions at end-of-life is 4,477,721 tonnes of CO_2e, which is 7.3% of total GHG emissions of 2022.

All the Group's manufacturing sites handling SF_6 gas in their processes are working hard to actively reduce SF_6 leaks and emissions during the different phases of their activities. A worldwide community of SF_6 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 SF_6 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 SF_6. 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 SF_6 leakage reduction enabled the avoidance of 900 tonnes of CO_2 equivalent in 2022 versus 2021.

2.3.5.7 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

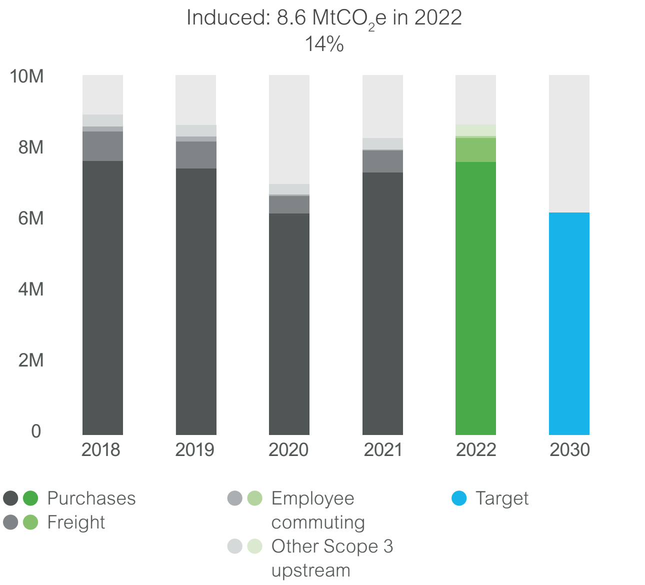
2.3.6 Decarbonizing the Group's supply chain by 2050

In 2022, upstream emissions in Scope 3 accounted for 8.6 million tonnes of CO_2e, which is 14% of the total carbon footprint of the company. Purchases are the predominant source if 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 CO_2 efficiency of transportation of goods (SSE #4).

Suppliers
Scope 3
upstream



+4.6%

CO_2e emissions in Scope 3 upstream vs. 2021. Note that total Scope 3 GHG emissions decreased by 11.5% in 2022 vs. 2021.

2.3.6.1 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 CO_2e 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 CO_2e emissions. This is 6 times higher than at the end of 2021, when 126 suppliers reported their CO_2e 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.

2.3 Leading on decarbonization

Climate

SSI #3

Reduce CO_2 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 CO_2 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%	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 a 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**

2.3.6.2 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 CO_2, 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".

Read more details on the Green Materials and Sustainable Packaging programs in chapter 2.4 "Being efficient with resources", **page 182**, and in chapter 2.7 "Methodology and audit of indicators" **page 242**.

2.3.6.3 CO_2 efficiency in the transportation of goods

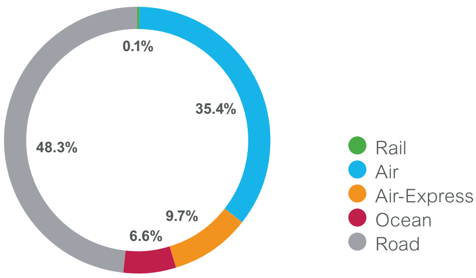
Schneider Electric uses a robust transport network to connect factories and distribution centers, and to deliver to customers. The related CO_2 emissions are part of the Scope 3 upstream emissions of the Group's carbon footprint, as this activity is performed by external transport suppliers.

In 2022, emissions from the transportation of goods represented 1.1 million tonnes of CO_2, 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 CO_2 emissions) is closely monitored, with primary data coming from detailed shipment information from the top 70% of transport suppliers. The CO_2 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, CO_2 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 CO_2 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 CO_2 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 CO_2 options.

2022 freight CO_2e emissions by mode (%)



Climate

SSE #4

15% CO_2 efficiency in transportation

As part of its efforts to reduce the CO_2 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-model solution was implemented to replace airfreight with a hybrid sea freight-airfreight solution. This achieved an estimated 47% annual reduction in CO_2 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 CO_2 across 14 sites in the past two years, with plans to expand this best practice globally to scale the CO_2 savings opportunity.

2020 Baseline	2022 Progress	2025 target
0%	-7.7%	15%

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

First Movers Coalition

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 CO_2 reporting capabilities to not only report on freight CO_2 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 CO_2 emissions include:

- ongoing reviews globally of lead-time requirements, allowing a shift to lower CO_2 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.

2.3.7 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.

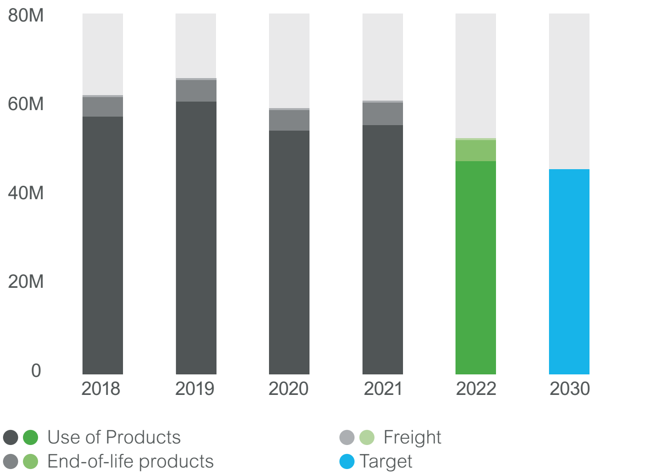
Schneider's strategy to decarbonize its downstream emissions is articulated around 4 main pillars:

- 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 SF_6-free medium voltage technologies by 2025: since end-of-life emissions from sold products are predominantly due to their SF_6 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.

Ecodesign is developed in chapter 2.4 "Being efficient with resources", **page 180**, and the decarbonization of customers with Schneider Electric's products in section 2.3.8, **page 172**.

Customers
Scope 3 downstream

Induced: 52.3 $MtCO_2e$ in 2022
86%



-13.7%

CO_2e emissions reduction in Scope 3 downstream vs. 2021, mostly driven by an update of electricity emission factors projections.

2.3.7.1 Developing SF_6-free offers and SF_6 recovery services

The SF_6 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 SF_6 produced worldwide, and the global installed base is still expected to grow by 75% by 2030.

SF_6-free AirSeT, a suite of award-winning medium voltage innovations

While helping ensure the safety and quality of certain medium voltage equipment, SF_6 gas has a Global Warming Potential (GWP) 25,200 times higher than CO_2, making it one of the highest greenhouse gases. Schneider is therefore innovating its offers to move away from SF_6 gas, as part of the SSE #2: 100% substitution with SF_6-free medium voltage technologies by 2025. In 2021, Schneider's promises to deliver new SF_6-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 SF_6, to prepare for the full commercial launch of this new generation of products. In 2022, Schneider unveiled the latest equipment in the SF_6-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 Milanesi 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 SF_6 gas, the equivalent of over 75 tonnes of CO_2.

SF_6 recovery services

In 2013, Schneider Electric started offering its customers a seamless service for the removal and/or recycling of obsolete equipment called "SF_6 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 SF_6 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, SF_6 is extracted from machines and sent to a specialist company for regeneration and destruction.

Climate

SSE #2

100% substitution with SF_6-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 SF_6 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%	41.5%	100%

2.3.7.2 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.

Read more details on Schneider Electric global and local external commitments to move forward collectively in chapter 2.1.8 **page 95**, and on Schneider Electric lobbying activities in chapter 2.2.3.5 **page 118.**

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 CO_2 emissions from energy consumption and SF_6 leaks at industrial sites. CO_2 cost is also taken into consideration in industrial network modelling to account for future CO_2 prices in industrial decisions. This enables the measurement of the potential impact of CO_2 pricing on the Group's supply chain.

2.3.8 Enabling customers to decarbonize with EcoStruxure™

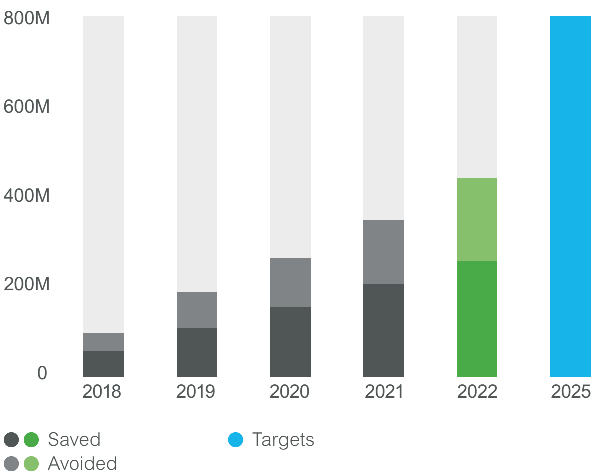
2.3.8.1 Schneider Electric helps customers decarbonize and aims to avoid 800 million tonnes of CO_2 emissions by 2025

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 CO_2 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**: SF_6-free equipment or SF_6 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 CO_2 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 CO_2e.

Cumulative saved & avoided CO_2e emissions since 2018 ($MtCO_2e$)



+93M tonnes

CO_2e emissions saved and avoided for our customers in 2022.

Climate

SSI #2

Deliver 800 million tonnes of saved and avoided CO_2 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 CO_2 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 CO_2 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.

EcoStruxure™
Innovation At Every Level

Apps, analytics and services	Leverage IOT data to identify additional energy efficiency opportunities, increase the lifetime of assets, optimize maintenance services and boost demand flexibility.	**CO_2 savings in the ecosystem** Example: Power Purchase Agreements (PPAs)
Edge control	Manage on-site operations, with day-to-day optimization of energy consumption through remote access and advanced automation.	**CO_2 savings in infrastructure (building or industrial process)** Example: Building Management System (BMS)
Connected products	Connected products are eco-designed to improve their efficiency and deliver electricity savings.	**CO_2 savings at product level** Examples: high efficiency uninterruptible power supply (UPS), Variable Speed Drives

Saved and avoided CO_2 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, "CO_2 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.

Read more about Schneider's saved and avoided methodology on **www.se.com**

2.3.8.2 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 details on Schneider Electric Access to Energy programs in chapter 2.6.1 **page 226**.

2.4 Being efficient with resources

In this section

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%	18%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	45%	100%
Essentials (SSE)	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

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
14 LIFE BELOW WATER
15 LIFE ON LAND

(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 (see Independent verifier's report on page 270). Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.

2022 Highlights

Schneider Electric's Wiser range for homes is packaged with 100% materials free from single-use plastic and recycled cardboard.

THE COPPER MARK®

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**

2.4.1 Minimize the Group's impacts and dependencies on nature

2.4.1.1 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.

2.4.1.2 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 attractivity;
- 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.

2.4.1.3 The Group's commitment

Schneider Electric reduces its GHG emisions 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 Sustainabiity 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**

2.4.1.4 Biodiversity footprint measurement

The quantification of the Group's impacts on biodiversity is an essential firs 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.

Read more about Schneider Electric's commitment to biodiversity on **www.se.com**

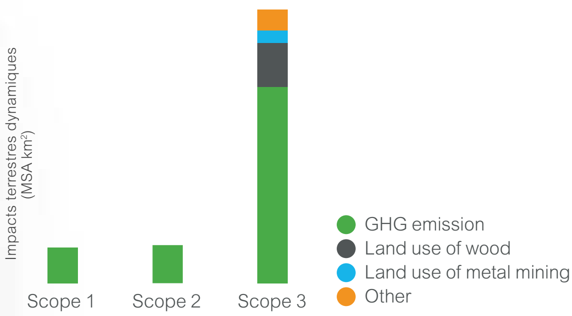
The BFA allowed Schneider Electric to identify the main levers of action to reduce its biodiversity footprint across its value chain:

- **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.

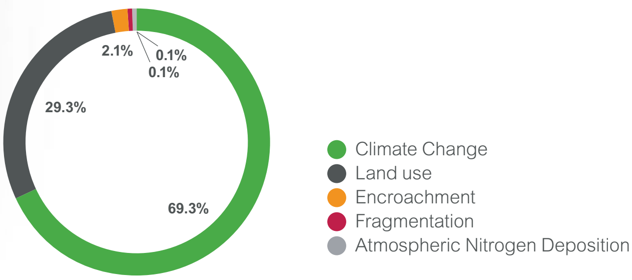
More details on Schneider's climate programs and achievements are presented in chapter 2.3 pages **148** to **173**.

- **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



2.4.1.5 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.

2.4.1.6 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 CO_2 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 (see section 2.4.4.1);
- Continue protecting the environment, preventing pollution, limiting emissions, and promoting biodiversity (see section 2.4.2 The Group's commitment to product sustainability);
- Decouple our supply chain from natural resource consumption (see section 2.4.2 The Group's commitment to product sustainability).

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.

2.4.2 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.

2.4.2.1 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 CO_2 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.

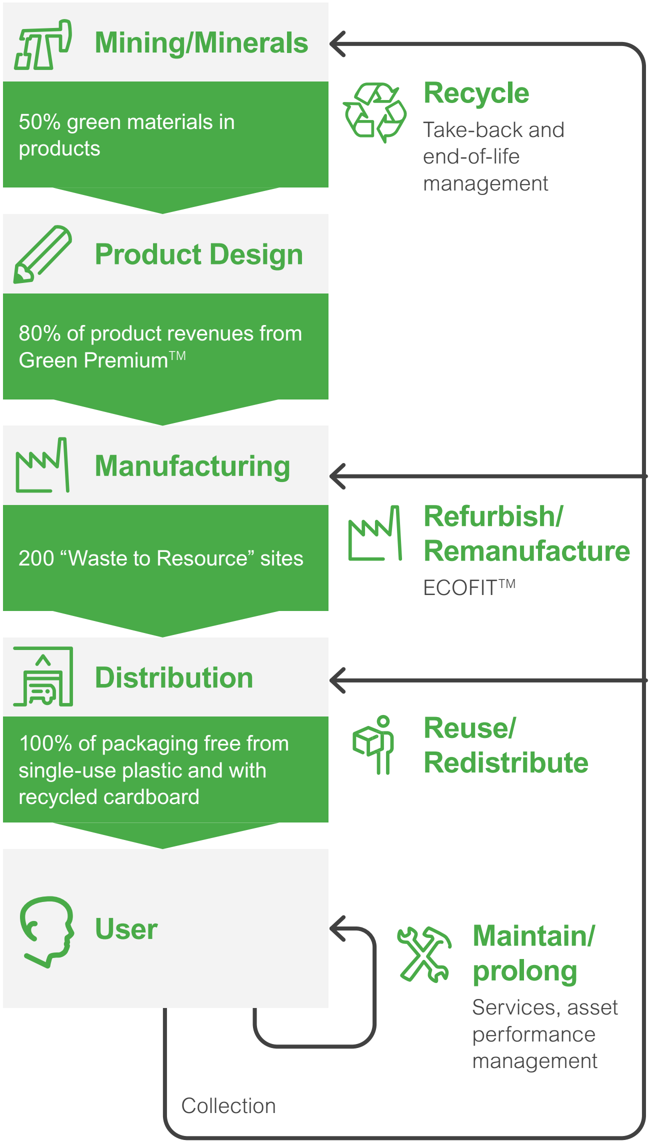
The designers benefit from Ecodesign tools, playbooks and trainings that are regularly updated, easily available on the Group intranet. From the corporate level to the design squads, several teams define the Ecodesign and circularity strategy, develop materials to support the designers' upskilling and 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, repairability, recycled content or recyclability.

2.4.2.2 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

Design & procure	Produce	Use	End of use
• Phase out potentially harmful substances and provide transparent information on environmental performance of products • Integrate 50% Green materials in the products by 2025 (SSI #4) • Design durable, dismantlable, upgradable and repairable products to enable circular services and business models, and maximize the use of Schneider products	• Switch to 100% primary and secondary packaging free from single-use plastics and use of recycled cardboard (SSI #5) • Have 200 "Waste-to-Resource" sites by 2025 to minimize waste generation and optimize recycling on the Group's various sites (SSE #9)	• Help customers improve resource efficiency through EcoStruxure™ solutions (SSI #2) • 80% of product revenues covered by Green Premium™ (SSE #6) • Deliver digitized environmental footprint information • Offer circular services such as maintenance, repair, refurbishment to maintain the products in use	• Waste regulation compliance by providing transparent information for the proper dismantling and end-of-life management of products • Scale-up take-back programs to give a second-life to products or recycle them if no better option is feasible

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 priorization. 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.

2.4.2.3 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 SF_6 (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.

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 wheelie 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 "Wheelie Bin" sticker.

2.4.2.4 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 CO_2, 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.

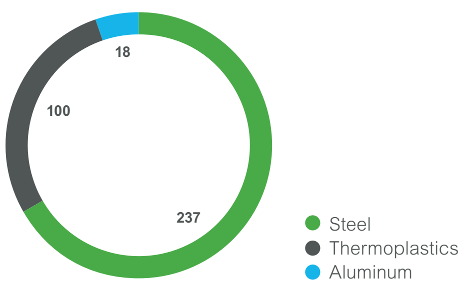
Therefore, performance could be achieved, either through selecting material and/or supplier with a proven lower environmental footprint (e.g. proof of a material produced out of a 100% recycled content), or strengthening the traceability of sustainable initiatives in the value chain.

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 CO_2 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"

A GREEN THERMOPLASTIC IS

REACH / RoHS / POP compliant(1)

AND

Case 1	Case 2
If plastic is **Halogen free(2)**	If plastic is still **Halogenated(2)**
Complies with at least one criteria below: ≥ 20% of **recycled** content(3) ≥ 20% of **biobased** content(4) **Green flame retardant & additives** *For flame retardant plastic only(5)*	Complies with at least one criteria below: ≥ 50% of **recycled** content(3) ≥ 50% of **biobased** content(4)

(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

A GREEN METAL IS

Steel from direct procurement	**Aluminum** from direct procurement
Complies with at least one criteria below: Steel product is sourced from **Electric Arc Furnace** (EAF) Steel product has a **Green Certificate(1)**	Complies with at least one criteria below: **≤ 8 tCO_2eq/tonne** of Aluminum(2) ≥ 90% **recycled** scrap(3) Aluminum product has a **Green Certificate(4)**

(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)

2.4 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 CO_2 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 strenghten 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.

THE COPPER MARK®

Responsible™ Steel standards & certification

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.

2020 Baseline	2022 Progress	2025 target
7%	18%	50%

2.4.2.5 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 carboard.

2020 Baseline	2022 Progress	2025 target
13%	45%	100%

2.4.3 Lead with transparency: provide environmental data to customers

2.4.3.1 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.

2003	RoHS	European Union adopts RoHS
2007	RoHS, REACH	European Union adopts REACH
2008	Green Premium Product; PEP, EoLI, RoHS, REACH	Green Premium introduced to provide transparent information on regulated substances and to share the environmental information of our products
2015	EcoDesign Way™; Green Premium Product	EcoDesign Way launched our internal eco-design approach embedded in the offer creation process
2018	Green Premium™	Upgraded Green Premium program to include green claim differentiation
2022	Green Premium™	Enhanced environmental performance criteria Data Digitization acceleration

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);
  - SF_6-free products;
  - easy repair of product parts.

Trust

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

Transparency

Digital environment disclosure (PEP)

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

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

Performance

Lower impact materials

Recyclability

Energy efficiency

Durability

SF_6-free

Reparability

Green Premium™

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%	80%	80%

2.4.3.2 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.

2.4.4 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.

2.4.4.1 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 CO_2 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 section 2.4.4.4 page 193 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 and include energy consumption, Scopes 1 & 2 CO_2 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.

ISO 14001

ISO 50001 ENERGY MANAGEMENT

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.

2.4.4.2 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

2020 Baseline	2022 Progress	2025 target
120	127	200

2.4.4.3 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.

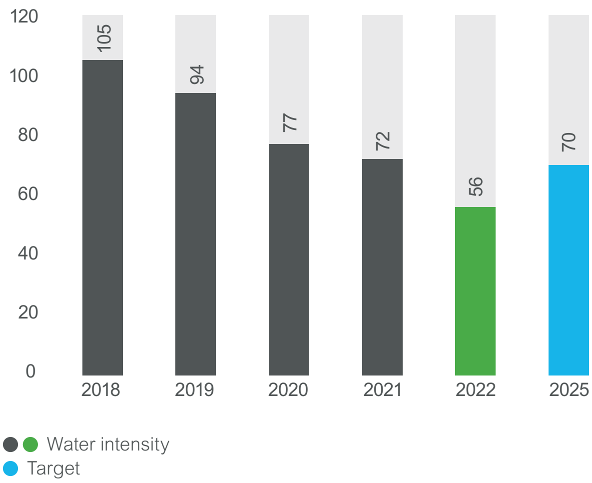
Water withdrawal

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 €)



2.4 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 CO_2 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

2020 Baseline	2022 Progress	2025 target
0%	48%	100%

2.4.4.4 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 NOx (Nitrogen oxides), SOx (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.

2.4.4.5 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 bodiversity 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**

2.4 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

2.4.5 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.

2.4.5.1 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, SF_6, 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, CO_2 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.

Resources

SSE #10

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

In order to properly promote the environmental benefits in terms of CO_2 and material savings, the ECOFIT™ teams have developed a calculator making use of the environmental impact database (based on Product Environmental Profiles – PEP created by Schneider).

The calculation method of this calculator has been independently reviewed by an audit and assurance leading firm to ensure reliability of the information provided to the customers.

2020 Baseline	2022 Progress	2025 target
157,588	261,128	420,000

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-equiped 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.

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.

2.4.5.2 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 CO_2 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 CO_2 emissions were avoided thanks to the remanufactured MasterPacT MTZ sales.

2.4.5.3 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 Carrieres-sous-Poissy (France) is a household waste to energy facility, managing 125,000 metrics tons of waste and producing 50 gigawatts/hour of electricy 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.

2.5 Great people make Schneider Electric a great company

In this section

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 (see Independent verifier's report on page 270). In addition, SSI #8 obtained a "reasonable" level of assurance in 2022. Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.

(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.

2.5.1 2025 people strategy and vision

2.5.1.1 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.

2.5.1.2 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
Our mission is to be your **digital partner for Sustainability and Efficiency.** We empower all to **make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment. We adhere to the highest standards of **governance and ethics**.	We want to be the most **diverse, inclusive and equitable** company, globally. We **value differences**, and welcome people from all walks of life. We believe in **equal opportunities** for everyone, everywhere.	**Freedom breeds innovation.** We believe that **empowerment** generates high **performance, personal fulfillment and fun.** We empower our people to use their **judgement**, do the best for our **customers**, and make the most of **their energy**.

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				
CUSTOMER FIRST Above and beyond for our Customers.	**DARE TO DISRUPT** Constantly in Beta	**EMBRACE DIFFERENT** Different is Beautiful.	**LEARN EVERY DAY** #Whatdidyoulearntoday?	**ACT LIKE OWNERS** All in. Together.

Our Leadership Expectations				
SHAPE OUR FUTURE Disrupt ahead of the curve	**FREE UP ENERGY** Accelerate and Simplify	**BUILD THE BEST TEAM** Coach and Care	**ACHIEVE TOGETHER** Collaborate to Win	**USE YOUR JUDGEMENT** Empower and Trust

2.5 Great people make Schneider Electric a great company

2.5.1.3 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.

2.5.1.4 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.

2.5.1.5 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 2.5.4 "Compensation and Benefits", page 218.

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.

2.5.2 Diversity, equity, inclusion, and well-being

2.5.2.1 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 Envrionmental, 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 McKinsey[1] 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 Mercer[2], 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.

2.5.2.2 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.

2.5.2.3 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 polices 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.

2.5.2.4 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.

2.5.2.5 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.

2.5.2.6 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.

Bulding 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**

How we get there

Inclusion and Care By Design

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.

For more information on core values, please see **page 220**.

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.

2.5 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 216 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 p.218 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 2.5.4 "Compensation and Benefit" on page 218.

(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.

2.5.2.7 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

5 GENDER EQUALITY

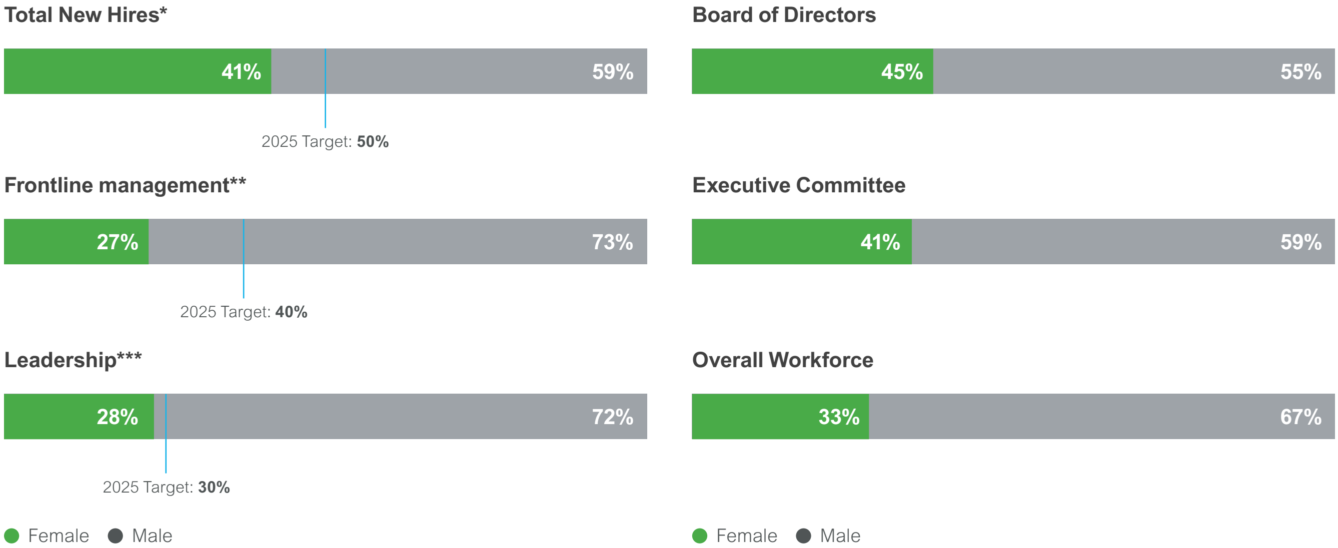
10 REDUCED INEQUALITIES

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

2.5 Great people make Schneider Electric a great company



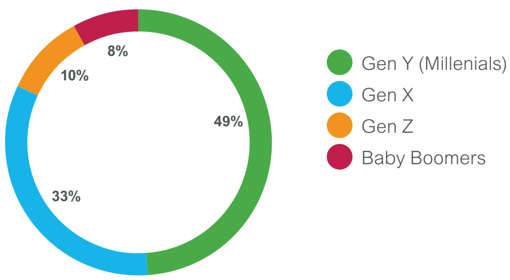
* Total new hires – all new hires in 2022.
** Frontline management – junior and mid-level management whose direct reports are individual contributors only.
*** Leadership – Vice-Presidents and above.

See **page 282** for more data points on our representation and hiring of sales, IT, revenue producing and engineering roles.

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 2.5.3 Talent attraction and development**, page 211.**

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.

The Valuable 500

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

2.5 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.

2.5.2.8 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 2.2.12.12 "Supplier diversity program in the United States" page 144).

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.

2.5.2.9 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.

2.5.3 Talent attraction and development

2.5.3.1 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.

2.5.3.2 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.

2.5.3.3 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.

2.5.3.4 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.

2.5.3.5 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

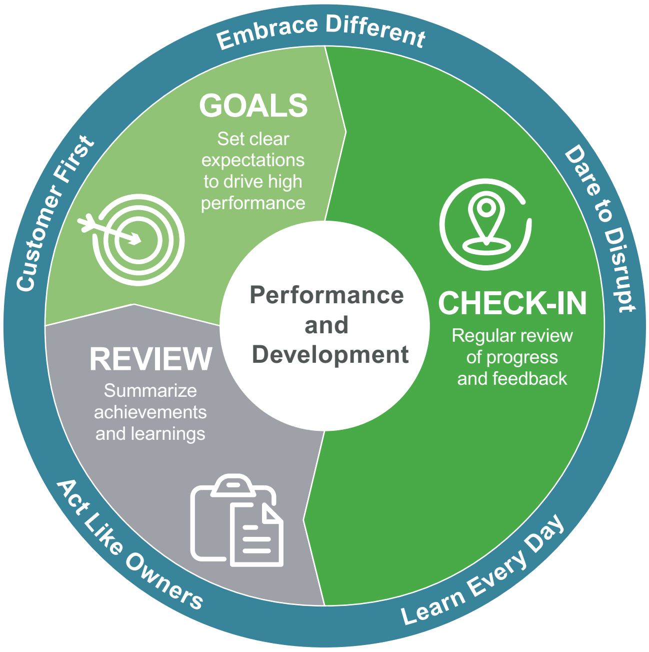
2x number of opportunities for interns, apprentices, and fresh graduate hires

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.

2.5 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%	• 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.	• 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	• 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.	• 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%	• 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: • 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.	• 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: • 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.	• 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.

2.5 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.

2020 Baseline	2022 Progress	2025 target
41%	77%	90%

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.

2.5.3.6 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 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.

2.5.4 Compensation and benefits

2.5.4.1 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.

2.5.4.2 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.

2.5.4.3 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.

2.5.4.4 Governance

The implementation of group policies on compensation and benefits are overseen by the highly experienced global, regional and local reward organizations.

2.5.4.5 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 of 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%

2.5 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.

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 206). It also provide 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

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%

2.5.5 Social dialogue and relations

2.5.5.1 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.

2.5.5.2 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.

2.5.5.3 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.

2.5.5.4 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.

2.5.5.5 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 CO_2 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.

2.6 Delivering social impact for a just transition

In this section

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	+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 (see Independent verifier's report on page 270). Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.

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 commiment 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**

2.6.1 Improving lives through access to green electricity

2.6.1.1 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.

2.6.1.2 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.

2.6.1.3 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

1 NO POVERTY
7 AFFORDABLE AND CLEAN ENERGY

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	+9.7M	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.

2.6.2 Investing for high social impact

2.6.2.1 Context

Social Impact Invesment (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.

2.6.2.2 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.

2.6.2.3 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.

2.6.2.4 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 (SEEAA)
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).

2009	2011	2015	2017	2020	2021
Launch of Schneider Electric Energy Access (SEEA)	Investment in Livelihoods Carbon Fund #1	Launch of Energy Access Venture (EAV)	Investment in Livelihoods Carbon Fund #2	Launch of Schneider Electric Energy Access Asia (SEEAA)	Investment in Livelihoods Carbon Fund #3

As of December 2022, SEEA portolio 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.

2.6 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 CO_2 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 CO_2 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 CO_2 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 CO_2equivalent 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.

2.6 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 CO_2. Carbon Fund #2 (2017) aims to benefit 2 million people and to avoid or sequester 12 million tons of CO_2 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 CO_2 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.

2.6.3 The Schneider Electric Foundation

2.6.3.1 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.

2.6.3.2 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.

2.6.3.3 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.

2.6.3.4 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.

2.6.3.5 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.

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2.6 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.

2020 Baseline	2022 Progress	2025 target*
281,737	397,864	1M

* 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.

2.6 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 Intencity, 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.

2.6 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.

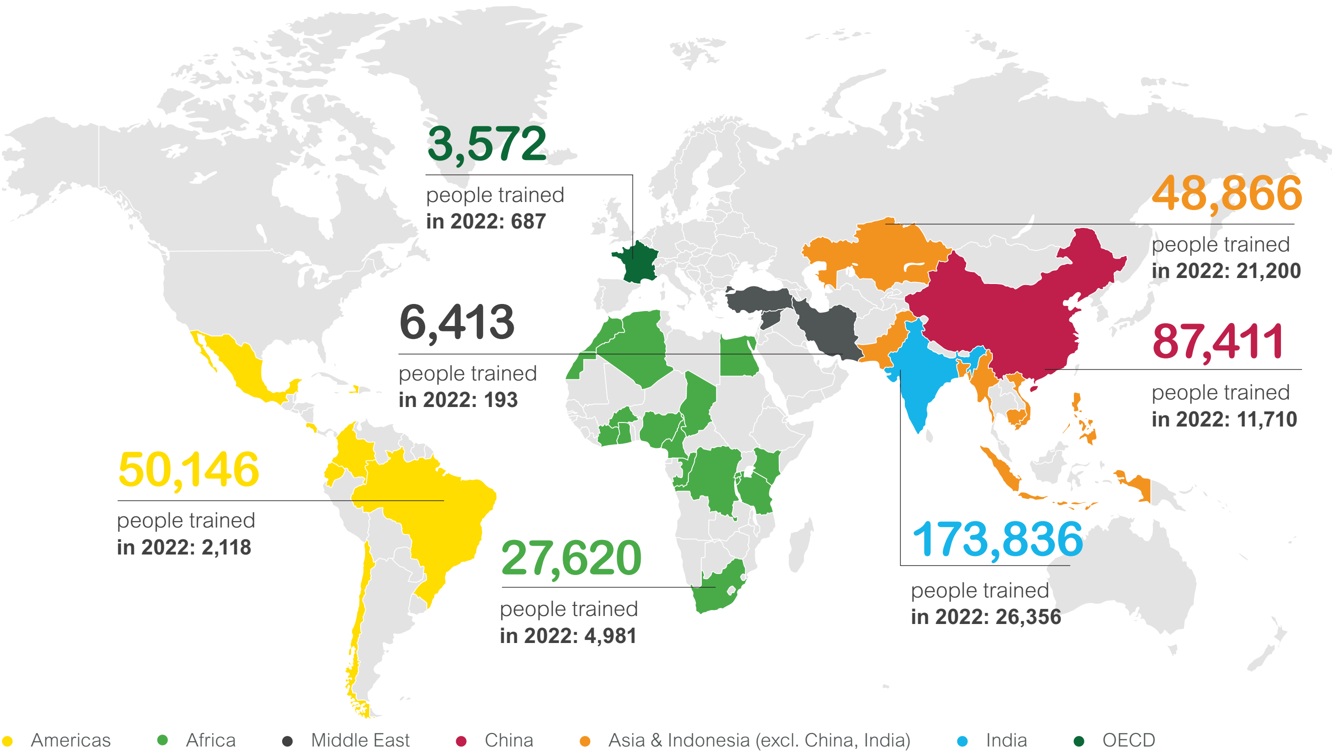
Youth Education & Entrepreneurship program: key figures and 2025 targets

People trained since 2009
397,864
2025 target: 1m

Trainers trained since 2009
6,992
2025 target: 10k

Entrepreneurs trained since 2009
5,616
2025 target: 10k

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.

Generations

SSE #25

17 PARTNERSHIPS FOR THE GOALS

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	41,093	50,000

2.6.3.5 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

2.6.4 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.

2.6.4.1 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;

- 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.

2.6.4.2 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.

2.6.4.3 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)

2.6.5 Social Impact in France

2.6.5.1 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.

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.

2.6.5.2 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 partnerhip 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.

2.7 Methodology and audit of indicators

In this section

2.7.1 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:

(i) Schneider Electric reports CSR data at Group level for all financially consolidated entities over which it has operational control
(ii) 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.
(iii) Companies accounted for by the equity method are not included in the reporting.
(iv) 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 for each topic and are generally well above 85%.

Company	Acquisition year	% Group employees	% Turnover	Comments
AVEVA (including OSIsoft)	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 OSIsoft 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 readibility.
Total maximum exclusions	-	13.7%	10.0%	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.

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, (see independent verifier's report on page 270). 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 CO_2 emissions, Safety, Gender diversity – SSI #8).

2.7.1.1 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;

2.7 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 SF_6 from offers by 2025, SF_6-containing switchgear for medium voltage applications are also excluded. In addition, neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

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 CO_2 emissions to our customers

This indicator measures CO_2 savings and avoidances delivered by Schneider Electric offers to customers.

CO_2 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 CO_2 thanks to EcoStruxure™ for its customers.

The difference between "saved" and "avoided" emissions is key: saved CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, and avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emissions.

- **Brownfield sales** correspond to the situation where the offer sold replaces or upgrades an existing system, leading to a change of GHG emissions of installed infrastructure versus the previous year. For "saved" emissions, the "brownfield reference situation" is defined as the situation before the new solution is sold and installed at the customer's site.
- **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 CO_2 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 CO_2 impact. This methodology is associated to typical uncertainties of CO_2 corporate accounting methodologies, and conservative assumptions are preferred.

More methodological details can be found in our website that has been made public in 2019.

This indicator was audited by PricewaterhouseCoopers.

SSI #3: Reduce CO_2 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 CO_2 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 CO_2 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 CO_2 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.

2.7 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.

2.7 Methodology and audit of indicators

Progress against these commitments is measured by precise Key Performance Indicators (KPI). The assessment of this objective goes as follow: 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.

2.7.1.2 Indicators from the Schneider Sustainability Essentials

SSE #1: 150 Zero-CO_2 sites

A site achieves Zero CO_2 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 SF_6 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 SF_6-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 SF_6-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** SF_6 free ranges ready in 2020: Vaccuum components, Premset, primary AIS with vaccum CB, HVL, Masterclad…
- **B** SF_6 ranges in 2020: RM6, FBX, Ringmaster, DVCAS, Flusarc, SM6, RN2C, GMA, GMAe GHA, WS, WSG, CGBS-0, CGBS-1, HVL-CC, Mcset, F400
- **C** SF_6 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 SF_6 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 SF_6 and non-SF_6 (Air, Vaccum) 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% CO_2 efficiency in transportation

Transport within Schneider Electric is a significant generator of CO_2 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% CO_2 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 CO_2 impact to the Group. The base calculation for CO_2 efficiency uses an activity-based method of weight multiplied by distance and by mode/equipment CO_2 factors. Progress is measured using CO_2 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 CO_2, 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 a 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 CO_2, 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, CO_2 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.

2.7 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.).

2.7 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.

2.7.2 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 this 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.

2.7 Methodology and audit of indicators

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.

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 (page 452).

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 (page 449) – 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 *Investing to achieve the Group's climate strategy and vision* page 158, 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.

See detailed proportion of CapEx and OpEx from Taxonomy-eligible and -aligned activities on pages 260 and 262.

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 this URD (page 445). 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 *Investing to achieve the Group's climate strategy and vision* page 158, 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.

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 Risks and opportunities | Climate-driven risks and 2.3.1.2. Adapting to climate change on page 150.

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 Water withdrawal, discharge and stress on page 191.

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, page 196.

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 «Minimize the Group's impacts and dependencies on nature" page 176.

2.7 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 details, please see our Vigilance Plan as well as section 2.2.10 "Vigilance Plan" page 130.
Corruption
The company has anti-corruption processes in place. For details, see section 2.2.3 "Zero Tolerance for Corruption" page 116.
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 more details, see section 2.2.5 "Compliance with tax regulations" on page 119.
Fair competition
The company promote employee awareness of the importance of compliance with all applicable competition laws and regulations. For details, see section 2.2.1 "Trust Charter, Schneider Electric's Code of Conduct" on page 110.

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.	• 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.	• 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.	• Manufacture of variable speed drives • Manufacture of medium voltage switchgear SF_6-free technology
4.9 Transmission and distribution of electricity	Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system. Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.	• 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.	• 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.	• 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.	• 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.	• 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.	• 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.	• Technical consultations such as energy audits, simulations and trainings • Energy management services • Energy performance contracts

2.7 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%			

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%			

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%			

2.7.3 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
Product Safety	Number of recalls issued, total units recalled	Quantitative	Number	RT-EE-250a.1
	Total amount of monetary losses as a result of legal proceedings associated with product safety		Reporting currency	RT-EE-250a.2
Product Life cycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%) by revenue	RT-EE-410a.1
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria			RT-EE-410a.2
	Revenue from renewable energy-related and energy efficiency-related products		Reporting currency	RT-EE-410a.3
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-EE-440a.1
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	n/a	RT-EE-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	RT-EE-510a.2
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive 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.	Hazardous Waste Management
Zero reportable spills in 2022, therefore no recovered quantity to report.	
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.	Product Safety
No material loss at the Group level.	
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 URD.	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 URD, 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 URD.	Activity metrics
134,931 (spot 2022 year-end headcount, excluding supplementary workforce). More workforce statistics in section 2.7.2 "Social Indicators" page 281 of the URD.	

2.7.4 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 this Universal Registration Document for further details)
1. Governance: Disclose the organization's governance around climate-related risks and opportunities.		
1. a) Describe the board's oversight of climate-related risks and opportunities.	CDP – C1.1b 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: • **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. Additionally, environmental transformations are driven by a network of leading experts in various environmental fields such as eco-design, energy efficiency, circular economy, or CO_2. Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.
1. b) Describe management's role in assessing and managing climate-related risks and opportunities.	CDP – C1.2, C1.2a DEU – chapter 2 (2.1.6, 2.3.1)	
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: • The solutions Schneider Electric brings to the market are directly linked to activities to mitigate, adapt, and improve humanity's resilience to climate change; • At the same time, Schneider Electric acts to reduce its end-to-end CO_2 footprint, aiming for a net-zero CO_2 supply chain by 2050, with precise steps for 2025, 2030 and 2040. 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.
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)	

Recommended Disclosure	CDP Climate Change & URD 2022 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
2. a) and 2. b) (continued)		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. Read more in section 2.3.4 Investing to achieve the Group's climate strategy and vision on page 156. Two main climate-related risks are identified: • 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. To further tie climate-related issues to financial planning, Schneider Electric successfully launched the first-ever sustainability-linked convertible bonds, linked to 3 SSI targets including the objective to save and avoid 800 million tons CO_2 on customers' end by 2025, since 2018.
2. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP – C3.2, C3.2a URD – chapter 2 (2.3)	Schneider Electric has a dedicated Strategy Prospective & External Affairs SVP attached to the Chief Strategy & Sustainability Officer, in charge of climate and environment scenario analysis. Several scenarios to 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. 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. Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, the IRENA, among others. Governance is well in place, under the leadership of the Chief Strategy & Sustainability Officer, and both short- and long-term analysis are shared internally and used to inform strategic priorities across business and operations. 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: • 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. 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.

2.7 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 this Universal Registration Document for further details)
3. Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.		
3. a) Describe the organization's processes for identifying and assessing climate-related risks.	CDP – C2.1, C2.1a, 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). 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)	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. 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. 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. 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. 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. At present, the impact of climate-related matters is not material to the Group's financial statements.

Recommended Disclosure	CDP Climate Change & URD 2022 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
4. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
4. a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	CDP – C4.2, C4.2a, C4.2b, C9.1 URD – chapter 2 (2.1, 2.3, 2.6, 2.7, 2.8)	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. Key metrics over the last four years (from publication year) on GHG emissions are published page 278 of this document.
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)	
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)	Emissions calculations are done with GHG Protocol methodology. The carbon footprint methodology is compliant with ISO 14069 principles. The results are calculated in tons of CO_2 equivalent, taking into account all greenhouse gases included in the Kyoto Protocol. The Group has launched several concrete programs aiming at either directly or indirectly reducing GHG emissions, under the Climate 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 this 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, SF_6-free alternative offers, CO_2 savings and avoidance quantification on customer's end thanks to EcoStruxure™). 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. 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 CO_2 externality. Schneider Electric is a signatory of the Business Ambition for 1.5°C initiative aimed at setting Greenhouse Gas (GHG) emissions reduction targets in line with the global effort to limit warming to 1.5°C. 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. The Group aims to: • By 2030, reduce value chain emissions by 25% and be "Net-Zero ready" in operations; • By 2050, reach Net-Zero CO_2 emissions across the entire value chain; • Reach carbon-neutral operations and a carbon-neutral value chain in 2025 and 2040 respectively

2.7.5 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 2.7.1 – "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 countries[1];
- 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 concidered most important

Key performance indicators and other quantitative results:	Qualitative information (actions and 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 (SF_6) 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)	• 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).

2.7.6 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 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 – "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 Decembrer 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

2.8 Indicators

In this section

2.8.1 Environmental and climate indicators

2.8.1.1 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 (see Independent verifier's report on page 270). Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.
(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.

2.8.1.2 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.

2.8.1.3 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

2.8 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
306-3 306-4 306-5	Non-hazardous waste generated	metric tons	**123,311 ▲**	128,267	117,607	143,149
	of which reused or recycled	metric tons	**111,567 ▲**	115,550	113,211	136,316
	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 intentisy 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 m^3/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

2.8 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 (m^2) with energy intensity ratios (kWh/m^2) 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_2e	**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_2e/ million €	**6.7**	10.2	11.4	16.1
305-1	Direct (Scope 1) GHG emissions[1]	TCO_2e	**119,617 ▲**	140,936	142,658	180,751
	of which fuel oil	TCO_2e	**4,414 ▲**	4,520	4,451	5,748
	of which gas	TCO_2e	**47,271 ▲**	56,776	52,197	61,733
	of which coal	TCO_2e	**0 ▲**	0	0	0
	of which vehicle fleet	TCO_2e	**55,598 ▲**	62,683	73,229	91,169
	of which SF_6 emissions[3]	TCO_2e	**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_2e	**7,557 ▲**	10,853	5,224	8,499
305-2	Energy indirect (Scope 2) GHG emissions[1]	TCO_2e	**109,730▲**	153,115	145,207	256,542
	of which grid electricity (market-based)	TCO_2e	**49,674 ▲**	66,692	70,145	134,122
	of which renewable electricity (market-based)[5]	TCO_2e	**703 ▲**	701	694	795
	of which district heating	TCO_2e	**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_2e	**50,995 ▲**	71,008	62,818	86,605
305-3	Other relevant indirect (scope 3) GHG emissions[6]	TCO_2e	**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_2e/ 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_2e	**8,613,192 ▲**	8,237,192	6,966,062	8,610,739
	1. Purchased goods and services	TCO_2e	**7,572,974 ▲**	7,278,733	6,137,388	7,388,926
	2. Capital Goods	TCO_2e	**57,986 ▲**	62,876	63,863	64,398
	3. Fuel- and energy-related activities (not included n Scope 1 or Scope 2)	TCO_2e	**43,544 ▲**	53,167	55,151	67,993
	4. Transportation of goods paid by the Group	TCO_2e	**670,840 ▲**	616,519	497,761	753,253
	5. Waste generated in operations	TCO_2e	**37,415 ▲**	42,760	31,872	39,710
	6. Business travel	TCO_2e	**56,501 ▲**	30,778	33,304	139,054
	7. Employee commuting	TCO_2e	**173,932 ▲**	152,359	146,723	157,405
305-3	Other relevant indirect (Scope 3 downstream) GHG emissions(6)	TCO_2e	**52,339,305 ▲**	60,664,674	58,955,160	65,645,506
	9. Transportation of goods not paid by the Group	TCO_2e	**427,872 ▲**	485,877	371,159	449,507
	11. Use of sold products(6)	TCO_2e	**47,285,918 ▲**	55,224,389	53,998,500	60,447,799
	12. End-of-life treatment of sold products	TCO_2e	**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_2e	**51,325,544 ▲**	49,708,425	46,964,497	50,994,695
	Avoided GHG emissions thanks to sold products and services(7)	TCO_2e	**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_2e	**439,960,929 ▲**	346,960,969	263,321,741	187,751,362

▲ 2022 audited indicators. UP = Unpublished.

Note than Schneider Electric carbon footprint has been updated in 2021 to reflect changes in Global Warming Potential (GWP) values for SF_6 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 CO_2 equivalent emissions.

(1) The CO_2 emissions linked to energy consumption are considered estimates for two reasons: on the one hand, energy consumption and corresponding CO_2 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 CO_2 emissions from energy consumption are quantified using energy reporting data, in MWh of energy per energy source. Scope 2 emissions are quantified with the market-based methodology and the location-based methodology, following GHG Protocol scope 2 guidance. Location-based Scope 2 electricity emissions on energy reporting perimeter are equal to 298,461 TCO_2e (audited value), and 385,574 TCO_2e on total estimated perimeter. Total scope 1 and 2 (location-based) CO_2 emissions (energy, vehicles, and SF_6 emissions in TCO_2e) on full perimeter are equal to 514,648 TCO_2e (audited value). Electricity emissions calculated with market-based and location-based methodologies should not be added. Market-based electricity emissions are calculated using residual electricity emissions factors (source AIB, 2020) for European countries, and average country emission factors for other countries (IEA, 2020)

(2) In 2017, direct (Scope 1) emissions, energy indirect (scope 2) emissions and other relevant indirect (scope 3) emissions amounted to 187,477 TCO_2e, 511,602 TCO_2e and 67,683,080 TCO_2e respectively. CO_2 reductions in 2022 compared to 2017 are 67% for Scopes 1 and 2, and 10% for Scope 3.

(3) SF_6 emissions are generated in a limited number of manufacturing sites that are the ones which are handling SF_6 for the relevant products: it corresponds to 13 sites in 2022 and in 2021, and 14 sites in 2020 and 2019

(4) CO_2 emissions for sites not included in the energy reporting perimeter are estimated based on site surface and average CO_2 intensity of sites per region from our energy reporting

(5) Greenhouse gas emissions from renewable electricity are due to CH4 and N2O emissions of renewable electricity from biomass. In addition, biogenic CO_2 emissions are due to the consumption of renewable electricity from biomass and are not reported in scope 2 emissions following GHG protocol guidance. These emissions are of 17,294 tCO_2b in 2022

(6) 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 TCO_2e i.e., a decrease of 2.5% year-on-year;

(7) Avoided CO_2 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 CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, while avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emission. Since new methodologies are developed every year, CO_2 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 potentialy to some adjustments with retroactive impact. In 2022, out of the 93.4 $MTCO_2e$ saved and avoided, 0.92 MT (1.0%) came from 2018-2021 backdated performance.

2.8.2 Social indicators

2.8.2.1 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 (see Independent verifier's report on page 270). In addition, SSI #8 obtained a "reasonable" level of assurance in 2022. Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.
(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.

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.

2.8.2.2 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%

2.8 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.

2.8 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.

2.8.2.3 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

2.8 Indicators

2.8.2.4 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.

2.8.2.5 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

2.8 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.

2.8.3 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.

2.8.3.1 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 (see Independent verifier's report on page 270). Please refer to page 242 for the methodological presentation of each indicator. The 2022 performance is also discussed in more details in each section of this report.

2.8.3.2 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%

2.8.3.3 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

2.8.3.4 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

2.8.3.5 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**

3 How we manage risk at Schneider Electric

An introduction by Chief Governance Officer & Secretary General, Hervé Coureil

Dear Stakeholders

We operate in an unpredictable world, where risks reside at every corner. It's becoming increasingly difficult for companies to anticipate, understand and prepare for the extensive range of risks that can impact their operations. Novel risks arise every day, fueled by the rapid pace of technology developments and social and political movements. Even with the best risk management systems in place, setbacks are bound to occur. The manner in which a company prepares for and responds to the ever-increasing risk environment stands as a true testament of its resilience.

Building a strong risk management culture and mechanisms takes a great deal of work and effective collaboration. In 2021, the Group started strengthening its Enterprise Risk Management (ERM) framework, aiming to increase its overall level of resilience. This framework offers a holistic approach to managing risk, bringing the right forces together in a common effort with a few focus areas: protecting the Group's value, assets, and reputation; identifying and measuring the major risks to which the Group is exposed; anticipating and foreseeing changes in these risks; implementing risk prevention, mitigation, and transfer measures, and building crisis response capabilities.

More precisely, the Group's ERM framework looks at trust from three vantage points. The first is integrity; this entails creating a hospitable context for principled behaviors. The second is transparency, which involves fostering objective, transparent and data-backed decision-making processes to earn and sustain trust. The third is resilience, which is focused on ensuring thoughtful, considered risk taking throughout the organization.

As one key element of this framework, internal control procedures are designed to drive compliance with laws and regulations, application of policies and guidelines, effectiveness of the internal processes and timely remediation of deficiencies and reliability of financial reporting.

Ultimately, what guides us every day is the desire to cultivate and maintain trust in our ecosystem, with our customers, partners and employees. And we can only do so by acting with integrity, fostering transparency, and demonstrating resilience.

Thank you for your support and your trust,

Hervé Coureil
Chief Governance Officer & Secretary General

3.1 Risk management scope

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

Acquired companies are integrated progressively into the Group internal control and risk management systems.

3.2 Organization and management

3.2.1 Group values

Resilience as a top value

Schneider Electric has placed significant importance on resilience within the values and principles which guide and inspire its actions and, in particular, its business practice. Indeed, resilience is one of the fundamental elements of sustainable growth and belongs directly to the Group's Sustainability value. All Group entities, along the three lines of defense described hereafter, are encouraged to:

- Develop a culture promoting resilience for the Group;
- Raise resilience awareness and best practices, within their scope of work; and
- Implement initiatives aimed at increasing the Group resilience, by decreasing the risk exposure and/or increasing its level of preparedness.

Hybrid risk management model

Schneider Electric uses a hybrid risk management model. It means that while there is a Group Risk Management function and experts in charge of setting risk management mechanisms, establishing policies, and other activities, ownership of the risks belongs to the Business Units, Operating Divisions, or Global Functions who are responsible for deploying the central framework to manage their risks.

These are organized in three lines of defense:

- 1st line of defense: Business and Risk Owners
  Operating Divisions and Business Units take ownership of how the risks specific to their local market or function are managed on the ground, following the procedures set by the second line of defense.
- 2nd line of defense: Group Risk Management, Internal Control, Risk Overseers
  Set risk management mechanisms, advise and monitor the first line of defense, helps them build action plans to improve identification, mitigation, and control of risks.
- 3rd line of defense: Internal Audit
  Independent body, not dedicated to a specific risk area or region. Assesses if the first line of defense is managing risks properly and if the second line of defense is setting mechanisms and supporting the first line adequately.

The section hereafter (3.2.2) goes over the three lines of defense and gives more detail about the hybrid risk management model and the governing bodies.

3.2.2 Internal control and risk management roles and responsibilities

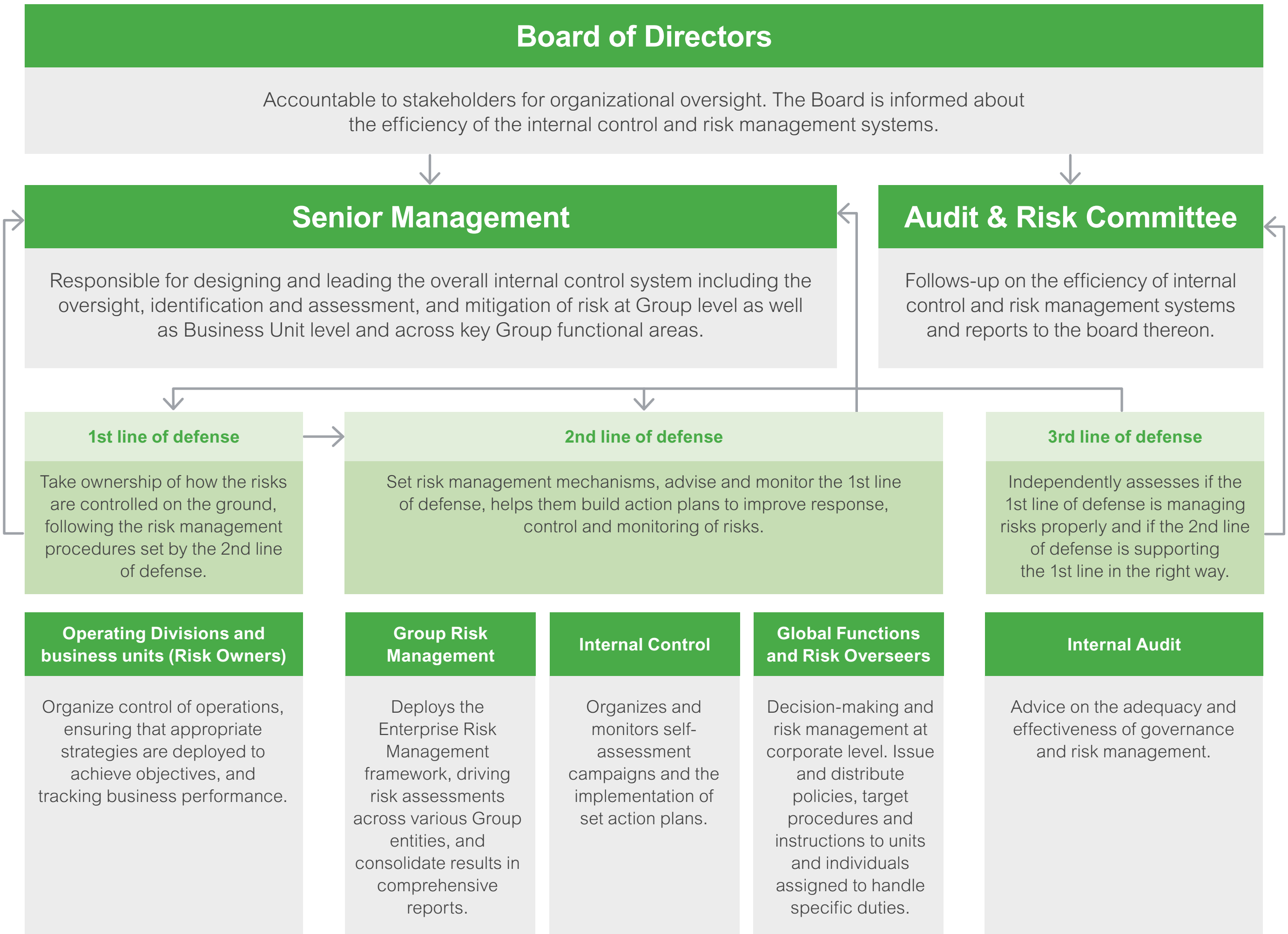


Figure 1: The three lines model

The Group's corporate governance bodies supervise the development of internal control and risk management systems. The Audit & Risks Committee has particular responsibility for following up on the efficiency of internal control and risk management systems and reports to the Board of Directors.

Senior Management

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

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

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

Audit & Risks Committee

The Audit & Risk Committee is responsible for overseeing the Group's internal controls and risk management systems.

The Committee is presented with the conclusions and key actions from a selected number of audit missions throughout the year and works with management and external auditors to ensure that risks are identified and addressed in a timely and effective manner.

The Head of Internal Audit has direct access to the Chairperson of the Audit & Risks Committee and meets with her on a regular basis throughout the year.

1st line of defense: Business and risk owners

Among other responsibilities, Operating Divisions and Business Units have a duty to preserve good faith and trust. As business and risk owners, they must:

- Embed risk management into first line processes;
- Execute risk strategy in line with risk appetite and standards;
- Complete risk assessments and provide supporting data;
- Identify and control risks relating to their own environment, in compliance with the rules and procedures implemented and communicated by the Group functional department; and
- Design and implement remediation actions.

More specifically, Operating Division and Business Unit management supplement and adapt the Enterprise Risk Management framework drafted by Group management, by drawing up detailed policies and internal control procedures which comply with the relevant laws, regulations, and customer practices in the country they operate, to exercise control more effectively over risk specific to their local market and culture.

2nd line of defense: Group Risk Management, Internal Control, Risk Overseers

Group Risk Management

In the current context of an acceleration towards a more complex and fragmented world, the Group has engaged in a restructuring of its Enterprise Risk Management team, with the help of experts. It started in 2021, with most of the deployment having taken place in 2022 and continuing in 2023. The objective is to strengthen the overall risk management at Schneider Electric, with a more robust Enterprise Risk Management team to implement and deploy advanced mechanisms, support the first and second lines of defense, and consolidate and report to Senior Management and Audit & Risk Committee. It will ensure that the maturity level and effectiveness of the governance and organization, management systems, processes and controls, and communication and training will all increase.

Engaging in this journey until 2024, the Group expect to reach optimized maturity level in the way it develops and maintains a Group risk appetite framework. 2022 has been a year of deployment with standardized risk reviews engaged for most of the Group's risk categories and geographical zones. It has resulted in an increased risk management maturity, and a consolidation of the risk exposure at the corporate level. The deployment will continue in 2023, with risk reviews done in a more robust and systematic way, while also taking care of subsidiaries.

The Enterprise Risk Management framework is deployed by the Group Risk Management department, which reports to Senior Management and sits within the Governance function. The Group Risk Management department is responsible for:

- The creation, deployment, and maintenance of the Enterprise Risk Management framework;
- The planning and execution of risk reviews across various Group entities; and
- The consolidation, in comprehensive reports, of the risks identified and assessed, of the Group's level of mitigation, and of the roadmaps in place to reduce the risk exposure and increase preparedness.

This framework relies on a network of Risk Overseers (in charge of supervising a specific risk category) and risk owners (in charge of managing risks efficiently with the support of all assets provided). The Group Risk Management team engages with these stakeholders and supports them to increase their risk management maturity by driving several types of assessments and by evolving standardized methodologies.

The Group Risk Management department strives to not only manage event triggered risks, but rather to maximize value through more informed and calculated risk taking. With this mandate, it studies strategic issues and long-term strategy and continuously monitors emerging trends, risks, and opportunities, sometimes with the support of risk intelligence companies.

Internal Control

In close collaboration with Risk Overseers and the Group Risk Management team, the Internal Control function uses a risk-based approach to define the key controls to be embedded in the processes and to monitor the effectiveness of the controls.

The Internal Control department reports to the Group Chief Accounting Officer. It had an average of 40 internal controllers in 2022, with a central team leading and co-ordinating the Group Internal Control activities and a network of Internal Controllers for day-to-day operations. The main objectives of Internal Control department is to:

- Define key controls to be embedded in end-to-end processes following a risk-based approach in close collaboration with Risk Overseers and subject matter experts – in line with the recommendations of the French Financial Market Authority (Autorité des Marchés Financiers (AMF)) reference framework;
- Ensure internal control is anchored in the managerial practices for a better control environment. Drive self-assessment campaign, accuracy of controls, self-assessment, and compliance to minimize risks and protect assets;
- Monitor the adequacy and effectiveness of internal controls and support timely remediation of deficiencies in a sustainable manner;
- Partner with operations to increase standardization of key controls across the Group for effective and efficient operations; and
- Support design and implementation of anti-corruption and bribery controls.

Risk Overseers

The various Group functional departments and Risk Overseers assist the Enterprise Risk Management team with the identification and evaluation of risks. Each department defines and rolls out risk management systems in its activity sector and ensures the consistency of actions undertaken in the Business Units and Operating Divisions. Risk Overseers and Global Functions assist all Group entities by facilitating the sharing of risk management and internal control best practice.

Risk Overseers are global leaders and experts overseeing risks within their scope.

Depending on the risk category, Risk Overseers must:

- Identify and manage the adoption of regulatory and legal standards;
- Initiate first risk identification as a base for risk-specific programs design;
- Own risk-specific policies and ensure proper deployment; specifically ensuring they have adequate representation in the Trust Charter, the Group's Code of Conduct;
- Define risk-specific processes and controls;
- Engage in the annual risk assessments run by the Group Risk Management team;
- Perform risk maturity self-assessments on a regular basis; and
- Define risk thresholds and review them regularly.

3.2 Organization and management

Global Finance department

The Global Finance department is actively involved in organizing control and ensuring compliance with financial procedures.

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

- Drafting and updating instructions designed to ensure that statutory and management accounting practices are consistent throughout the Group and compliant with applicable regulations;
- Organizing period-end closing procedures; and
- Analyzing performance and tracking the achievement of targets assigned to the Operating Divisions and Business Units.

The Reporting and Consolidation unit is responsible for:

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

The Reporting and Consolidation unit drafts and updates:

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

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

Within the Global Finance department, the Tax team oversees tax affairs to provide comprehensive management of these risks.

The Financing and Treasury department is responsible for:

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

Procedures for managing financial risk are described in "Key risks and opportunities" on page 314

Other Global Functions

In addition to specific processes or bodies such as the Group Acquisitions Committee for making and implementing strategic decisions within the Global Finance department (see above), Schneider Electric centralizes certain matters through dedicated Global Functions, thus combining decision making and risk management at the corporate level.

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

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

The Procurement department within the Supply Chain function is responsible for establishing guidelines concerning the Procurement department's structuring and procedures, relationships between buyers and vendors, and procedures governing product quality, level of service, and compliance with environmental and safety standards.

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

3rd line of defense: Internal Audit

In accordance with professional standards governing this activity, Internal Audit independently assesses the effectiveness of internal control and risk management procedures given that, irrespective of how well they are implemented and how strictly they are deployed, these procedures can only provide reasonable assurance – and not an absolute guarantee – against all risks.

The Internal Audit department reports to Senior Management. It had an average headcount of 20 global auditors and 26 regional auditors in 2022. The internal auditors are responsible for ensuring that, at the level of each Business Unit, Global Function, or Operational Entity in the countries where the Group is operating:

- The identification and control of risks is performed and relevant remediation is put in place;
- Significant financial, management, and operating information is accurate and reliable;
- Compliance with laws and regulations and with the Group's policies, standards, and procedures is ensured;
- Compliance with the instructions of the Chairman & CEO is ensured;
- Acquisition of resources is carried out at a competitive cost, and their protection is ensured;
- Expenses are properly engaged and monitored; and
- Correct integration and control of acquisitions are ensured.

An annual internal audit plan is drawn up based on a combination of a risk-based and audit universe coverage-based approach. The risk-based dimension is embedding risk and control concerns identified by Senior Management, taking into account the results of the Group Enterprise Risk Management system, the outcome of past audits, the results of Key Internal Control self-assessments returned by the Business Units, and other indicators such as the evolution of a set of financial metrics, the Corruption Perception Index, and the recent replacement of holders of key managerial roles as the case may be. When necessary, the audit plan is adjusted during the year to include special requests from Senior Management.

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

3.3 Risk management mechanisms

3.3.1 One unique risk taxonomy is established to have a common risk language

One of the core assets of the Group risk management practice is a unique risk taxonomy, used by the different domains within the organization (Sales Regions, Business Units, Global Functions). It is key to ensure all Group entities speak the same risk language and collaborate efficiently on decreasing the risk exposure. This document is updated once a year based on the relevance and characteristics of identified risks in a business context. The taxonomy contains several risk classification levels, described in the illustration below.

Each risk is mapped to the pieces of the risk flywheel (see section 3.3.3, page 301) to ensure there are no gaps in the Group monitoring and mitigation of the risk universe.

Risk Level	Description	Objective	Responsible	Example
Risk nature	Differentiation between three risk natures: event triggered risks, management practice risks, trend driven risks.	**Making strategic decisions**	**Senior Management**	***Event triggered risk***
Risk category	All risk categories included in the Taxonomy are mapped to a Risk Overseer who is responsible for all assets and mechanisms around the risk.	**Taking accountability**	**Risk Overseers**	***Third party screening & sanctions compliance***
Risk type	More specific risks under a Risk Category. Risk identification and assessment are carried at a risk type level.	**Taking responsibility**	**Risk Owner**	***Export Control***
Risk vector	The ways a risk type can materialize.	**Managing operational risks**	**Domain/ function in charge of the risk**	***Supplies from countries under sanction***

Figure 2: Risk taxonomy structure

3.3.2 Different mechanisms to identify, assess, and mitigate risks

The Group recognizes that each risk nature is unique, and therefore requires a unique approach in the way risks within each nature are identified, assessed, monitored, and mitigated. The figure below brings a few definitions and examples for each risk nature and shows the parameters that allow to differentiate them: expected reward for risk, and controllability.

Figure 3: Three risk nature and their unique approaches

For the **trend-driven risks**, the objective is to reduce the business impact cost-effectively and prepare to turn a disrupted environment into opportunities. We identify, assess, and monitor the risks through frequent organization leaders' and external stakeholders' interviews. This is complemented with specific strategy cadences.

For the **event triggered risks**, the objective is to reduce the risk exposure and increase the level of preparedness. Examples of the assets used to achieve this goal include: crisis management and business continuity planning, strong policies and procedures adoption, and continuous risk and incidents monitoring.

For **management practice risks**, the objective is to avoid or eliminate occurrences cost-effectively with a risk culture and compliance model embedded in Operating Divisions, strong policies and procedures adoption, and an effective set of internal controls.

3.3.3 Each Risk Overseer is in charge of moving the risk flywheel for his/her respective domain

Risk taxonomy

The Group established a unique risk taxonomy to have a common language with all stakeholders. All risk categories included in the risk taxonomy are mapped to a Risk Overseer who is responsible for all assets and processes around the risk flywheel (see figure below). The risk taxonomy is reviewed once per year, with inputs from the three lines of defense.

Trust Charter

The Trust Charter is the Group's Code of Conduct. Each section is mapped to the risk taxonomy and has the goal, among others, to bring a level of awareness to employees that will contribute to decreasing the Group risk exposure. See more details about the Trust Charter in Chapter 2, section 2.2.1.

Policies

A policy is an official statement and process description produced and supported by the leadership team and states where the organization stands on important topics or issues. They create the backbone of an organization and are important for all stakeholders to enable and reinforce trust. Each Risk Overseer is responsible for ensuring needed policies are written and published, then, that they are implemented, communicated, and their implementation is being monitored. See more details about policies in Chapter 2, section 2.1.7.

Mandatory PMI[1] tasks

The Enterprise Risk Management framework applies not only to the Group's core and legacy activities, but also to recently acquired companies as part of the post-acquisition integration process. Trust Standards are defined to ensure the integration process is addressing risks and compliance matters, meeting legal obligations, creating a more standardized back-end, and providing clarity regarding integration requirements across the portfolio of companies.

(1) PMI = Post Merger Integration

Key Internal Controls

The Group uses a set of internal controls that is reviewed and updated annually, with the feedback of the Risk Overseers and subject matter experts (among others). One of the goals of internal controls is to assess the effectiveness of the mitigation put in place to address a risk. For the controls that are risk specific, the outcome of the yearly self-assessment campaign is twofold: provide a high-level view of the situation to the top management and Risk Overseers, and provide action plans to the risk owners to improve their mitigation, if relevant.

Key risk metrics

Risk metrics are defined to measure the Group risk exposure for each risk category and type. They are defined by the Risk Overseers and reviewed on a regular basis. Defining risk thresholds helps to foster a risk centric culture and take business decisions based on risk appetite.

Risk reviews and yearly risk assessments

The Group's entities perform frequent risk assessments.

There are three types of assessments:

- Zone or country risk reviews, where the leadership team and risk owners review the top risks affecting their territory and legal entities, as well as the mitigation in place.
- Function or risk category reviews, where the leadership team and Risk Overseers review the risks affecting their domain of expertise, as well as the mitigation they put in place.
- Leadership risk assessment, also called risk matrix, where the leadership team is interviewed about the full Group risk universe, to gain an understanding of the perception of the risk exposure and level of mitigation.

Additionally, the Internal Audit and Internal Control departments perform consolidated reviews and audits aiming, in particular, to assess the internal control framework and risk management system effectiveness.

Figure 4: Risk flywheel

Risk maturity assessments

In a spirit of continuous improvement, Risk Overseers perform risk maturity self-assessments on a regular basis. It helps drive constant improvements to the ways in which the risk is managed within the Group. Among other things, it ensures the Group takes the right steps towards an optimized risk maturity level including:

- Governance and organization with dynamic resource allocation;
- Management systems are aligned and optimized across all three lines of defense;
- Processes and controls rely on digital and advanced analytics to optimize effectiveness and efficiency; and
- Communication and training are adapted to specific needs, with a measured impact.

3.3.4 Risk identification and management

General risks at the Group level

The Group Risk Management department conduct interviews to update the list of general risks at Group level each year. In 2022, around 40 of the Group's top leaders were interviewed in addition to external analysts and Board members.

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

In complement of the risks identified through interviews, the Group Risk Management function also consolidates all the risks identified and assessed through the category risk reviews and zone risk reviews. A consensus is then reached on the Group's major risks for which control, monitoring, and mitigation will be prioritized.

Risk factors related to the Group's business, as well as procedures for managing and reducing those risks, are described in "Key risks and opportunities" in section 3.4 on page 304.

The results of the yearly risk assessments mentioned in section 3.3.3 (risk matrix, risk reviews) and the analysis of changes from one year to the next contribute to the development of an internal audit plan for the following year. Around two-thirds of the risk categories identified in the Group's risk matrix are audited by the Internal Audit department over a period of five to six years to assess action plans for managing and reducing these risks.

Local risks at the Business Unit or Operating Division level

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

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

Specific risks related to Projects

The Projects Risk Management stakeholders define and implement principles and tools designed to manage contractual (such as limitation of liabilities), technical (such as technical discrepancy versus customer specifications), and financial risks (such as factors that may impact margin at solution execution phase).

The network of Project Risk Managers assesses the risks and mitigations related to major projects in conjunction with the subject matter experts and Tender Managers during the preparation of offers. Project Risk Managers then provide a comprehensive, 360-degree view on project risk and mitigations to support the opportunity approval process.

Management of risks by the Legal department

The Legal department oversees the legal affairs and manages the risks relating to legal matters.

The Financial Risk Insurance team contributes to the internal control system by defining and deploying a Group-wide insurance strategy, as defined in "Insurance", section 3.5 on page 319. The insurance strategy includes the identification and quantification of the main insurable risks, the determination of levels of retention, and the cost benefit analysis of the transfer options. The Risk and Insurance department also defines, proposes, and implements action plans to prevent these risks and protect assets.

Management of risks by the Global Security department

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

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

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

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

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

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

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

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

3.4 Key risks and opportunities

Principal risks

The Group risk inventory is organized in three categories and includes 18 key risks identified.

The key risks selected and presented below are the risks considered by the Group as specific to its business and identified as having the potential to affect its activity, its image, its financial situation, its results, or the achievement of its objectives.

However, the Group may be exposed to other non-specific risks, or risks of which it may not be aware, or risks of which it may be underestimating the potential consequences, or other risks that may not have been considered by the Group as being likely to have a material adverse impact on the Group, its business, financial condition, reputation, or outlook.

In each category, risks are assessed in terms of potential impact for the Group according to 3 levels (red, orange, green), the first one being the most likely to affect the Group. The assessment is the result of the process performed as part of the overall risk management mechanism described in "Risk identification and management", section 3.3.4 on page 302. The impact considered for the assessment is the potential net impact which corresponds to the potential gross impact (financial/ human/ legal/ reputation), after having taken in consideration the current mitigation measures, as well as the probability of occurrence of this risk. The assessment by Schneider Electric of this level of materiality may be changed at any time, in particular should new facts, whether external or specific to the Group, come to light.

The identification and mitigation of the Groups' key risks can reveal opportunities for growth, enabling strategic decision making and flexibility to move ahead with speed.

	Categories and Risks	Potential net impact	Page
1	**Event triggered risks**		
1.1	Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners)	High impact	305
1.2	Export controls	High impact	306
1.3	Product quality	Medium impact	306
1.4	Competition laws	Medium impact	307
1.5	Corruption linked to B2B and project business	Low impact	307
1.6	Human rights and safety issues through the value chain	Low impact	308
1.7	Counterparty risk	Low impact	309
1.8	Currency exchange risk	Low impact	310
2	**Trend driven risks**		
2.1	Operational disruption due to global political and economical disruptions	High impact	310
2.2	New competitive landscape on energy, technologies, and business models	Medium impact	311
2.3	Supply chain resilience	Medium impact	312
2.4	Evolution of software and digital services offers	Medium impact	313
2.5	Attracting and developing talent with a focus on critical skills	Medium impact	314
2.6	Risk related to the environmental performance of the Group	Medium impact	315
2.7	Natural resource crises: Shortage of resources used in Schneider Electric's products or in manufacturing	Medium impact	315
3	**Management practice risks**		
3.1	Data residency	High impact	316
3.2	IT systems management	Medium impact	317
3.3	Pricing strategy	Medium impact	317

Key to symbols

● High impact ● Medium impact ● Low impact

1. Event triggered risks

1.1 Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners)

Risk description

Schneider Electric, like other organizations with a similar global footprint and presence, is exposed to the risk of cyberattacks and data privacy breaches. The Energy Management and Industrial Automation sectors, in particular, are becoming more digital with pervasive Internet of Things (IoT) usage and augmented data being major accelerators for mobility, the cloud, pervasive sensing, big data, and analytics.

As an industrial and technology company, the Group has IT and Operational Technology (OT) activities spread over dozens of R&D sites, and more than 200 production and logistic units. On those sites, OT systems have been converging more and more with IT systems, especially through the use of IoT, expanding the overall attack surface.

The digitalization of products, including native connectivity, is increasing the exposure to cybersecurity risk, where connected products and digital offers (e.g., remotely managed services like "Advisor") at Schneider Electric or customers' sites could be used as a gateway for malicious cyberattacks. Additionally, the move from a product-centered business model to a service-oriented business model with software and augmented data naturally increases cybersecurity risks, such as data breaches and intellectual property theft.

Schneider Electric Exchange is an ecosystem collaboration platform with over 50,000 users, approximately 300 leverageable applications, more than 150 service providers, and around 100 communities. These types of digital offers and platforms, if compromised, could negatively impact a customer's business and consequently affect the service quality, profitability, and reputation of Schneider Electric.

Risk monitoring and management

To mitigate the risk of Schneider Electric's connected products being used as a gateway to attack Group's customers and partners, the Product & Systems Security Office (PSO) is reinforced with a strong mandate of developing products and securing the ecosystem in conformity with cybersecurity standards (such as the ISO 27000 suite and IEC 62443). As an illustration, the IoT Cloud Platform (EcoStruxure™ Technology Platform) has implemented controls that are mappable against the ISO 27001 standard.

Schneider Electric follows a Secure Development Lifecycle process to build cybersecurity into its products, even before the design stage. In 2019, security and privacy design were enhanced with a new Secure Development Lifecycle and certified to IEC 62443-4-1.

Since 2020, all digital offers (mainly "Advisor" software suites) were assessed in the framework of digital security and privacy conformance.

Schneider Electric enforces digital security and privacy conformance for products, systems, software, platforms, applications, and digital offers through security reviews and, when applicable, the Digital Certification process.

Schneider Electric addresses cybersecurity vulnerabilities affecting products, software, and systems to support the security and safety of our customers. Schneider Electric works collaboratively with researchers, Cyber Emergency Response Teams (CERTs), and asset owners to ensure that accurate information is provided in a timely fashion to adequately protect customer installations. In case of a cyber incident, a process of response, connecting, and debriefing is organized with partners and customers.

In line with the NIST Cybersecurity Framework[(1)] with its five concurrent and continuous functions, Schneider Electric has five stages of risk management as follows:

- **Identify:** Schneider Electric has identified cyber risks stemming from main business scenarios[(2)] with its Cyber Risk Register, including assets categories to be protected known as High-Value Assets.
- **Protect:** Cyber threats are mitigated by implementing cyber practices and capabilities, policy-driven controls, and enforcing mechanisms. For example, the Group implemented a Data Protection program, Source Code Management framework, and System & Solution security program. Moreover, 99% of employees were trained on cybersecurity in 2022. In addition, specific employee categories (e.g., IT administrators, customer facing employees) received mandatory trainings for risks linked to their activity.
- **Detect:**
  - Independent "reality checks" were performed: three crosscutting internal audits and external assessments.
  - Multiple cyber risk assessments were completed in 2022 by the Group's cybersecurity consulting partners.
- **Respond:** Global cyber incident management and response process is in place. Events and incidents are monitored through a Security Operations Center, driven jointly with the Group's partners.
- **Recover:** Schneider Electric's posture is continuously revisited and adapted through reality checks including emergency, business, and IT recovery and improvement plans across the Company. Furthermore, the Group is conducting regular crisis simulation exercises on different scenarios.

(1) National Institute of Standards and Technology, U.S. Department of Commerce - https://www.nist.gov/cyberframework
(2) 1. Damage to customers assets and operations, 2. Disruption of company's operational continuity, 3. Non-compliance with global and local regulations, 4. Voluntary and involuntary loss or exposure of intellectual property.

3.4 Key risks and opportunities

1. Event triggered risks

1.2 Export controls

Risk description

International, foreign, and national export control laws and regulations govern the transfer of goods, services, and technologies within a country or between countries and/or their nationals. Elements that may trigger restrictions and licensing requirements may include, but are not limited to, countries, parties, product, and end-uses.

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

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

Risk monitoring and management

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

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

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

1.3 Product quality

Risk description

Schneider Electric has more than 290,000 references produced in 162 factories, spread across 40 countries around the world.

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

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

The above-mentioned costs could have a significant impact on the profitability and cash equivalent of the Group. The business reputation of Schneider Electric could also be negatively impacted. Indeed, the Group has been impacted by several recalls recently, more or less ranging from €10 million to €40 million, depending on the case.

Risk monitoring and management

In 2022, the Group launched a specific program called Quality Reinvention to continue to strengthen quality for design, manufacturing, supplier, and field tools and processes, and to settle "quality" inside of the Company culture. This is extended to all the value chain and leverages processes digitization across all entities that have an impact to quality.

This program includes:

- Launch of the new Quality Fundamentals for Design domain, to increase both robustness and reliability of new offers; CS&Q function puts a strong focus on stopping any launches that do not comply to quality standards. In addition, roles and responsibilities got better defined and the number of resources focused on design quality has greatly increased.
- Unification of all manufacturing quality initiatives, fundamentals and principles into the Schneider Performance System; CS&Q function puts strong focus on the reduction of high-risk activities through fully automated and interlocked systems.
- Significant strengthening of supplier quality processes by adopting high maturity industry standards (i.e., APQP and IATF); CS&Q function strives to secure an ever more robust supplier, parts and supplies qualification process, and improved performance management.
- Expansion of the quality system into Field and Project Execution, to secure the right standards in this area.

To ensure that the culture of quality supports efforts being made, three main changes have been introduced: 1) Quality became part of our Trust Charter to make sure that everyone understands that a quality deviation could become a compliance issue; 2) Quality became an "essential" as part of the values that anchor our culture 3) "Quality academy" is being created to allow learning of both, what is quality and non-quality, and to increase the technical knowledge of our teams.

1.4 Competition laws

Risk description

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

Both currently or in the past, Group entities including, but not limited to, entities in Brazil, Pakistan, Belgium, France, and Spain have been directly or indirectly cited in antitrust proceedings or investigated.

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

In France, further to on-site investigations conducted in 2018 concerning electrical distribution activities in France, Schneider Electric SE, received on July 4, 2022, a statement of objections (notification de griefs) from the French Competition Authority (FCA) alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules.

Schneider Electric strongly disagrees with the allegations of the statement of objections and submitted its response to the FCA on October 4, 2022.

This statement of objections is the first step of an adversarial procedure and is without prejudice to the final assessment that will be made independently by the board (College) of the FCA.

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

Risk monitoring and management

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

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

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

The Group launched the Trust Charter in September 2021, with reinforced guidance regarding competition and antitrust rules, and issued various other policies and directives related to competition and anti-corruption.

1.5 Corruption linked to B2B and project business

Risk description

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

The business model of the Group relies on a large ecosystem of partners, including more than 53,000 suppliers throughout the world representing a procurement volume in excess of €16 billion, and also, resellers and distributors. This ecosystem may represent a risk for the Group, being accountable for activities performed on its behalf, and in regards to potential conflicts of interest or unethical solicitations.

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

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

Risk monitoring and management

Schneider Electric has created an Ethics & Compliance department, chaired by a dedicated Chief Compliance Officer, notably in charge of defining an anti-corruption program based on three inseparable pillars.

First, Senior Management sets Schneider Electric's zero tolerance for corruption and promotes a culture of integrity throughout the Group and its operations. In addition, middle management walks the talk by complying with rules, spreading the right message in their teams, and supporting the reporting of misconducts.

Second, a Group-wide Ethics & Compliance risk assessment was carried-out in the second half of 2021, which led to regional and Group level risk maps on corruption matters. Related action plans were deployed in 2021 and 2022.

Third, the identified risks are managed by means of effective measures and procedures:

- Code of Conduct and policies – As stated in our Trust Charter, Schneider Electric's Code of Conduct, and Anti-Corruption Policy, Schneider Electric is committed to comply with all applicable laws and regulations, and applies a zero-tolerance policy towards corruption. Two operational policies complete the set: Gifts & Hospitality Policy and Conflict of Interest Policy.
- Training and awareness – 97% of employees exposed to corruption risks have been trained thanks to the yearly mandatory Anti-corruption e-learning. The content of this e-learning is updated each year.

3.4 Key risks and opportunities

1. Event triggered risks

1.5 Corruption linked to B2B and project business (continued)

- Third parties' integrity – Schneider Electric has put in place a Business Agent Policy and related procedures for assessing its intermediaries. In 2022, 100% of direct customers have been screened. A pilot was also launched to have an automatic real-time screening of all direct customers. Moreover, the Group is working to screen its vendors and started an initial screening of its strategic direct vendors in 2022. Moreover, all compliance-related aspects are part of the due diligence undertaken for mergers and acquisitions, in line with the specific M&A Compliance framework put in place in February 2020.
- Specific accounting controls – Schneider Electric has developed accounting control procedures to ensure that books, records, and accounts are not used to hide fraud. Since June 2021, work has been initiated to strengthen specific anti-corruption controls for a defined set of sensitive-judged accounts and transactions.
- Whistleblowing – A global whistleblowing system, available to employees and external stakeholders, is also managed to combat this risk. In 2022, 645 employee and 74 external stakeholder alerts have been received and managed through follow-up inquiries.
- Corrective actions – Deficiencies associated with the implementation of procedures are analyzed to identify their cause and correct them.
- Monitoring and audit – Second-level controls and internal audit missions were reinforced on compliance risks with several audits performed.

1.6 Human rights and safety issues through the value chain

Risk description

The exposure of the Group to human rights and health and safety risks has been increasing for several years, due to the expansion of the Group's activities in countries with lesser regulatory framework regarding human rights. Some specific topics are emerging quite rapidly, for example, as the context (global warming, famine, war, geopolitics etc.) is pushing people to cross borders and to work elsewhere, migrant workers protection is becoming a key topic for companies.

Schneider Electric's procurement volume represents more than €16 billion with more than 53,000 suppliers. As part of the Duty of Vigilance program in the supply chain, Schneider Electric has performed a risk analysis through its network of suppliers and identified potential risks on several topics including human rights and health and safety.

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

Reputation

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

- Do not respect human rights or safety rules for their workers; and/or
- Are conducting business in a non-compliant or illegal manner.

Disruption of supply chain

It may occur due to:

- Short-term termination of relations with a supplier; and/or
- Events resulting from a lack of safety or insufficient protective measures (e.g., fire prevention) that may affect the supply of components.

Legal

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

Schneider Electric expects that the exposure will continue to grow, in reference to the current drafting of a Duty of Vigilance directive at European level, as well as the European Action Plan on Human Rights and Democracy 2020-2024, which sets out ambitions and priorities for the next five years in this field.

In addition, the current discussions on human rights due diligence framework at United Nations level, supported by the Global Compact that Schneider Electric is part of, will certainly increase the pressure on the private sector to tackle human rights challenges in the supply chain.

2022 specific events

The competent court regarding Duty of Vigilance (DoV) cases was confirmed on December 22, 2021, by the French High Court. The Paris judicial court will have jurisdiction over such cases, which is composed of dedicated professional lawyers. Regarding the cases related to non-compliance with the DoV, there has been no update on the substance of the cases.

In 2022, four new cases have been opened regarding non-compliance to the French DoV. These cases concerned freedom of association, social and environmental rights, or human rights violations. At the end of 2022, seven litigations and six formal notices were pending regarding the French DoV.

The European Commission published a draft proposal for the European Corporate Sustainability Due Diligence Directive on February 23, 2022. This directive should be adopted in 2023 and enter into force in 2024. The text of this European Directive is very close to the French DoV law and will concern Schneider Electric's operations and supply chain (potentially Tier 2 suppliers and above). Regarding the actual draft of this Directive, approximately 50,000 companies based in Europe should be concerned; in comparison, approximatively 260 companies are concerned by the French DoV.

Risk monitoring and management

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

Regarding training, e-learning on the Trust Charter is mandatory for all employees and, in 2022, focused on human rights and health and safety amongst other ethics and compliance topics. 93% of employees completed the training by the end of 2022.

Suppliers are selected according to the "Schneider Electric Supplier Quality Management" system, which includes sustainable development criteria weighing 15% of the total evaluation of a supplier. These criteria include human rights and health and safety topics.

In 2019, Schneider Electric organized the Global Suppliers Day. During this day, the Trust Charter was introduced to suppliers.

As part of the Group's five-year objective for 2021 – 2025, strategic suppliers are requested to submit themselves to an ISO 26000 evaluation. Consistent with a continuous improvement effort, these suppliers have achieved on average a +6.3 points increase between 2018 and 2020 and a +1.2 points increase in 2022 to reach an average score of 58.6.

Schneider Electric has built a supplier vigilance plan in which risky suppliers are identified using criteria that take into account the geographical location of the supplier, the technologies, and the processes used. An audit plan is then built to perform either on-site supplier audits or remote self-assessments. When non-conformances are identified, corrective actions are deployed.

The suppliers are then re-audited to verify that the actions have remediated the non-conformances. In 2022, in the scope of 2021 – 2025 Schneider Sustainability Essentials (SSE) objective #17 "4,000 suppliers assessed under our 'Vigilance Program'", the Group conducted 223 on-site audits and 657 remote self-assessments. At the end of 2022, 94% of non-conformances from 2021 have been closed. The supplier vigilance plan also includes an internal training program for Schneider Electric Procurement teams and workshops with suppliers. The Group has also defined, in 2022, a specific program with the objective to ensure that 100% of Schneider Electric's strategic suppliers provide decent work to their employees, in the scope of Schneider Sustainability Impact (SSI) indicator #6. The program launched in 2022. Schneider Electric is also currently developing a program to ensure "social excellence" for the Group's suppliers.

1.7 Counterparty risk

Risk description

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

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

The Group is also exposed to counterparty risks coming from financial operation with financial institutions. It includes activities such as deposits and asset management and transactions implying flows in future value dates.

As of December 31, 2022, 13% of trade receivables were overdue, of which 3.5% by more than three months (refer to Note 16 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 456).

Risk monitoring and management

Financial transactions are entered into with carefully selected counterparties and adapted terms and conditions are included in contracts with customers. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency. Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules.

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

As of December 31, 2022, the amount of the provision for receivables impairment is EUR 489 million (as described in Note 16 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 456).

3.4 Key risks and opportunities

1. Event triggered risks

1.8 Currency exchange risk

Description of risk of fluctuation of exchange rates

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

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

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

In 2022, revenue in foreign currencies amounted EUR 27.29 billion, including around EUR 9.9 billion in US dollars and EUR 4.8 billion in Chinese yuan.

The Group estimates that in the current structure of its operations, a 10% appreciation of the euro compared to the US dollar would have a translation effect of around minus EUR 147 million on adjusted EBITA.

The result of exchange gains and losses of 2022 amounts to EUR -27 million (as described in Note 7 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 446).

Monitoring and management of the risk of fluctuations in exchange rates

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

More than 20 currencies are involved, with the US dollar, the Chinese yuan, the Singapore dollar, Japanese yen, Mexican peso, Australian dollar and Swedish krona representing the most significant sources of those risk.

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

The financial instruments used to hedge exposure to fluctuations in exchange rates are described in Note 23 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 468.

Description of risk of deliverability of currencies

The Group has a particularly wide international presence (more than 115 countries), which consists in purchasing and selling, intragroup and outside group, goods and services in various currencies.

The Group is therefore facing the risk that the currencies of purchasing and selling are the subject of interdictions or restrictions linked to geopolitical contexts, access to foreign currencies, currency control, or other reasons. The Group estimates that in the current structure of its operations, such limitations and interdictions might arise from some countries with emerging economies.

Monitoring and management of the risk of deliverability in currencies

The Group policy consists in the diversification enabled by the widespread geographical presence and follow up of such risk to reduce it, when needed through repatriation of cash exposed.

2. Trend driven risks

2.1 Operational disruption due to global political and economic disruptions

Risk description

Stable trade is beneficial for economic growth. Trends of increased mercantilism is leading towards possibly long-term regionalization of trade around the United States, China, Russia, Europe, and India poles. Regionalized, rather than globally balanced government regulations and policies on digitization, circularity, carbon, supply chain management, and others could handicap Schneider's offer development efficiency. This may force the Group to significantly adapt operations, for example through redundant efforts, and result in negative impacts on the Group's profitability. In addition to the trade regionalization trend, technology decoupling, specifically between the United States and China, has been observed through increased regulations.

In addition to the global trends above, the Group acknowledges upcoming potential challenges caused by a lingering energy crisis and monetary tightening, negatively impacting economic activities across the world. It will result, to a degree to be determined, in heightened social, political, and economic risks.

As a global company operating in more than 115 countries, Schneider is increasingly impacted by this acceleration of regional (versus global) trade and new technology policies are putting pressure on supply chains in the forms of both tariff and non-tariff barriers.

The armed conflict in Ukraine and the resulting sanctions is another example of challenges the Group is facing and could face in the future in other contexts. This is covered in "Specific events 2022", on page 318.

As such, trade wars and sanctions compliance could disrupt Schneider Electric's operations and global supply chain. The above-mentioned combination of both nationally orientated tariff and non-tariff burden could increase the cost to market and potentially adversely impact Group profitability. It also increases quality risks as the Group could be forced to work with new suppliers.

Risk monitoring and management

To mitigate the risk on supply chain efficiencies, tariff impacts, and sanctions compliance, Schneider Electric has implemented a multi-hub organization. The Group has R&D and supply chain activities, suppliers, and commercial networks in the main international hubs, which are North America, Europe, India and Asia. In this multi-local context, Schneider Electric can rebalance its activities across geographies. A strong focus is given to duplicating active R&D, factories, and suppliers in different hubs through a global orchestration, in order to be resilient and flexible when needed.

This setup has proved pertinent as the Group has demonstrated a solid resilience over the past years' crises, from the COVID-19 pandemic in 2020 to the armed conflict in Ukraine in 2022, and the increased decoupling between the United States and China over the last years.

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

2.2 New competitive landscape on energy, technologies, and business models

Risk description

Schneider Electric operates to make the most of our energy and resources, bridging progress and sustainability for all, which attracts new players and creates a new competitive landscape. Indeed, the energy industry is undergoing major transformations and disruptions driven by the following main trends:

- A net-zero world: Pressure on climate change and sustainability call for a change in business practices;
- Resource scarcity and resource security: Increased demand for energy efficiency solutions with necessary acceleration for agility, resilience, transformation, circular and shared economy, and the creation of new business models;
- An All Digital world: ISncreasing influence of digital giants and software players; and
- An All Electric world: Oil majors urged to reduce their impacts on carbon emissions.

In this context, Schneider Electric's competition landscape is evolving, and the Group can now see:

- On one hand, some digital giants, software players, or large companies such as energy majors positioning themselves – directly or indirectly – as providers of energy efficiency, which may compete with the digital services Value Propositions currently developed by the Group.
- On the other hand, more local experts adopted by local markets eager to interact with agnostic solutions and interconnect seamlessly with other players.

It is also noted that the competitive landscape is being shaken by increased challenges for global companies, resulting in:

- Some global companies actively descaling by withdrawing from markets they have been present in for decades;
- Many battles for innovation being won by new and small players backed by venture capitalist money against established large, global firms; and
- Local scale disadvantaged consumer companies gaining share from global scale advantaged players.

Risk monitoring and management

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

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

Schneider Electric also reinforces its offer portfolio with acquisitions or investments in software companies, such as RIB Software in 2020, and OSIsoft with AVEVA in 2021.

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

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

The Group is keen to integrate the best experts or local players in an open architecture with agnostic solutions, to offer a flexible and scalable solution and ensure the best value for users.

2. Trend driven risks

2.3 Supply chain resilience

Risk description

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

Since the onset of the COVID-19 pandemic, constrained labor availability, global shortages of raw materials, and unreliable transportation have challenged suppliers and put pressure on global and regional supply chains across industries. Due to market dynamics, these constraints are still taking time to abate, particularly in electronic components such as semiconductors.

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 can result in damage to assets, disruption to business operations, and human consequences. Extreme weather events do not only threaten Schneider Electric'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, increased costs, and increased working capital requirements. Delays in production and delivery can impact customer experience.

Risk monitoring and management

The Group's supply chain strategy team is responding to the global supply chain crisis to ensure supply chain flexibility and resilience is continually improved.

The Group is working closely with its suppliers and research and development teams to qualify alternate components to support increased demand and improve continuity of supply. Components have been mapped according to risk and business impact. As of end 2022, 75% of electronic ranges related risks are covered by strategic safety stocks, and 8% have been fully contained through a multi-source design. 85% of Electromechanic ranges related risks are covered by strategic safety stocks, and 26% have been fully contained through a multi-source design. Our resilience three-year plan targeting building a redundant network, launched in 2021 and named Power of Two, is progressing as planned and was even enriched with new plans; we have roughly implemented half of our Power of Two resilience plans for logistics and manufacturing and should reach 80% completion in 2023, targeting to have all implemented in 2024.

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.

Energy supply risks in Europe have been assessed and business continuity plans have been anticipated on critical factories and suppliers, while we accelerate move towards net-zero carbon sites and suppliers.

China dependency is continuously reducing through our plans to produce and source 90% of what we sell in the same region. This ratio reached 80% in 2022 and is planned to progress 1 to 2 points per year over the coming five years. While Taiwan dependency remains high on electronics rank 3 supplies, China–Taiwan tensions triggered more focus and acceleration on reducing dependency although this will be a multi-year roadmap.

Leveraging its network of more than 162 factories and 84 logistic centers globally, and network of seven control towers (in each region), the Group is able to monitor global transport reliability, labor availability, and overall market dynamics in real time, adjusting lead times as necessary, while enacting mitigating actions to ensure lead times are as short as possible. All strategic distribution centers will have a ready-to-deliver backup logistic center; as of today business coverage is 50% and will rise to 80% in 2023. Sites prevention plans including cybersecurity practices are fully deployed and monitored centrally.

Teams are empowered to proactively communicate with customers to continue to support them and their operations.

To address the risk of supply chain disruptions caused by extreme weather events, Schneider Electric performed a forward-looking climate risk and vulnerability assessment to identify and price the materiality of physical climate risks that may affect its sites, its extended supply chain, and overall economic activities in different scenarios. This assessment combines a qualitative screening of the acute and chronic climate-related perils to calculate 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 when events occur and minimize business impact.

In addition, an analysis of criticality of industrial sites is performed by independent experts from Global Risk Consulting (GRC), covering areas including interdependency analyses, alternative supply, and time to recover in case of damage. To date, the magnitude of impact is considered "medium to low", and likelihood "as likely as not", however the Group is proactively monitoring this risk.

2.4 Evolution of software and digital services offers

Risk description

Schneider Electric has a strong installed base of IoT devices and connected products. Over the past years, the Group has been increasingly focused on building and selling software and digital offerings that help drive a prescription of offers, and help end-users best utilize offers. In doing both, the Group helps users decarbonize, reduce energy consumption, increase resiliency, and optimize occupancy effort. The whole range of software offering is contained in multiple Divisions. It includes, but is not limited to, a range of advisors and edge control products. The Group is also establishing a range of digital services that are designed to support its end-users and partners with added value such as data as a service, analytics, and cybersecurity.

Major transformation in several areas is impacting the markets in which Schneider Electric operates, including the digitization of the energy industry. In the age of IoT, customers expect ever smarter products with open interfaces enabling them to be tightly integrated into more and more complex software-based solutions and benefit from new services leveraging artificial intelligence and advanced algorithms.

The Group is investing in its digital transformation journey and as such is increasing the share of its digital offers. In 2022, software and digital services had a strong growth. As such, Schneider Electric is focusing on offering more digital services, generating more recurring revenues, and increasing customer retention.

For the Group and its competitors, the market is still fairly new and poses a risk of being partially misunderstood. The needs of the market are still being defined and are rapidly evolving. As a result, while the end goals are fairly clear (e.g., decarbonization), more precise end-user needs are less well-defined; in many cases because the end-users themselves are still maturing their needs.

Consequently, the risk for the Group is double:

- Long-term potential misalignment with end-users needs; and
- Integration of already existing offers, solutions, and roadmaps owned by various Divisions into a comprehensive and customer-relevant portfolio.

Besides the digital offer readiness risks, and as a direct extention, the Group must also pay attention to:

- Challenges in commercialization and selling (cross-selling, simplified offer for effective selling, etc.); and
- Churn prevention.

Risk monitoring and management

Schneider Electric is continuously performing strategic efforts and analysis across its multiple Divisions to better understand the near-term and long-term end-users' needs. Additionally, the transversal communication and collaboration has been dramatically improved. The Group has been focusing on how it leverages existing efforts and platforms to create common approaches and prevent overlaps in offers and solutions. It will focus on this path of continuous improvement, always striving to have a more focused set of offers with less overlap in functionality and more clear value propositions that are therefore easier to differentiate, understand, and sell.

Also, the Group has launched several initiatives including, but not limited to:

- Creation of a new organization dedicated to the growth of digital services with a clear ambition to leverage a robust strategy, a structured offer portfolio, and a segment market approach;
- Monetizing critical connected assets with advanced Advisor offer through installed base, using Artificial Intelligence and algorithms;
- Definition of a consistent connectivity path for partners and direct go-to-market;
- Acceleration of the attachment of digital services from CapEx to OpEx business;
- Animating a business platform (Exchange) to guide expert and local players; and
- Proposing an agnostic solution within a large software portfolio and integrating open standards.

2. Trend driven risks

2.5 Attracting and developing talent with a focus on critical skills

Risk description

The growth of the Group's businesses in markets around the world, the digital transformation, and the rapidly evolving context of the "next normal" requires an increased focus on talent. Shaping the workforce of the future depends on the Group's ability to attract, hire, onboard, develop, and retain the best talent. Critical skills, especially in the areas of technologies, software, services, sustainability, supply chain, quality, and electronics must be prioritized. In addition to critical skills, workforce diversity, equity, and inclusion – especially gender, generation, and nationality/ethnicity – also needs to be a priority to ensure equal opportunities for everyone, everywhere.

Competition for attracting and recruiting talent in a tight labor market is intense, in particular for critical digital and technical skill sets in key markets. Accelerating skill development (upskilling and reskilling) of employees and the development of leaders who can lead transformation and build human connections in a digital world is also necessary to reduce the risk of skill gaps and bring greater organizational agility.

Beyond core programs and initiatives, there is a big focus on the overall sense of purpose, culture, and way of working for employees.

Risk monitoring and management

The Group has a number of initiatives and programs in place to mitigate these risks, anchored in the Group's people strategy, at the heart of which is the Employee Value Proposition, Core Values, and Leadership Expectations. Schneider's approach focuses on the end-to-end talent pipeline from hiring to rewarding to developing for all employees as well as critical talent segments from a workforce size, quality, diversity, and velocity perspective. This systematic approach allows for data-driven monitoring of key gaps and risks. Supporting initiatives and programs include:

- Annual performance and development goal setting and reviews, as well as talent reviews – culminating in year-end reviews of pipeline, succession, diversity, and skills by each entity with the Chairman & CEO and Chief Human Resources Officer. On an ongoing basis, a global pool of high-potential and expert talents at all levels in the organization, is reviewed and managed in context of development and succession. Overall health of the talent attraction and development strategy, leadership pipeline, as well as succession of key people and positions is reviewed monthly with the Executive Committee.
- There is an enterprise focus on accelerating the early-career pipeline by twofold including internships, trainees, apprenticeships, and fresh graduates. Countries (top 10) all have next generation campus partnerships and recruitment programs. Additionally, the Schneider Global Student Experience and the Schneider Go Green annual competition each year attracts thousands of university talents who become part of the Schneider talent community on an ongoing basis.

Additional programmatic initiatives to attract, develop, and engage our key talents include:

- Investing in a new talent acquisition and candidate relationship management platform to manage prospective talents and the hiring processes, providing a seamless digital experience and enabling the Group to compete in the market for top talent. To date, 40 countries are using the system with the remaining countries joining in 2023;
- A 50/40/30 ambition towards gender: 50% of women in hiring, 40% in frontline management, and 30% in leadership (Vice President and above);
- Policies for family leave, pay equity, and flexible "new ways of working", supplemented with a strong program of activities to accelerate the diversity, equity, and inclusion agenda and focus on employee well-being, especially mental health;
- Competitive reward and benefits practices to meet local market needs and attract and retain key talents. This includes Schneider's Worldwide Employee Share Ownership Plan (WESOP) allowing ~80% of all employees to share collectively in the Company's success, and building a stable and sustainable share owner group in the long-run;
- An operating model with ~30 hubs enabling customer proximity, innovation, speed, collaboration, and diversity of talent opportunities;
- Career development focus for all employees, leveraging Open Talent Market for internal mobility and anchored in an annual performance and development review;
- A revamped "Edison" expert program in areas of R&D, digital, supply chain, etc., to support levels of expertise certification and market recognition;
- A global program in support of "all generations" talent development with a particular focus on senior talents and their development and impact on the Company, including knowledge sharing, mentoring, and coaching;
- Upskilling for today and tomorrow with a strong focus on digital skills, technical skills, commercial excellence, and functional expertise, led by global learning academies of experts;
- A collective focus for leaders to disrupt, coach, and collaborate in order to transform culture and build great teams; includes clear criteria for leadership impact and selection/promotion based on skills, experiences, and behaviors; and
- Continuous listening strategy to seek feedback from employees throughout their employment lifecycle.

2.6 Risk related to the environmental performance of the Group

Risk description

Schneider Electric has set ambitious sustainability commitments translated into concrete targets in the Schneider Sustainability Impacts and Schneider Sustainability Essentials programs. The Group is already tackling the reduction of GHG emissions across all three scopes, working on its operations and bringing the value chain along, in line with its ambition to contribute to limiting global temperature rise to 1.5°C.

However, the risk of not meeting the ambition to decarbonize its operations and supply chain exists and could trigger significant financial losses if it materializes. Schneider committed to becoming Net-Zero across its entire value chain, which implies a strong engagement of suppliers to decarbonize Scope 3 upstream emissions and provide to its customers enhanced energy efficient products to reduce its Scope 3 downstream.

As an Impact company with sustainability at its core, failing short on its Net-Zero Commitment, or conveying misleading environmental claims on its sustainability progress and products would expose the Group to greenwashing accusations with potential reputational impacts.

As regulations tackling climate change develop, the Group could see market disruptions in geographies where it operates as well as where its supply chain is located. Schneider considers the possible financial impacts of future carbon pricing on its extended value chain.

Risk monitoring and management

Regarding Schneider's offers, 100% of new products are eco-designed, meaning that they are optimized to deliver environmental performance throughout their lifecycle. In addition, the Group has developed the Green Premium™ label, a unique sign of its commitment to compliance, transparency, and sustainability performance. Today, more than 80% of Schneider's product sales come from Green Premium products. Finally, notification systems are set in place to understand external sustainability perceptions and guidelines are defined to ensure alignment between product characteristics and marketing communications.

2.7 Natural resource crises: Shortage of resources used in Schneider Electric's products or in manufacturing

Risk description

Schneider Electric is dependent on natural resources in both its operations and product offerings.

As a discrete manufacturing company, the Group is subject to business disruption risk due to energy security of supply. Electrification megatrends are increasing competition to access some raw materials critical for those new businesses. 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 IEA.

While water consumption is not generally a critical resource for the Group due to its activities, Schneider fully realizes the importance of water in local communities, especially those that are located in water-stressed areas.

Changing economic trends, lack of access and overexploitation can result in shortages of natural resources within the Group's operations and its value chain. This subjects the Group to 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

Business disruption due to energy supply is taken into account in the Global Supply Chain STRIVE initiative and covered by the Group's Property Damage and Business Interruption program at site level.

In addition, Schneider leverages the power of its EcoStruxure™ architectures to deliver energy savings in factories, distribution centers, and offices. These smart solutions enable offices to actively develop occupancy and facility management strategies to keep energy consumption to a minimum, while improving employee experience and comfort.

The Group is also accelerating the installation of on-site solar panels which, coupled with EcoStruxure™ metering and power architectures, are further reducing Schneider Electric's risk of business disruption due to energy supply.

Water risks are assessed as a standalone issue, and the global water-risk assessment covers all industrial sites above 50 Full-Time Equivalent (FTE) employees and all service sites above 500 FTE employees. All these sites are certified ISO 14001, and water-risk is also considered in their environmental risk analysis. The Group's latest water-risk global study was performed in June 2022, covering 271 sites globally. This assessment is carried out every year as Schneider monitors its sites that are in water-stressed regions. The Group has set the ambition that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025 (SSE #11).

2. Trend driven risks

2.7 Natural resource crises: Shortage of resources used in Schneider Electric's products or in manufacturing (continued)

The Group approaches the 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.

3. Management practice risks

3.1 Data residency

Risk description

The last decades have seen a sharp increase in globalization trends coupled with an acceleration of digital transformation. The advent of cloud-based infrastructure and SaaS offers have decreased time to market and increased global reach. However, while the importance of the data economy as an enabler for wealth and progress has been acknowledged by many governments who realize the benefits of the new trend, they have been observing with some apprehension the concentration of their citizens' and enterprises' data in just a handful of infrastructure players.

The clash of the technological trends with the geopolitical dynamics have therefore spawned a new breed of regulations aiming at extending the physical borders to the digital world. Such regulations are aiming at restricting either the flow of certain categories of data and/or their localization, and while referred to with different nomenclature such as Data Sovereignty, Data Localization, and Data Residency, they are for all intents and purposes data protectionist laws.

Schneider Electric, being a global player that has been pursuing a strategy of shareholder value through efficiency of its global processes and availability of global offers, is exposed to such regulations across the globe, with a risk of increased cost due to possible redundant infrastructure, reduced management oversight, and degradation of its global customer service experience. The risk is exacerbated by a lack of technology players that would be able to respond globally to such challenges and by the unavoidable inconsistency of regulations across different jurisdictions, however, the latter is not specific to just data residency regulations.

Risk monitoring and management

Schneider Electric has established an "early warning system" that monitors emerging digital policies bearing a potential impact to the Company; each regulation (policy) is qualified with a flashcard highlighting its type (e.g., data, digital, electronic), characteristics (e.g., jurisdiction, scope, type of controls), and high-level impact. All the policies are followed in their approval trajectory and close to the enforcement date the necessary small and medium-sized enterprises (SMEs) are called upon to start to translate the legislation requirements into internal policy, procedures, and internal controls (KICs) to be implemented and operated in the relevant geographies and functions.

Specific to the data residency laws, attention is dedicated to the analysis of the internal and external data flows that are crossing the borders of the in-scope countries in terms of their payload, their purposes, and their security (commonly known as Transfer Impact Analysis), which informs a technological decision on whether to localize processing application and/or data storage facilities.

Frequently, a description of the flows is also required by the regulator as part of a formal approval process to export data, along with an obligation to monitor the changes that could potentially affect the flows and their integrity (e.g., data breach). Schneider has capitalized on the experience built in responding to substantial regulations such as GDPR in the European Union, and has successfully leveraged set capabilities, like process registry, in recent instances of data residency such as PIPL in China.

3.2 IT systems management

Risk description

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

Significant failure in fulfilment by a service provider or a major network outage, hardware, and/or system failure could adversely affect the quality of service offered by Schneider Electric. In addition, the provision of safe and secure foundational information systems is critical to the ongoing expansion of digital offers and customer interactions. As the Group moves towards more digital offers, services, and software, the variety of legacy systems makes it harder and more complex to evolve and scale.

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

Risk monitoring and management

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

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

- Enterprise Resource Planning (ERP) transformation and the evolution of the Group's financial systems to prepare for digital offers;
- Elimination of legacy IT applications and associated hardware to simplify the landscape and mitigate risks linked to obsolescence; and
- Build and operate regional colocation (third parties) for high availability in an effort to ensure the sustainability of the IT landscape with ongoing focus on business continuity and disaster recovery planning for hardware and software.

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

In 2022, the Group continued to reduce legacy IT applications through a dedicated "Technical Debt Reduction" program as well as a new program to ensure hardware resiliency for future years (hardware as a service).

3.3 Pricing strategy

Risk description

In 2022, raw material and foreign exchange rate fluctuation continued to impact the Group's cost base, as well as contributing to an increase in freight rates and a shortage of components worldwide. Such fluctuations, if not offset by tactical pricing decisions in compliance with national and international laws, can negatively impact the Group's profitability. The Group followed suit in overcoming these cost impacts by reacting adequately over the cycle. In addition, our strategic Pricing program contributed to a substantial amount.

Pricing risk is expected to persist in 2023 as the Raw Material Inflation (RMI) trend has slowed down and it may be harder to set prices in proportion to energy and labor inflation. Adding to that, accumulated backlog could pose a risk in the prospect of cancellations, which would lead to a substantial threat on price achievement. The ability to improve supply capacity faster than competitors will play an important role for the Group's pricing power.

Risk monitoring and management

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

3.4 Key risks and opportunities

2022 Specific events – Russia – Ukraine

As a consequence of the hostilities, which commenced at the end of February, 2022, between Russia and Ukraine, and the unstable geopolitical situation, the Group has seen several direct and indirect impacts on its employees, stakeholders, and business. Continuous risk identification, assessment, and mitigation is being performed. It focuses, first, on the humanitarian aspects including the support provided by the Group to the Group employees and their families. Further, it encompasses, in no particular order: the financial and operational impacts resulting from sanctions and counter-sanctions, the cybersecurity increased threats on both the Group assets and its customers' safety and products, and the potential unavailability or loss of critical suppliers.

The Group has been winding down its presence in Russia, in particular via the divestments of Schneider Electric Russia.

The Group resilience strategy in place allows Schneider Electric to absorb the interruption of Ukraine and Russia factories and the supply chain due to a regional or global need. The systems and processes in place make it possible to reallocate customer orders to other active geographies. In addition, the duplication of suppliers and the analysis and anticipation systems limit the impact of the crisis on our orders.

3.5 Insurance

Schneider Electric transfers high severity, low frequency risks to leading insurance companies. The Risk and Insurance department reviews the current pricing and coverage conditions of the external insurance market in implementing the most efficient insurance program.

These policies are arranged on a global basis for all Group subsidiaries over which Schneider Electric has operational control. These policies are in all countries where the Group operates and are compliant with local regulations. All insurance companies used by Schneider Electric must meet certain credit and security requirements.

All insurance policies have aggregate limits determined based upon loss scenarios and available capacities on the market. However, there is the risk that an extreme claim could exceed the amount of insurance purchased.

The insurance policies that are purchased cover varying exposures including, but not limited to:

- General liability risks arising from events where the Group is liable for damages to a third party as a result of the activities of its people or its products;
- Property damage and business interruption resulting from an insured risk such as fire, flood, or earthquake at a Group site or, to a lesser extent, a customer or supplier location;
- Risks associated with the transportation of assets by land, sea, or air;
- Damage to equipment being installed at customer locations or construction sites;
- Risks arising from data breaches and attacks on IT systems;
- Local compulsory policies for employee safety and automobiles;
- Liabilities of Executive Directors and Corporate Officers;
- Environmental risks; and
- Emergency assistance and repatriation for employees travelling.

Insurable risk mitigations

The Group identifies and measures the impact of the main insurable risks with a view to reducing or eliminating their impact.

- In order to minimize the risks of damage and protect our production capacity, protection standards (including for the sites managed by third parties) are defined, and main industrial sites are audited by an independent loss prevention company with a process to action any recommendations from these audits.
- Business continuity plans are implemented, reviewed, and tested, in particular for the Group's main sites and critical suppliers. These plans are developed to identify internal alternative manufacturing and storage solutions to reduce the disruption to the business.
- Crisis management tools are implemented in conjunction with the Group's Global Security department. These are tested on a systematic basis. Regular exercises are performed to identify areas for improvement.
- Hazard and vulnerability studies are carried out to protect our people and our equipment.
- For transportation risks, the lessons learned from losses are communicated across the Group to improve the risk management of shipments and the Insurance department liaise closely with Logistic and Planning teams to minimize incident impact.
- Employee safety and a safe work environment are priority topics at all site management meetings. Safety training for new employees combined with regular reviews ensure continuous learning and improvement in the recognition and elimination of hazards.

Self-insurance

As part of the overall insurance strategy the Group self-insures certain risks through two captive insurance and reinsurance companies located in Europe and North America.

Examples of the policies reinsured by the Group, include property damage and business interruption, general liability, and transportation.

The total amount retained for these risks is capped at €20 million (except for USA and Canada).

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

The Group assumes a deductible at a site/entity level – though this is not regarded as self-insurance.

Cost of insurance programs

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

4 Corporate governance report

Vice-Chairman & Lead Independent Director's introduction

Dear Shareholders,

2022 was a strong year with record revenues, profitability, and net income despite the many challenges confronting businesses around the world. This led the Board to propose a dividend of €3.15 per share; making 2023 the 13th consecutive year of dividend growth. The Board is also proud of the progress made in the second year of the ambitious 2021–2025 Schneider Sustainability Impact program as the Company scored 4.91 against a target of 4.70, in accordance with the Board's commitment toward sustainability and our wish to be an Impact company. These strong results, achieved amidst ongoing headwinds, are testament to the success and robustness of the strategy implemented for the last 20 years under the leadership of Jean-Pascal Tricoire, Chairman & CEO.

After two decades where Jean-Pascal Tricoire has led the strategic transformation of the Group and further to his wish to step down as CEO as of May 3, 2023, the time has come for a change of governance at the head of the Company. In accordance with the intention disclosed in 2021, the Board of Directors has decided to separate the functions of Chairman and Chief Executive Officer.

Peter Herweck who was the CEO of AVEVA, will succeed Jean-Pascal Tricoire as CEO on May 4, 2023, becoming responsible for the general management of Schneider as the sole executive corporate officer. Over the last four years, the Governance & Remunerations Committee, under the guidance of the Board of Directors, has conducted a comprehensive and robust succession planning process to propose a successor for the role of CEO. Several high-quality candidates were considered. Peter Herweck's level of global operational experience, technology and software acumen, skills and personal qualities were assessed by the Board as being particularly in line with the Group's strategy. His appointment was unanimously approved by the Board of Directors with Jean-Pascal Tricoire's full support.

At the unanimous request of the Board of Directors, who want to retain the benefit of his extensive experience, Jean-Pascal Tricoire will remain as Chairman. On behalf of the Board, I express our deepest thanks to Jean-Pascal Tricoire for the transformation of the Group in scale, performance, purpose and capability. His many achievements include the repositioning of Schneider Electric as a leader in the fields of digitization, electrification and sustainability, as well as building a distinctive culture and management system based on a meaningful and inclusive mission and the empowerment of people. This robust foundation has made Schneider Electric future-ready and the Board of Directors is confident in the continued success of the Group in the coming years, which will continue to be supported by Jean-Pascal Tricoire in his role as Chairman.

This change of governance will go alongside a new set up of the Committees and a reorganization of the powers of each corporate body. A Governance, Nominations & Sustainability Committee will be created and will focus on matters considered to be central to the work of the Board, including governance, succession planning of Board members, Corporate Officers and Executive Committee members, and Sustainability. A separate Human Capital & Remunerations Committee will oversee all topics related to the compensation of the employees, Executive Committee members, as well as Corporate officers and Board members. The Chairman of the Board will be entrusted with extended powers and missions beyond those provided for by law to put his experience at the Company's service. Further to this, my own powers, as Vice-Chairman & Lead Independent Director, will now include the ability to request that the Chairman of the Board of Directors call a meeting of the Board of Directors to discuss a given agenda.

During the year, the Board continued to improve and reinforce its composition, and invites you to support, at the Shareholders' Meeting, the appointment of two new Independent Directors. Abhay Parasnis, a US citizen, is Adobe's former Chief Technology Officer and Chief Product Officer and serves on the Board of Directors at Dropbox. He will bring to the Board his remarkable technology and digital skills, especially his experience in cloud transition and in SaaS transformation, as well as his spirit of innovation and reinvention. Giulia Chierchia, an Italian and Belgian dual citizen, is currently Executive Vice-President of Strategy, Sustainability and Ventures at BP. She will bring to the Board her expertise in Sustainability and the energy sector, in particular, her experience in energy transition strategy in large companies with a global approach including strategy, sustainability, capital allocation and ventures. I also invite you to renew the terms of office of Léo Apotheker, Gregory Spierkel, and Lip-Bu Tan, all of whom bring many complementary skills to the Board.

Throughout 2022, I had the opportunity to discuss our compensation policy and practices by engaging with many of Schneider Electric's shareholders, as well as investor representative bodies. For 2023, the compensation policies proposed by the Board reflect the Group's governance change. Considering that Jean-Pascal Tricoire is stepping down as CEO on May 3, 2023, the Board decided not to increase his fixed remuneration for the period from January 1, 2023 until May 3, 2023 and to maintain his compensation policy broadly in line with that applied in 2022. When positioning the fixed compensation of Jean-Pascal Tricoire as Chairman for the period beginning on May 4, 2023, the Board used an in-depth study of industry practices for compensation and also took into account the specific missions assigned to him by the Board. In designing the remuneration policy applicable to the new CEO, the Board wished to maintain an overall stability in the existing compensation structure which has evidently driven positive behavior. It appears balanced, provides market competitive pay, and ensures a strong link between pay and performance. The policy also provides strong alignment with both employees and shareholders, as well as a focus on the long-term. The Board also took into account shareholders' feedback and proposed some adjustments, such as (i) the review of the targeted amounts for the different components of the compensation which will lead to a decrease of the on-target global remuneration opportunity by 23% compared to the previous Chairman & CEO remuneration policy, (ii) the strengthening of the performance targets linked to the involuntary severance indemnity, and (iii) the inclusion of a clawback provision. We hope that these proposals which appear balanced and fair will receive your support.

Further to this letter, I invite you to read the governance and compensation report and notice of meeting which provide more details on the resolutions you are asked to approve at the 2023 Shareholders' Meeting. We look forward to a successful AGM and sincerely hope that many of you will take part in the Company's decisions by voting on the resolutions, attending physically, and expressing your views during the Q&A session.

Thank you for your support and your trust,

Fred Kindle
Vice-Chairman & Lead Independent Director

A new governance effective on May 4, 2023

In accordance with the intention of the Board of Directors announced in 2021 to separate the functions of Chairman and Chief Executive Officer, the Board, at its meeting of February 15, 2023, has decided to implement a new governance structure that splits the office of Chairman from that of Chief Executive Officer as of May 4, 2023:

- Mr. Peter Herweck who was Chief Executive Officer of AVEVA, will succeed Mr. Jean-Pascal Tricoire as Chief Executive Officer of Schneider Electric, becoming responsible for the general management of the Company, as the sole executive corporate officer;
- Mr. Jean-Pascal Tricoire will remain as Chairman, at the unanimous request of the Board of Directors who wants to retain the benefit of his experience in significantly and successfully transforming the company over the past 20 years.

Roles and Responsibilities

Chairman

- Organizes and directs work of Board, presides over AGMs
- Supports the Company in its high-level relations with select stakeholders (notably in Asia), in coordination with CEO
- Promotes Company's values and culture in particular in relation to Environmental, Social and Governance
- Advises CEO, notably on strategic, human capital and leadership development matters

Vice-Chairman & Lead Independent Director

- Consulted by the Chairman on agenda and sequence of events for Board meetings
- Has the ability to require that the Chairman convene a Board meeting
- Deals with any possible conflicts of interest
- Carries out annual assessments of the Board

Chief Executive Officer

- Has sole authority to bind the company toward third parties
- Defines and proposes the Strategy
- Manages the Company
- Runs the Business
- Develops human capital and leadership

Mr. Peter Herweck, incoming Chief Executive Officer

"Passionate about technology driving efficiency and sustainability, allowing both progress and decarbonization."

- Multi-decade industry experience in Energy Management and Industrial Automation
- Technology focus – digital and software
- Diverse, cross-cultural mindset derived from leading teams in both mature and emerging markets

Biography

Mr. Peter Herweck joined Schneider Electric, where he successfully led the global Industrial Automation Business, in 2016 before being appointed as Chief Executive Officer of AVEVA.
Mr. Peter Herweck started his career as software development engineer with Mitsubishi in Japan, later joining Siemens, where he held several executive positions in Automation, Power Distribution and Building Technologies, before becoming Chief Strategy Officer. Mr. Peter Herweck has a diverse, cross-cultural mindset, derived from leading teams in both mature and emerging markets. His passion for technology driving positive progress in term of energy efficiency for the world makes him a great candidate for the role of Chief Executive Officer of Schneider Electric.

Timeline

2021	**AVEVA** Chief Executive Officer, Switzerland & UK
2016–2021	**Schneider Electric** Executive Vice President, Industrial Automation, Switzerland
1993–2015	**Siemens** Executive Positions in Automation, Power Distribution and Building Technologies & Chief Strategy Officer, China, USA, Germany
1991–1993	**Mitsubishi Electric Corp** Software Development Engineer, Japan
1987–1991	**Electrical Engineering** Metz University, France & Fachhochschule des Saarlandes, Germany
1982–1987	**Electrician** Stadtwerke Saarbrücken, Germany
1966	Born in Germany

4.1.1 Framework for the implementation of Corporate Governance Principles

4.1.1.1 Reference to the AFEP-MEDEF Code

The Company refers to the AFEP-MEDEF Corporate Governance Code, the latest version of which was updated on December 20, 2022. The Company complies with all the recommendations contained in the AFEP-MEDEF Corporate Governance Code which may be consulted online at http://www.medef.com/.

In accordance with the provisions of Article L. 225-37, paragraph 6 of the French Commercial Code, this chapter constitutes the specific section of the Management Report on corporate governance and reports on the following, in particular:

- The Board's composition and application of the principle of balanced gender representation on the Board;
- The ways in which the Board's work is prepared and organized;
- The remuneration policy for Directors and Corporate Officers;
- Information relating to the remuneration and benefits of any kind for Directors and Corporate Officers during the previous financial year pursuant to Article L. 22-10-9 of the French Commercial Code; and
- Limitations placed by the Board of Directors on the powers of the Chief Executive Officer.

The other information included in the section of the Management Report dedicated to corporate governance is published in Chapter 7 of this document, specifically:

- The table summarizing the outstanding delegations relating to share capital increase and decrease granted by the Annual Shareholders' Meeting (see section 7.2.3 "Authorizations to issue and cancel shares" of this Universal Registration Document);
- The special rules for shareholder participation in the Annual General Meeting or the provisions of the Articles of Association providing for these rules (see sections 7.4.1 "Annual Shareholders' Meetings" and 7.4.2 "Voting rights" of this Universal Registration Document); and
- The elements with the potential to have an impact in the event of a public offer for the purchase or exchange of the Company's securities (see section 7.4.8 "Publication of information of Article L. 22-10-11 of the French Commercial Code" of this Universal Registration Document).

4.1.1.2 Governance structure

Schneider Electric is being governed through a model considered by the Board of Directors to be best suited to the Company's culture, and specificities, with the ambition to constantly improve its effectiveness. The structure responsible for the General Management of Schneider Electric has always been selected in the best interest of the Company and its stakeholders, with the objective that the corporate governance model will support the optimization of the Group's financial and sustainability performance, create the most favorable conditions for the Company's long-term development, respect the rights of Shareholders, and maintain the necessary balance of powers between the different governance bodies.

In 2013, after a period of 7 years (2006 to 2013) in which the duties of Chairman of the Supervisory Board and those of Chairman of the Management Board were separated to ensure a smooth transition from Mr. Henri Lachmann to Mr. Jean-Pascal Tricoire, the Board of Directors decided to change the governance structure and appoint Mr. Jean-Pascal Tricoire as Chairman of the Board of Directors and Chief Executive Officer.

The Board regularly reviewed its structure and its functioning throughout since then. In accordance with the wishes of M. Jean-Pascal Tricoire to step down as Chief Executive Officer during his current term of office, alongside the intention of the Board of Directors to separate the functions of Chairman and Chief Executive Officer, the Board decided on February 15, 2023 to implement a new governance structure that splits the office of Chairman from that of the Chief Executive Officer.

4.1.1.2.1 Governance structure as of May 4, 2023

Succession planning process

As publicly stated in 2021, when Mr. Jean-Pascal Tricoire's office as Director was coming to an end, the Board decided to renew Mr. Jean-Pascal Tricoire's board mandate for a further four-year term. The Board of Directors considered his performance as both Chairman & CEO to be outstanding and the combination of roles to be appropriate when considering his profile, excellent track record within the Company, and his openness to both Board Member recommendation as well as the governance mechanisms in place to safeguard the balance of power between the Board and the management. The Board also confirmed that it understood and acknowledged the general preference of investors for a clear distinction between the roles of Chairman and Chief Executive Officer, and, therefore, announced its intention to separate the roles of Chairman and Chief Executive Officer before the end of M. Jean-Pascal Tricoire's upcoming 4 years term.

Over the last four years, the Governance & Remunerations Committee, under the guidance of the Board of Directors, has conducted a comprehensive process to propose the most appropriate governance structure for the Company, and succession plan for the role of Chief Executive Officer. The work of the Governance & Remunerations Committee intensified in 2021 and 2022, driven by the ambition to preserve Schneider Electric's fundamental values, the Group and its Shareholders' interests, as well as the continuity of the strategy.

The Governance & Remunerations Committee met 27 times between 2020 and early 2023, following an in-depth succession plan process:

- identification of the required skills and qualities most suited to the Group's future challenges;
- initiation of an external assessment of the Executive Committee members;
- selection of top potential candidates of both genders, based on their respective careers and achievements in their managerial responsibilities;
- evaluation of potential candidates internal and external;
- resolution to favor internal candidates and further examine their suitability for the role;
- further evaluation with closer exposure to the Board and its strategic priorities;
- final selection of the new Chief Executive Officer.

The Committee led each of these steps which were then presented to the whole Board for discussion and validation.

When identifying the key skills required to take over the Chief Executive Officer function, the Board, on top of global managerial skill in complex environment, global knowledge of the industry Schneider Electric operates in, considered essential:
- understanding of technology, in particular digital and software;
- engagement on Sustainability and climate change;
- commitment to keep building the Schneider's advantage in terms of globality (multi-Hub differentiated model) and diversity (strong commitment to diversity and inclusion);
- ability to imagine, initiate and drive radical transformations to accelerate the implementation of the strategy;
- resilience and courage to face complex situations.

Pursuant to this process, the Board has unanimously decided that Mr. Peter Herweck who was Chief Executive Officer of AVEVA, will succeed Mr. Jean-Pascal Tricoire as Chief Executive Officer of Schneider Electric on May 4, 2023 at the date of the Annual General Meeting. Mr. Peter Herweck joined Schneider Electric in 2016, where he successfully led the global Industrial Automation Business, before being appointed as Chief Executive Officer of AVEVA in 2021. He started his career as software development engineer with Mitsubishi in Japan, later joining Siemens, where he held several executive positions in Automation, Power Distribution and Building Technologies, before becoming Chief Strategy Officer. Mr. Peter Herweck has a diverse, cross-cultural mindset, derived from leading teams in both mature and emerging markets.

His level of global operational experience, technology and software acumen, skills and personal qualities as well as his passion for technology driving positive progress for the world, were assessed by the Board as being particularly in line with the Group's strategy making him the best candidate for the role of Chief Executive Officer of Schneider Electric. Mr. Peter Herweck will become responsible for the general management of the Company, as the sole executive corporate officer.

Mr. Jean-Pascal Tricoire will remain as Chairman of the Board, at the unanimous request of the Board members who want to retain the benefits of his experience at the Company's helm in significantly and successfully transforming Schneider Electric over the past 20 years. The Board believes his commitment to promoting the Group's culture and values, his governance expertise founded on transparency, and the close ties built with all Company's Stakeholders will be highly valuable for the Company. His many achievements include the repositioning of Schneider Electric as a leader in the fields of digitization, electrification and sustainability, and building a distinctive culture and management system based on a meaningful and inclusive mission and the empowerment of people.

As a consequence of this change of governance, the internal regulations of the Board were amended on February 15, 2023 to be effective as of May 4, 2023 with several key changes:

Key amendments of the Board Internal Regulations	
Power of the Chairman of the Board	The Chairman of the Board will be entrusted with additional powers and missions of those provided for by the Law for which he shall organize his activities so as to ensure his availability and put his experience at the Company's service.
Power of the Vice-Chairman & Lead Independent Director	The Vice-Chairman & Lead Independent Director will be empowered to request that the Chairman of the Board of Directors call a meeting of the Board of Directors to discuss a given agenda, or to add such an agenda item to an already scheduled Board of Directors.
Power of the Chief Executive Officer	Under French Law, the Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company. The internal regulations will be amended to review the key major decisions for which the Chief Executive Officer shall request a Board's prior approval.
Evolution of the set-up of the Committees	Two new Committees will be created: • a Governance, Nominations & Sustainability Committee; • a Human Capital & Remunerations Committee. They will replace the previous Governance & Remunerations Committee and the Human Resources & CSR Committee. From May,4, 2023, all topics related to the compensation either of the employees or the Executive Committee members or Corporate officers and Board members will be overseen by the Human Capital & Remunerations Committee. The Governance, Nominations & Sustainability Committee will focus on governance, succession plan of Board members, Corporate Officers and Executive Committee members and Sustainability matters, which the Board considers to be central to all governance matters.

Roles and duties of the Chairman of the Board (as of May 4, 2023)

The Board of Directors shall elect a Chairperson amongst its members which shall be appointed for a period that can be no longer than his/her term of office as a Director. The Board shall deliberate once a year on the opportunity for the Chairperson to pursue his/her functions. The Chairperson is eligible for re-election. He/she may be removed from office by the Board of Directors at any time.

The Board decided on February 15, 2023 that M. Jean-Pascal Tricoire will remain as Chairman of the Board from May 4, 2023.

In addition to his statutory missions, the Chairman of the Board will be entrusted with additional powers and missions for which he shall organize his activities so as to ensure his availability and put his experience at the Company's service.

Missions of the Chairman of the Board of Directors	
Statutory missions of the Chairman of the Board of Directors	• to organize and direct the work of the Board; • to convene the Board meetings, determine the agenda and preside over the meetings; • to request any document or information necessary to help the Board of Directors for the preparation of its meetings and verify the quality of the information provided; • to oversee the proper functioning of the Company's bodies and makes sure, in particular, that (i) the Directors are able to carry out their assignments, (ii) the Board of Directors is well organized, in a manner conducive to constructive discussion and decision-making and (iii) the Board of Directors devotes an appropriate amount of time to issues relating to the future of the Company and particularly its strategy; • to preside over general shareholders meetings and report on the Board work to the annual general shareholders' meeting.
Additional missions entrusted to the Chairman of the Board	• to be kept regularly informed by the Chief Executive Officer of significant events and situations relating to the business of the Group (including the Company's strategy, major acquisition or divestment projects, significant financial transactions, risks, major community projects and the appointment of the most senior executives of the Group) and to be consulted by him on these matters; • to assist and advise the Chief Executive Officer on strategic, technological, leadership and human capital matters; • to support, in coordination with the Chief Executive Officer, the representation of the Company in high-level relations with selected stakeholders (customers and institutions); • to represent the Company with selected Asian Partners and Asian government bodies in coordination with the Chief Executive Officer; • to be involved in some dialogue with shareholders in cooperation with the initiatives taken in this respect by the Chief Executive Officer; • to promote the Company's values and culture in particular in relation to Environmental, Social and Governance; • to meet with Company's leaders and managers; • to hear the statutory auditors and the heads of the control functions in order to ensure that the Board and its committees are in a position to carry out of their duties; • to convene the members of the Board without Executive Directors being present, in particular to allow debates on the performance and compensation of the Executive Management and succession planning; • to participate to the recruitment process for new directors and the development of the succession plan; • to work with the Board on the preparation and implementation of succession plan(s) for the corporate officer(s).

The Chairman of the Board strives to develop and maintain a trustful and regular relationship between the Board and the General Management, in order to guarantee continuous, ongoing implementation by the General Management of the strategies defined by the Board. In all his/her assignments other than those conferred by law, the Chairperson of the Board of Directors acts in close conjunction with the Chief Executive Officer, who has sole responsibility for the general and operational management of the Company.

The Chairperson of the Board of Directors is the only person authorized to speak on behalf of the Board, with the exception of any specific assignment entrusted to the Vice-Chairperson & Lead Independent Director pursuant to the dialogue with shareholders.

Roles and duties of the Vice-Chairman of the Board (as of May 4, 2023)

The Board of Directors may appoint a Vice-Chairperson. If the roles of Chairperson and Chief Executive Officer are combined or if the Chairperson is not considered as independent according to the AFEP/MEDEF Corporate Governance Code, the appointment of a Vice-Chairperson is compulsory. The Vice-Chairperson shall be appointed for a period that may not be any longer than his/her term of office as a Director. The Vice-Chairperson is eligible for re-election. The Vice-Chairperson may be removed from office by the Board of Directors at any time.

The Board decided on February 15, 2023 that, as M. Jean-Pascal Tricoire will remain as Chairman of the Board on May 4, 2023 and he will not be considered as independent with regard to the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code, Fred Kindle will pursue his mission as Vice-Chairman & Lead Independent Director.

The Vice-Chairman shall preside over Board meetings in the absence of the Chairman. The Vice-Chairman shall be called upon to replace the Chairman of the Board of Directors in the event of any temporary inability of the latter to fulfill his/her functions or in the event of death. In the event of the Chairman's inability to fulfill his/her functions, he will be replaced by the Vice-Chairperson as long as his inability may last and, in the case of death, until the election of a new Chairperson.

The Vice-Chairman may also take on the role of Lead Independent Director. The Vice-Chairperson & Lead Independent Director must be an independent member of the Board, as defined in accordance with the criteria published by the Company. In this respect, the powers and missions of the Vice-Chairperson are as follows.

Mission of the Vice-Chairman & Lead Independent Director

- to be kept informed of major events in Group life through regular contacts and meetings with the Chairperson and the Chief Executive Officer;
- to be consulted by the Chairperson on the agenda and the sequence of events for every Board meeting as well as on the schedule for Board meetings;
- to request that the Chairperson of the Board of Directors include additional items on the agenda of any meeting of the Board of Directors;
- to request that the Chairperson of the Board of Directors call a meeting of the Board of Directors to discuss a given agenda;
- to convene – whenever he/she deems appropriate - an executive session with non-executive members of the Board of Directors and without the Chairperson attending, over which he/she will preside. It is the Vice-Chairperson's responsibility to appreciate for each topic discussed whether the employee Directors should leave the meeting until the topic is closed. In addition, the Vice-Chairperson may convene an executive session between two Board meetings;
- to promptly report to the Chairperson on the conclusions of executive sessions held without the Chairperson attending;
- to draw the attention of the Chairperson and of the Board of Directors to any possible conflicts of interest that he/she may have identified or which may be reported to him/her;
- to meet if he so wishes the Group's leading managers and visit Company sites in order to complement his/her knowledge;
- to carry out annual assessments of the Board of Directors and, in this context, assess the actual contribution of every member of the Board to the Board's activities;
- to report on his/her actions at annual general shareholders' meetings;
- to engage with shareholders on governance matters and inform the Board of their concerns.

Roles and duties of the Chief Executive Officer (as of May 4, 2023)

According to the French law, the Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company. The Chief Executive Officer represents the Company in its relationship with third parties. He exercises his powers within the limitations of the corporate purpose, and subject to any powers expressly attributed by law to the Shareholders' Annual General Meeting and Board of Directors.

The Board has unanimously decided on February 15, 2023 that Mr. Peter Herweck, will be appointed as Chief Executive Officer of Schneider Electric on May 4, 2023.

Limitation of powers of the Chief Executive Officer

The Chief Executive Officer will be requested to obtain the Board's prior approval for:

- all disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than 250 million euros;
- significant changes to the scope and portfolio of activities outside of the strategy shared with the Board of Directors;
- establishment of significant strategic alliances;
- any settlement for a sum of more than 125 million euros;
- any off-balance sheet commitment in excess of 125 million euros other than those relating to a guarantee given to an entity of the Group;
- major and very significant changes to the Group's internal organization.

Roles and duties of the Board of Directors (as of May 4, 2023)

The Board of Directors shall determine the business strategy of the Company and monitors its implementation, in accordance with its corporate interest and while considering its social and environmental aspects. Subject to the powers expressly conferred to annual general shareholders' meetings and within the limit of the corporate purpose, it shall deal with all matters regarding the smooth running of the Company and settles issues concerning the Company. At any time in the year, the Board carries out the controls and verifications it deems appropriate.

In accordance with its provisions, the Board of Directors' responsibility include additional missions in addition to the exercise its legal or statutory duties.

4.1 Governance Report

Mission of the Board of Directors	
Statutory missions the Board of Directors	• to determine the method of exercising General management of the Company; • to appoint Executive Corporate Officers, remove them from office and to set their remuneration and the benefits granted to them; • to co-opt Directors whenever necessary; • to distribute Directors' remuneration allocated at the annual general shareholders' meeting amongst members of the Board of Directors; • to convene general shareholders meetings; • to approve statutory and consolidated financial statements; • to decide on the dates for the payment of dividends and any possible down-payments on dividends; • to draw up management reports and reports for annual general shareholders' meetings; • to draw up management planning documents and the corresponding reports; • to draw up the corporate governance report as provided for in Article L.225-37 of the French Commercial Code; • to decide on the use of the delegations of authority granted at annual general shareholders' meetings, more particularly for increasing Company capital, redeeming the Company's own shares, carrying out employee shareholding operations and cancelling shares; • to grant options or restricted/performance shares within the limits of authorizations given at annual general shareholders' meetings; • to authorize the issue of bonds; • to authorize the issue of sureties, endorsements and guarantees; • to authorize regulated agreements (agreements covered by Article L.225-38 and following of the Commercial Code); • to implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective.
Additional missions of the Board of Directors	• to give prior authorization for: (i) all disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than 250 million euros; (ii) significant changes to the scope and portfolio of activities outside of the strategy shared with the Board of Directors; (iii) establishment of significant strategic alliances; (iv) any settlement for a sum of more than 125 million euros; (v) any off-balance sheet commitment in excess of 125 million euros other than those relating to a guarantee given to an entity of the Group; (vi) major and very significant changes to the Group internal organization; • to be informed by its Chairperson or by its committees of any significant event concerning the Company's efficient operation; • to be informed about market developments, competitive environment and the most important challenges the Company has to face, including in the area of social and environmental responsibility; • to review, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly and to that end receive all information necessary to fulfil its remit, especially from the Chief Executive Officer; • to seek assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will respond and recover from any attack that may happen; • to ensure that a process to prevent and detect bribery and influence peddling is in place; • to exercise control over management and oversee the quality of information provided to shareholders and to the markets, in particular via the financial statements or on the occasion of major corporate transactions; • to review every year its composition, its organization and its mode of operation; • to set up an Audit & Risks Committee on the terms specified by law and any other committees (i) which do not have decision-making powers but have the task of providing all useful information for the discussions and decisions which it is called upon to make, (ii) which composition and rules with regard to their modus operandi is determined by the Board; • to be consulted prior to acceptance by the Chief Executive Officer or Deputy Chief Executive Officers, if any, of any corporate appointment in a listed company outside the Group; • to appoint a Vice-Chairperson if the Board is compelled or wishes to do so; • to appoint up to three Board Observers if the Board wishes to do so; • to determine targets in terms of gender balance within the executive bodies and ensure that the Executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced gender representation on the executive bodies.

New set-up of the Board Committees (as of May 4, 2023)

As of May 4, 2023, the Board's Committee will be as follows.

Governance, Nominations & Sustainability Committee

6	80%	17%
Members	Independent Directors*	Women**

Memberships	• Jean-Pascal Tricoire (Chairman) • Leo Apotheker • Fred Kindle • Linda Knoll • Anders Runevad • Greg Spierkel The Chief Executive Officer will be invited for the session where his presence is required such as the review of the succession plans for key Group executives.
Missions	• to formulate proposals to the Board of Directors in view of any appointment made to the Board of Directors: Directors or Observers, Chairperson of the Board of Directors, Vice-Chairperson & Lead Independent Director, Chairpersons and members of committees; • to formulate proposals to the Board of Directors in view of any appointment of Executive Corporate Officers: Chief Executive Officer and / or Deputy Chief Executive Officer; • to ensure the implementation of a procedure for the preparation of succession plans for the Directors and Corporate Officers in the event of an unforeseen vacancy; • to examine succession plans for key Group executives; • to be informed of any nomination of members of the Executive Committee and of the main Group executives; • to ensure that the AFEP-MEDEF Corporate Governance Code to which the Company refers is applied; • to discuss governance issues related to the functioning and organization of the Board and its committees; • to propose on the conditions in which the regular evaluation of the Board is carried out; • to discuss the qualification of Directors as independent, which is reviewed by the Board every year prior to publication of the annual report; • to conduct a review of the committees that are in charge of preparing the Board's work; • to review the implementation of the assessment process relating to the qualification of the related-party agreements as 'current' or 'regulated'; • to prepare the decisions by the Board with regard to the update of its Internal Regulations; • to prepare the draft corporate governance report of the Board of Directors; • to ensure that the long-term commitments in term of Sustainability undertaken by the Company are implemented; • to review the Group sustainability strategy including the Climate strategy and follow up on the progress made on a regular basis; • to review the non-financial reporting and control systems as well as the main results of the non-financial information disclosed by the Company; • to work with the Stakeholder Committee and set its workplan each year.

* Independent Directors as prescribed by the AFEP-MEDEF Corporate Governance Code.
** Excluding the Director representing the employee shareholders and the Directors representing the employees.

4.1 Governance Report

Audit & Risks Committee

4	100%	75%
Members	Independent Directors*	Women**

Memberships	• Jill Lee (Chairwoman) • Cécile Cabanis • Anna Ohlsson-Leijon • Greg Spierkel The Chief Executive Officer will not attend the meeting of the Committee.
Missions	• to prepare for annual and half-yearly financial statements to be approved by the Board and therefore, more particularly: (i) checks the appropriateness and consistency of the accounting methods used for drawing up consolidated and statutory financial statements, as well as checking that significant operations on Group level have been dealt with appropriately and that rules relating to the consolidation perimeter have been complied with; (ii) examines off-balance-sheet risks, including those of a social and environmental nature, and commitments as well as the cash situation; (iii) examines the process for drawing up financial and extra-financial information; • to examine the draft annual report, which bears the status of Universal Registration Document and contains the information on internal control, the draft half-yearly report and, where applicable, any remarks made by the French Financial Market Authority (AMF) concerning these reports, as well as the other key financial information documents; • to handle follow-up on legal control of annual and consolidated accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors; • to suggest reappointing the existing statutory auditors or appointing new statutory auditors, after a consultation process; • to check the independence of statutory auditors, especially at the time of examining fees paid by the Group to their firm or their network, and by giving prior approval to any missions that are not strictly included in the scope of the statutory audit; • to monitor the efficiency of internal control and risk management systems and therefore, more particularly: (i) to examine the organization and resources used for internal audit, as well as its annual work program (the Committee shall receive summaries of reports produced on audits on a quarterly basis and the Chairperson of the Committee shall receive these reports in full); (ii) to review Enterprise Risk Management reports including operational risk-mapping and to make sure that measures exist for preventing or minimizing risks; (iii) to examine how to optimize risk coverage on the basis of reports requested from internal audit or risk management functions; (iv) to examine Group internal control measures and look into the results of entities' self-assessments with respect to internal control; to ensure that a relevant process exists for identifying and processing incidents and anomalies; (v) to ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection and the measures implemented to ensure that these policies are circulated and applied; (vi) to assess Cyber Risks and the Group's Cyber Security posture (jointly with the Digital Committee).

* Independent Directors as prescribed by the AFEP-MEDEF Corporate Governance Code.
** Excluding the Director representing the employee shareholders and the Directors representing the employees.

Human Capital & Remunerations Committee

5	100%	75%
Members	Independent Directors*	Women**

Memberships	• Linda Knoll (Chairwoman) • Nive Bhagat • Rita Felix • Fred Kindle • Anna Ohlsson-Leijon The Chief Executive Officer will be regularly invited for the meetings, he will nevertheless not participate in any meeting where the Committee studies his own compensation.
Missions	• to formulate proposals to the Board of Directors on the compensation policy of the Executive Corporate Officers (Chairperson of the Board of Directors and/or Chief Executive Officer, and/or Deputy Chief Executive Officer, if any), ensuring in particular its alignment with the corporate interest. The Committee shall prepare annual assessments of the persons concerned and make recommendations to the Board of Directors concerning the determination of the components of the compensation due to Executive Corporate Officers in accordance with the compensation policy; • to review the compensation of the members of the Executive Committee; • to propose an amount of the remuneration package for Directors to be submitted to the annual general shareholders' meeting and the method of distribution; • to formulate proposals to the Board of Directors on setting up the long-term incentive plans such as, for example, grant of stock options or performance/restricted shares; • to prepare the Board of Directors' deliberations on employee shareholding; • to review the social impact of major re-organization projects and major human resource policies; • to review risk management in relation to human resources.

Investment Committee

8	67%	33%
Members	Independent Directors*	Women**

Memberships	• Leo Apotheker (Chairman) • Giulia Chierchia*** • Jill Lee • Xiaoyun Ma • Anders Runevad • Lip-Bu Tan • Jean-Pascal Tricoire • Bruno Turchet The Chief Executive Officer will be regularly invited to the meetings of the Committee.
Missions	• to elaborate recommendations to the Board on major capital deployment decisions; • to advise the management team on capital deployment strategies; • to launch at the Board's request, or suggest research projects leading to material investments for the Company, typically for capital deployment decisions of 250 million euros or above; • to investigate matters of smaller scale, if the strategic significance warrants it or the Board/ Chairperson of the Board specifically requires it; • to provide recommendations on major merger, alliances and acquisition projects; • to pay special attention to reconfiguration or consolidation scenarios happening in the sectors the Company is operating in or likely to operate in; • to examine portfolio optimizations and divestment projects of financial or strategic significance; • to support the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments; • to present to the Board social and environmental aspects of the strategic projects submitted to it such as M&A projects.

* Independent Directors as prescribed by the AFEP-MEDEF Corporate Governance Code.
** Excluding the Director representing the employee shareholders and the Directors representing the employees.
*** Subject to her appointment as a Director by the Annual Shareholders' Meeting to be held on May 4, 2023.

4.1 Governance Report

Digital Committee

7 Members | 67% Independent Directors* | 17% Women**

Memberships	• Greg Spierkel (Chairman) • Leo Apotheker • Nive Bhagat • Xiaoyun Ma • Abhay Parasnis*** • Lip-Bu Tan • Jean-Pascal Tricoire The Chief Executive Officer will be regularly invited to the meetings of the Committee.
Missions	To review, appraise and follow-up on projects and, generally, advise, inter alia on seven areas: • development and growth of the EcoStruxure digital business, including (i) enhancing Core Businesses with Connectivity & Analytics, (ii) building new digital offers and business models, (iii) establishing its contribution to and consistency with the overall strategy; • assessment of the contribution of potential M&A operations to the Group's Digital strategy; • monitoring and analysis of the Digital landscape (competitors and disrupters, threats and opportunities); • improvement and transformation of the Group's Digital Customers & Partners Experience; • improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities; • checking that the Company is equipped with the right pool of talents for digital transformation; • assessment of Cyber Risks and enhancement of the Group's Cyber Security posture (jointly with the Audit & Risks Committee).

4.1.1.2.2 Governance structure in 2022 and until May 3, 2023

In 2022, the functions of the Chairman & Chief Executive Officer were carried out by Mr. Jean-Pascal Tricoire, who was appointed Chairman & Chief Executive Officer on April 25, 2013, and renewed on April 25, 2017, and lastly on April 28, 2021. Mr. Jean-Pascal Tricoire will pursue his functions of Chairman & Chief Executive Officer until May 3, 2023.

The Chairman & Chief Executive Officer

In 2022, the performance by Mr. Jean-Pascal Tricoire of the duties of Chairman & Chief Executive Officer seemed particularly appropriate to the Board of Directors for the following reasons:

- The results of the internal Board assessments that continuously confirmed that (i) all Board members individually support the current leadership structure and (ii) the level of transparency between the management team and the Board of Directors is considered to be excellent;
- Jean-Pascal Tricoire's profile, his excellent track record within the Company, his leadership, and his openness to the Board members' recommendations;
- The governance mechanisms in place to safeguard the balance of power between the Board and the management (appointment of a Lead Independent Director with specific powers, high rate of independent Directors within the Board (82%), independence of the committees mainly chaired by independent Directors, executive session proposed systematically at the end of each Board meeting); and
- The requirement for the Board to deliberate each year on the unification of the functions of Chairman and Chief Executive Officer in pursuance of its internal regulations.

The Chairman & CEO represents the Company in its dealings with third parties. He is vested with the broadest authority to act in any and all circumstances in the name and on behalf of the Company. He exercises this authority within the limits of the corporate purpose, except for those matters that are reserved by law expressly to the Annual Shareholders' Meetings or the Board of Directors. In addition, the internal regulations of the Board of Directors provide that the Chairman & CEO must submit for approval to the Board any acquisition transactions or disposal of assets amounting to more than €250 million as well as any strategic partnership agreements.

The Vice-Chairman & Lead Independent Director

On February 19, 2020, the Board of Directors designated Mr. Fred Kindle, whose biography is provided in section 4.1.2.2 of Chapter 4 of the 2022 Universal Registration Document to become Vice-Chairman & Lead Independent Director of Schneider Electric SE. Article 1 of the internal regulations of the Board of Directors defines the duties and missions of the Vice-Chairman & Lead Independent Director who is mandatorily appointed when the Board decides to unify the functions of Chairman and Chief Executive Officer.

* Independent Directors as prescribed by the AFEP-MEDEF Corporate Governance Code.
** Excluding the Director representing the employee shareholders and the Directors representing the employees.
*** Subject to his appointement as a Director by the Annual Shareholders' Meeting to be held on May 4, 2023.

In application of Article 10 of the internal regulations which prescribes that the Governance & Remunerations Committee shall be chaired by the Vice-Chairman & Lead Independent Director, Mr. Fred Kindle chairs this Committee.

As such, the Vice-Chairman & Lead Independent Director:

- Is informed of major events in the life of the Group within the framework of regular contacts and monthly meetings with the Chairman, as well as through contacts that he/she can have with managers of Schneider Electric and possible visits to the Group's sites he/she can undertake. In addition, he/she can attend all meetings of committees of which he/she is not a member;
- Can answer shareholders' questions or meet them on governance issues when it is considered that he/she is the most appropriate spokesperson;
- Sets the agenda for Board meetings with the Chairman;
- Chairs the Governance & Remunerations Committee which, starting from the evaluation of the functioning of the Board and that of the CEO, proposes each year to the Board either the continuation or separation of the unified functions of Chairman and Chief Executive Officer and, as needed, makes proposals for a successor in one or both functions;
- Chairs the "executive sessions", *i.e.*, meetings of the Board of Directors not in the presence of any executive member, namely the Chief Executive Officer and Deputy Chief Executive Officers(s), if any;
- Reports to the Chairman on the results of the "executive sessions";
- Leads the annual evaluations of the Board of Directors;
- Informs the Chairman & CEO and the Board of any conflicts of interest which could be identified, or which may be reported to him/her; and
- Reports on his/her activities during the Annual Shareholders' Meeting.

As every year, the Vice-Chairman & Lead Independent Director, Mr. Fred Kindle, reported on the missions he carried out in 2022 in line with his functions (see section 4.1.5 of Chapter 4 of the 2022 Universal Registration Document).

The Board of Directors

Specific powers are vested to the Board of Directors under French law and the Company's Articles of Association as well as the Internal Board Regulations.

Powers vested by law

- Determine the Group's strategic directions and ensure their implementation, in doing so, the Board shall act in accordance with the corporate interest and shall take into account social and environmental matters;
- Examine all matters related to the efficient operation of the business and make decisions about any and all issues concerning the Company, within the limits of the corporate purpose, except for those matters which, by law, can only be decided on by the shareholders in a Shareholders' Meeting;
- Approve the corporate and consolidated financial statements;
- Carry out all audits and controls that it deems necessary;
- Authorize any regulated agreements on a preliminary basis;
- Co-opt Directors whenever necessary;
- Determine the method of exercising the Senior Management of the Company;
- Appoint executive Corporate Officers and also remove them from office (Chief Executive Officer and Deputy Chief Executive Officers, if any), and subject to shareholders' control, set their compensation and the benefits granted to them as well as the compensation policy applicable to them;
- Set the Directors' remuneration within the total maximum amount determined by the Annual Shareholders' Meeting as well as the compensation policy applicable to them;
- Call Annual Shareholders' Meetings and approve all reports submitted to shareholders;
- Decide on the use of authorizations granted by the Shareholders' Meetings, more particularly for increasing Company capital, buying back the Company's own shares, carrying out employee shareholding transactions, implementing the Long-Term Incentive Plan through the granting of Performance Shares and canceling shares;
- Authorize the issue of bonds; and
- Authorize the issue of sureties, endorsements, and guarantees.

Additional powers arising from Articles of Association or Internal Board Regulations

- May appoint a Vice-Chairman;
- May appoint up to three Board Observers;
- Regularly review, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social, and environmental risks, as well as the measures taken accordingly;
- Ascertain the implementation of a process aimed at preventing and detecting corruption and influence peddling;
- Checks that the executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on executive bodies;
- Shall give prior authorization for:
  - All disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than €250 million,
  - Concluding any strategic partnership agreement;
- Shall review every year its composition, its organization, and its mode of operation;
- Shall be consulted prior to acceptance by the Chief Executive Officer or Deputy Chief Executive Officers of any corporate appointment in a listed company outside the Group;
- Shall be informed about market developments, competitive environment and the most important challenges the Company has to face, including in the area of social and environmental responsibility.

4.1.2 Composition of the Board of Directors

4.1.2.1 Board members

As of March 28, 2023, the Board of Directors consisted of 14 Directors. Mr. Abhay Parasnis and Mrs. Giulia Chierchia were appointed as Observers by the Board of Directors respectively on July 27, 2022, and February 15, 2023, with the intent to submit their candidacies at the Annual Shareholders' Meeting to be held on May 4, 2023.

Jean-Pascal Tricoire
Chairman and Chief Executive Officer

Fred Kindle
Vice-Chairman
& Lead Independent Director
C

Léo Apotheker
Director
C

Nive Bhagat
Independent Director

Cécile Cabanis
Independent Director

Rita Felix
Employee Director

Linda Knoll
Independent Director
C

Jill Lee
Independent Director
C

Xiaoyun Ma
Employee Shareholders Director

Anna Ohlsson-Leijon
Independent Director

Anders Runevad
Independent Director

Gregory Spierkel
Independent Director
C

Lip-Bu Tan
Independent Director

Bruno Turchet
Employee Director

Giulia Chierchia
Observer

Abhay Parasnis
Observer

Board committees

Governance & Remunerations Committee	Audit & Risks Committee	Investment Committee	Digital Committee	Human Resources & CSR Committee
9 meetings*	6 meetings*	2 meetings	5 meetings*	6 meetings*
5 members	4 members	5 members	5 members	4 members
Fred Kindle Léo Apotheker Linda Knoll Anders Runevad Gregory Spierkel	Jill Lee Cécile Cabanis Anna Ohlsson-Leijon Gregory Spierkel	Léo Apotheker Jill Lee Anders Runevad Lip-Bu Tan Bruno Turchet	Gregory Spierkel Léo Apotheker Nive Bhagat Xiaoyun Ma Lip-Bu Tan	Linda Knoll Rita Felix Fred Kindle Xiaoyun Ma

* Including joint meetings with other committees.

Overview of the composition of the Board of Directors as of the date of this Universal Registration Document

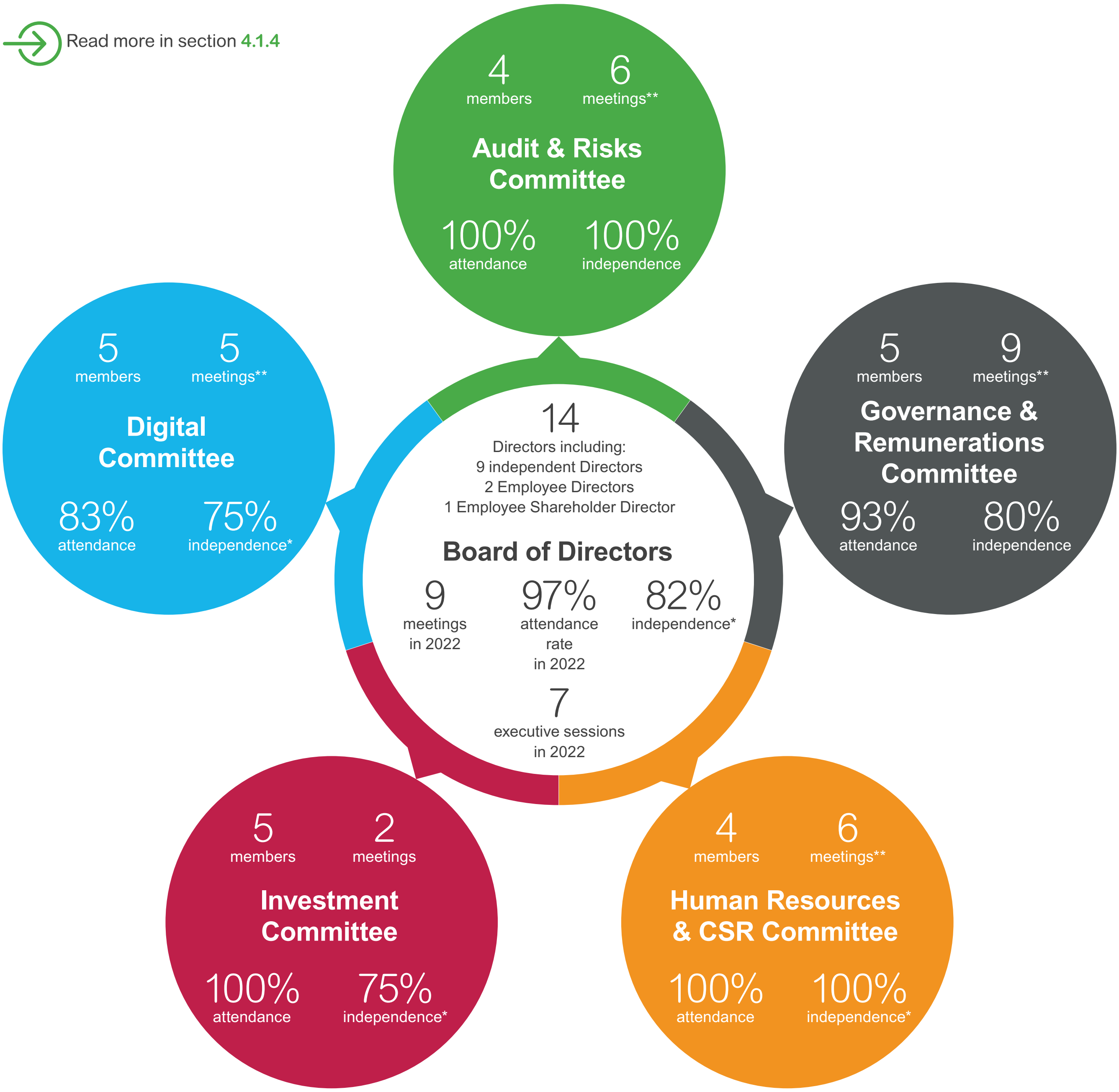
Personal information					Position within the board				Attendance rate in 2022		Participation in Board committees				
Age	Gender	Nationality	Number of directorships in listed companies*	Number of Schneider Electric shares held	Independence	First appointment**	Term end	Seniority on the Board**	Board	Committee	Audit & Risks Committee	Governance & Remunerations Committee	Human Resources & CSR Committee	Investment Committee	Digital Committee
Jean-Pascal Tricoire, Chairman & Chief Executive Officer															
59	M		2	840,147		2013	AGM 2025	9	100%	–					
Fred Kindle, Vice-Chairman & Lead Independent Director															
64	M		2	40,000	●	2016	AGM 2024	6	100%	100%		C	●		
Léo Apotheker, Non-independent Director															
69	M		2	3,093		2008	AGM 2023	14	100%	90%		●		C	●
Nive Bhagat, Independent Director															
51	F		1	200	●	2022	AGM 2026	<1	100%	75%					●
Cécile Cabanis, Independent Director															
51	F		3	1,000	●	2016	AGM 2024	6	100%	100%	●				
Rita Felix, Employee Director															
40	F		1	144		2020	AGM 2024	2	100%	100%			●		
Linda Knoll, Independent Director															
62	F		3	1,000	●	2014	AGM 2026	8	100%	94%		●	C		
Jill Lee, Independent Director															
59	F		1	1,000	●	2020	AGM 2024	2	100%	100%	C			●	
Xiaoyun Ma, Director representing the employee shareholders															
59	F		1	36,201		2017	AGM 2025	5	89%	90%			●		●
Anna Ohlsson-Leijon, Independent Director															
54	F		2	1,000	●	2021	AGM 2025	<1	89%	100%	●				
Anders Runevad, Independent Director															
63	M		3	1,000	●	2018	AGM 2026	4	78%	94%		●		●	
Gregory Spierkel, Independent Director															
66	M		3	1,000	●	2015	AGM 2023	7	100%	100%	●	●			C
Lip-Bu Tan, Independent Director															
63	M		4	1,000	●	2019	AGM 2023	3	100%	90%				●	●
Bruno Turchet, Employee Director															
49	M		1	810		2021	AGM 2025	1	100%	100%				●	
Giulia Chierchia, Observer															
44	F		1	0	●	–	–	–	–	–	–	–	–	–	–
Abhay Parasnis, Observer															
48	M		2	1,000	●	–	–	–	–	–	–	–	–	–	–

* Including Schneider Electric SE directorship.
** As a Director or member of the Supervisory Board (if any, the period of presence at the Board as an Observer is not taken into account).

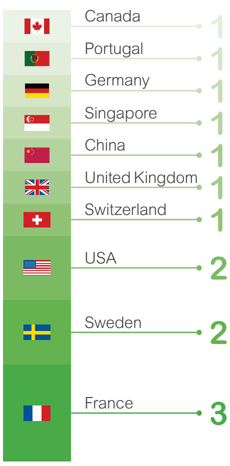
- ● Governance & Remunerations Committee
- ● Audit & Risks Committee
- ● Investment Committee
- ● Digital Committee
- ● Human Resources & CSR Committee
- C Committee Chair

Governance structure

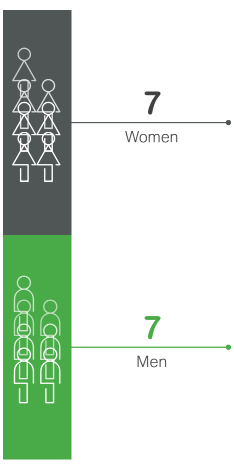
Read more in section 4.1.4



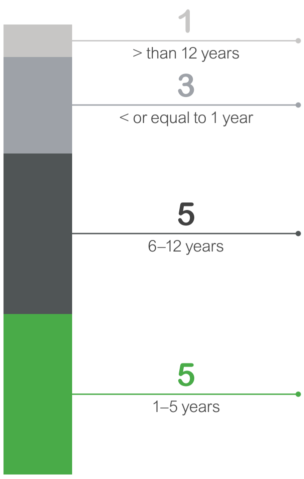
Directors' nationality



Board diversity



Board tenure



* Employee Directors and Employee Shareholders Director excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

** Including joint meetings with other committees.

Changes in the composition of the Board of Directors in 2022 and until the date of this Universal Registration Document

	Name	Gender	Nationality	Date of appointment	Term end
Directors whose term of office was renewed at the 2022 AGM*	Linda Knoll Anders Runevad	F M		May 2014 April 2018	AGM 2026 AGM 2026
Directors who left the Board of Directors in 2022	Willy R. Kissling Fleur Pellerin	M F		May 2002 April 2018	AGM 2022 AGM 2022
Directors who joined the Board of Directors in 2022	Nive Bhagat	F		May 2022	AGM 2026
Observer who joined the Board of Directors in 2022 and early 2023	Abhay Parasnis Giulia Chierchia	M F		July 2022 February 2023	AGM 2023 AGM 2023

* Annual General Shareholders' Meeting.

4.1.2.2 Biographies of the Board members

List of directorships and other functions of the members of the Board of Directors as of the date of this Universal Registration Document

Jean-Pascal Tricoire

Chairman & Chief Executive Officer of Schneider Electric SE

Age: 59 years
Nationality: French
Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
840,147(1) Schneider Electric SE shares

Attendance rate at: Board meetings

100%

Experience and qualifications

Jean-Pascal Tricoire has been successively Chairman of the Management Board and Chairman & CEO of Schneider Electric since 2006. Prior to that, he spent his early career with Alcatel, Schlumberger, and Saint-Gobain and joined the Schneider Electric Group (Merlin Gerin) in 1986. From 1988 to 2001, he occupied operational functions within Schneider Electric abroad, in Italy, China, South Africa and the US. He held corporate positions from 1999 to 2001 including Director in charge of Strategic Global Accounts and the strategic plan. From January 2002 to the end of 2003, he joined the Executive Committee as Executive Vice-President of Schneider Electric's International Division. In October 2003, he was appointed Deputy CEO before becoming Chairman of the Management Board of Schneider Electric SA on May 3, 2006. On April 25, 2013, following the change in mode of governance of the Company, he was appointed Chairman & CEO. Jean-Pascal Tricoire is a graduate of ESEO Angers and obtained an MBA from EM Lyon.

Term of office

First appointed: 2013

Current term started: 2021

Term ends: 2025

Current external directorships

Other directorships at listed companies:

Director of **Qualcomm, Inc.** (USA).

Other directorships:

Director of the Board of the United Nations Global Compact (USA); Member of the Board of Trustees of Northeastern University (USA).

Other internal directorships:

Chairman of the Board of Directors of Schneider Electric Industries SAS (France); Director of Delixi Electric Ltd. (China); Director of Schneider Electric USA, Inc. (USA); Chairman of the Board of Directors of Schneider Electric Asia Pacific Ltd. (Hong Kong).

Previous directorships

Previous directorships held in the past five years:

Co-Chairman of the France-China Business Committee; Chairman of the Board of Directors of Schneider Electric Holdings Inc. (USA).

Skills

Honorary Chairman: Mr. Didier Pineau-Valencienne

(1) Held directly or through the FCPE.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Skills

Public Company Management
Corporate Finance
International Markets
Industry Knowledge
Sustainability
Law, Governance, Ethics & Compliance
Digital & Technology
Accounting, Audit & Risk
Employee perspective and knowledge of the Group

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4.1 Governance Report

Fred Kindle*

Vice-Chairman & Lead Independent Director of Schneider Electric SE

Age: 64 years
Nationality: Swiss
Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
40,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Fred Kindle, who currently is the Vice-Chairman & Lead Independent Director of Schneider Electric SE, is the former CEO of ABB. He began his career in the Marketing Department of Hilti AG in Liechtenstein from 1984 to 1986. From 1988 to 1992, he worked as a consultant at McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held various management positions. In 1999, he was appointed CEO of Sulzer Industries and in 2001, he became CEO of Sulzer AG. After joining ABB Ltd in 2004, Fred Kindle was appointed CEO of the ABB Group, a position which he held until 2008. He then became a partner at Clayton, Dubilier & Rice LLC, a private equity fund based in London and New York. He is now an independent consultant and Director at several companies. Board member of Schneider Electric SE since 2016, he was appointed Vice-Chairman & Lead Independent Director in April 2020. Fred Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich and holds an MBA from Northwestern University, Evanston, USA.

Term of office

First appointed: 2016

Current term started: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

Chairman of the Board of Directors of **VZ Holding AG** (Switzerland).

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

Director of **Stadler Rail AG** (Switzerland); Director of **Exova Plc.** (United Kingdom); Partner of **Clayton Dubilier & Rice Llc.** (USA); Chairman of the Board of Directors of **Exova Group Plc.** (United Kingdom); Chairman of the Board of Directors of **BCA Marketplace Plc.** (United Kingdom); Director of **Rexel SA** (France); Member of the Development committee of the Royal Academy of Engineering (London); Vice-Chairman of **Zurich Insurance Group Ltd.** (Switzerland); Chief Executive Officer of **Kinon AG** (Switzerland).

Skills

Léo Apotheker

Company Director

Age: 69 years
Nationality: French/German
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
3,093 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	90%

Experience and qualifications

Léo Apotheker, former CEO of SAP and Hewlett-Packard, began his career in 1978 in Management Control. He then held management and executive responsibilities in several firms specializing in information systems including SAP France & Belgium, where he was Chairman and CEO between 1988 and 1991. Léo Apotheker was founding Chairman and CEO of ECsoft. In 1995, he returned to SAP and, after various appointments within SAP as Regional Director, he was appointed in 2002 as a member of the Executive Committee and President of Customer Solutions & Operations, then in 2007 as Deputy CEO of SAP AG and in 2008 CEO of SAP AG. In 2010, he became President & CEO of Hewlett-Packard, a position he held until the fall of 2011. Board member of Schneider Electric SE since 2008, Léo Apotheker served as Vice-Chairman & Lead Independent Director from 2014 to April 2020. In 2020, he launched a SPAC (Special Purpose Acquisition Company) called Burgundy Technology Acquisition Corporation, listed on the Nasdaq Capital Market, which intends to focus on public and private opportunities in the technology sector, particularly companies in enterprise software or technology-enabled services. Léo Apotheker graduated with a degree in International Relations and Economics from the Hebrew University in Jerusalem.

Term of office

First appointed: 2008

Current term started: 2021

Term ends: 2023

Current external directorships

Other directorships at listed companies:

Director of **NICE-Systems Ltd** (Israel).

Other directorships:

Chairman of Syncron International AB (Sweden); Director of P2 Energy Solutions (USA); Director of MercuryGate (USA), Director Eudonet (France).

Previous directorships

Previous directorships held in the past five years:

Chairman and Co-CEO of **Burgundy Technology Acquisition Corporation** (USA); Chairman of the Board of Directors of Unit 4 NV (Netherlands); Director of Taulia (USA); Chairman of the Supervisory Board of Signavio GmbH (Germany); Director and Chairman of the Board of KMD A.S. (Denmark); Member of the Supervisory Board of **Steria** (France).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- Committee Chair

Nive Bhagat*

Chief Executive Officer Cloud Infrastructure Services of CapGemini

Age: 51 years
Nationality: British
Business address: CapGemini, 40 Holborn Viaduct, London, EC1N, United Kingdom
200 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	75%

Experience and qualifications

Nivedita Krishnamurthy Bhagat, also known as Nive Bhagat, is currently Global Chief Executive Officer for Global Cloud Infrastructure Services of Capgemini and a member of its Group Executive Committee. Nive began her career in articling with PricewaterhouseCoopers before joining KPMG's Corporate Finance team. She later joined Infosys Technologies where she held several leadership positions including Head of Enterprise Solutions EMEA and head of its Proximity Development Centre in London. In 2010, Nive joined Capgemini and held senior executive positions including Chief Operating Officer of its Application Business in the UK and European Head of the Cloud Infrastructure Services business before taking her current global position of leading Capgemini's global Cloud, Cyber and Infrastructure business. Nive has a Bachelor's degree in Economics and is a Chartered Accountant from the Institute of Chartered Accountants of India.

Term of office

First appointed: 2022

Term ends: 2026

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Director of Capgemini UK plc. (United Kingdom); CGS Holdings Ltd. (United Kingdom); and Capgemini Outsourcing Services GmbH (Germany).

Previous directorships

Previous directorships held in the past five years:

Non-executive Director of **Mitie Plc.** (United Kingdom); Member of Audit & Nomination Committees of **Mitie Plc.** (United Kingdom).

Skills

Cécile Cabanis*

Deputy Chief Executive Officer of Tikehau Capital

Age: 51 years
Nationality: French
Business address: Tikehau Capital, 32 rue de Monceau, 75008 Paris, France
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Cécile Cabanis is currently Deputy Chief Executive Officer of Tikehau Capital. She began her career in 1995 at L'Oréal in South Africa, where she worked as Logistics Manager and Head of Management Control before working in France as an internal auditor. In 2000, she joined Orange as Assistant Director in the Group's Mergers-Acquisitions Division. Cécile Cabanis move to Danone in 2004 as Corporate Financial Officer, then Head of Development.

In 2010, she was appointed Chief Financial Officer of the Fresh Dairy Products Division. From 2015 to February 2021, she has been Danone's Chief Financial Officer Technology & Data, Cycles & Procurement. Cécile Cabanis has been a member of the Board of Directors of Danone SA (from 2018 to 2022) and served as Vice-Chairwoman (from December 2020 to April 2022). In 2021, she joined Tikehau Capital and serves as Deputy Chief Executive Officer of the Group where she oversees the Human Capital, ESG/CSR, Communications and Brand Marketing functions of the Group. Cécile Cabanis is an engineer graduated from Agro Paris Grignon.

Term of office

First appointed: 2016

Current term started: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

Deputy Chief Executive Officer of **Tikehau Capital** (France); Member of the Supervisory Board of **Unibail-Rodamco-Westfield SE**.

Other directorships:

Vice-Chairwoman, member of the Supervisory Board of Mediawan (France); Member of the Supervisory Board of Société Editrice du Monde (France); Director of France Médias Monde.

Previous directorships

Previous directorships held in the past five years:

Vice-Chairwoman of the Board of Directors of **Danone SA** (France); Director of Michel et Augustin SAS (France); Chairwoman and member of the Board of Directors of Livelihoods Fund (SICAV, Luxembourg); Chairwoman and Director of **2MXOrganic** (France); Director of Central Danone (Morocco), Fromagerie des Doukkala (Morocco), Danone Djurdura (Algeria), Produits Laitiers Frais Iberia (Spain), Danone SA (Spain), Compagnie Gervais Danone (France), Dan Trade (Russia), Danone Limited (United Kingdom), Danone Industria LLC (Russia), JSC Danone Russia (Russia), Danonewave (Public Benefit Corporation – USA); Member of the Supervisory Board of Danone Sp.z.o.o (Poland); Toeca International Company B.V. (the Netherlands); Chief Executive Officer of Danone CIS Holdings B.V.

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Skills

Public Company Management
Corporate Finance
International Markets
Industry Knowledge
Sustainability
Law, Governance, Ethics & Compliance
Digital & Technology
Accounting, Audit & Risk
Employee perspective and knowledge of the Group

Rita Felix

Market Segmentation and Competitive Intel Leader

Age: 40 years
Nationality: Portuguese
Business address: Schneider Electric, Av. do Forte 3, Ed. Suécia IV, Piso 3, 2794-038 Carnaxide, Portugal
144(1) Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Rita Felix has been an Employee Director designated by the European Work Council since 2020. She began her career in consulting at Deloitte, where she worked from 2006 to 2008. After that she joined the Marketing Department of COSEC (a credit insurance company partially owned by Euler Hermes). Rita Felix came to Schneider Electric Portugal in 2012 as Business Excellence. In 2017, she was appointed Project Management Officer (PMO) for Global Marketing, International Operations at Schneider Electric Group. Since 2021 she has been working as a PMO, Inside Sales Director and, more recently as Market and Competitive Intelligence leader. Since July 2020, she was designated Director representing the employees of Schneider Electric SE. Rita Felix is graduated from ISCTE – IUL (University Institute of Lisbon) including six months in the Vrije Universiteit (Amsterdam). She also holds a master's degree in Marketing Management (2012). She has attended the High-Performance Boards (IMD Business School, 2020), Strategy in the Age of Digital Disruption (INSEAD, 2021) and more recently Digital Transformation Foundations program (IMD Business School, 2022).

Term of office

First appointed: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

None.

Skills

Linda Knoll*

Company Director

Age: 62 years
Nationality: American
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
100%	94%

Experience and qualifications

Linda Knoll, currently Company Director, is the former Chief Human Resources Officer of Fiat Chrysler Automobiles. After a career in the Land Systems Division of General Dynamics, Linda Knoll joined CNH Industrial in 1994. She held various operating positions there, culminating in her appointment to multiple senior management positions. In 1999, she became Vice-President and General Manager of the company's Global Crop Production business unit. From 2003 to 2005, she was Vice-President for North America Agricultural Industrial Operations. She then served as Executive Vice-President for Worldwide Agricultural Manufacturing until 2007, managing 20 plants in 10 countries, before being appointed Executive Vice-President Agricultural Product Development, and President Parts and Service (ad interim). She served as Chief Human Resources Officer in CNH Industrial (from 2007 to 2019) and Fiat Chrysler Automobiles (from 2011 to March 2021). Linda Knoll holds a Bachelor of Science Degree in Business Administration from Central Michigan University.

Term of office

First appointed: 2014

Current term started: 2022

Term ends: 2026

Current external directorships

Other directorships at listed companies:

Director of **Astec Industries, Inc.** (USA); Director of **Iveco Group N.V.** (Netherlands).

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

Director of Comau S.p.A.; Chief Human Resources Officer and member of the Group Executive Council of **Fiat Chrysler Automobiles N.V.** (Netherlands); Chief Human Resources Officer and member of the Group Executive Council of **CNH Industrial N.V.** (Netherlands).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- C Committee Chair

Jill Lee*

Company Director

Age: 59 years
Nationality: Singaporean
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Jill Lee is a non-executive director of PSA International, a global port group headquartered in Singapore. She was the Group Chief Financial Officer and a member of the Executive Committee of Sulzer Ltd from 2018 to 2022. Beginning her executive career in Singapore in 1986 with AT&T, Tyco Electronics and Siemens, Lee went on to build an international career where she spent several years heading CFO functions in China, followed by global strategic positions in Germany and Switzerland. During her two-decade career up to 2010 in Siemens, Lee's leadership roles included Country CFO and Senior Vice-President of Siemens in Singapore, Regional CFO and Senior Executive Vice-President of Siemens in China, as well as Group Chief Diversity Officer. Later, Lee was the Senior Vice-President, Finance, Strategy and Investments for Neptune Orient Lines in Singapore (2010 to 2011). From 2012 to 2018, Lee held leadership positions in ABB, including Regional CFO and Senior Vice-President for ABB China and North Asia as well as Head of Next Level Program Management and Group Senior Vice-President of ABB. In terms of non-executive directorships, Lee was previously a member on the board of Sulzer Ltd (2011–2018), Signify N.V. (2017–2020) and medmix Ltd (2021–2022), and she had been the chairperson of the Audit Committee on all three boards. Lee holds a Bachelor's Degree of Business Administration from National University of Singapore and an MBA from Nanyang Technological University in Singapore.

Term of office

First appointed: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Non-executive Director of 65 Equity Partners Pte Ltd (Singapore); Non-executive Director of PSA International (Singapore); Advisory Board Member of Nanyang Business School (Singapore); Foundation Board Member of IMD Business School (Switzerland) (both being advisory roles for the university with maximum of two meetings per year).

Previous directorships

Previous directorships held in the past five years:

Non-executive Director of **medmix Ltd** (Switzerland); Member of the Supervisory Board of **Signify N.V.** (formerly Philips Lighting, Netherlands); Non-executive Director of **Sulzer Ltd** (Switzerland).

Skills

Xiaoyun Ma

Chief Financial Officer for Schneider Electric's China Operations

Age: 59 years
Nationality: Chinese
Business address: Schneider Electric, 8F, Schneider Electric Building, No. 6, East WangJing Rd. Chaoyang District Beijing 100102, China
36,201(1) Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
89%	90%

Experience and qualifications

Xiaoyun Ma, currently Director representing the Employee Shareholders, is the Chief Financial Officer for Schneider Electric's China Operations, in charge of China daily finance operations, organization, simplification and internal digital transformation. Graduated from top Chinese universities and holding a Chinese Public Accountant Certificate, she started her career as a finance professional at an audit firm (PwC). She joined Schneider Electric in 1997 as the Controller of Schneider (Beijing) Medium Voltage Co., Ltd. in Beijing China. Since then, she has worked in many different controller and Chief Financial Officer positions, covering manufacturing, supply chain and front office, in the China and Asia Pacific zone, while getting an MBA from New York City University in 2004.

Term of office

First appointed: 2017

Current term started: 2021

Term ends: 2025

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Chairwoman of the Board of Directors of Schneider Electric IT (China) Co., Ltd.; Vice-Chairwoman of the Board of Directors of Beijing BipBop Efficiency and Automation Application Technology Center (China); Director of Full Excel (Hong Kong) Limited (Hong Kong), Schneider Electric (China) Co., Ltd., Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd., Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd., Schneider Shanghai Industrial Control Co., Ltd., Schneider Busway (Guangzhou) Ltd., Schneider (Beijing) Low Voltage Co., Ltd. (formerly known as Schneider (Beijing) Medium and Low Voltage Co., Ltd.), Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd., Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd., Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd., Shanghai ASCO Electric Technology Co., Ltd. (formerly known as Schneider Automation Solutions (Shanghai) Co., Ltd.), Schneider (Shaanxi) Baoguang Electrical Apparatus Co., Ltd., Schneider Switchgear (Suzhou) Co., Ltd., Schneider Smart Technology Co., Ltd.; Supervisor of Zircon Investment (Shanghai) Co. Ltd.(China).

Other directorships or functions outside Schneider Electric Group:

Vice-Chairwoman of the Board of Directors of Sunten Electric Equipment Co., Ltd. (China).

Previous directorships

Previous directorships held in the past five years:

Chairwoman of the Board of RAM Electronic Technology and Control (Wuxi) Co., Ltd. and Schneider Electric Trading (Wuhan) Co., Ltd.; Vice-Chairwoman of the Board of Directors of Schneider Electric (Xiamen) Switchgear Co., Ltd., Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd. and Jingxin Hongde (Beijing) Technology Co., Ltd. (formerly known as Citic Schneider Smart Building Technology (Beijing) Co., Ltd.); Director of Telvent Control Systems (China) Co., Ltd., Schneider Automation & Control Systems (Shanghai) Co., Ltd., Ennovation Systems Control Co., Ltd., Schneider (Suzhou) Transformer Co., Ltd., Telvent-BBS High & New Tech (Beijing) Co., Ltd., Beijing Leader Harvest Electric Technologies Co., Ltd., Schneider Electric Equipment and Engineering (Xi'an) Co., Ltd., Shanghai Foxboro Co., Ltd., Shanghai Invensys Process Systems Co., Ltd., Schneider Great Wall Engineering (Beijing) Co., Ltd., Tianjin Merlin Gerin Co., Ltd., Schneider (Beijing) Medium Voltage Co., Ltd., Shanghai Schneider Electric Power Automation Co., Ltd., Tianjin Wingoal Electric Equipment Co., Ltd., Schneider South China Smart Technology (Guangdong) Co. Ltd. and Clipsal Manufacturing (Huizhou) Co., Ltd.; Executive Director of Beijing Leader Harvest Energy Efficiency Investment Co., Ltd. (China).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Skills

Public Company Management
Corporate Finance
International Markets
Industry Knowledge
Sustainability
Law, Governance, Ethics & Compliance
Digital & Technology
Accounting, Audit & Risk
Employee perspective and knowledge of the Group

4.1 Governance Report

Anna Ohlsson-Leijon*

Chief Commercial Officer of Electrolux Group and Executive Vice-President of AB Electrolux

Age: 54 years
Nationality: Swedish
Business address: AB Electrolux, St Göransgatan 143, 105 45 Stockholm, Sweden
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
89%	100%

Experience and qualifications

Anna Ohlsson-Leijon is currently Chief Commercial Officer of Electrolux Group and Executive Vice-President of AB Electrolux. Anna Ohlsson-Leijon began her career in 1993 at PricewaterhouseCoopers where she held various positions advising high-tech, industrial and media companies. In 2000, she joined Kimoda, an e-commerce platform, as Chief Financial Officer, before joining in 2001 AB Electrolux (Sweden) as Director of Project Management. Anna Ohlsson-Leijon then held various senior positions in corporate functions including Director Internal Audit & Global Program Manager Sarbanes-Oxley Act from 2003 to 2005, Head of Management Assurance & Special Assignments until 2008, Group Treasurer until 2011, Head of Corporate Control & Services until 2013 and Chief Financial Officer Major Appliance EMEA thereafter. She was then promoted to Chief Financial Officer of AB Electrolux in 2016 before taking the position as Chief Executive Officer Europe and Executive Vice-President of AB Electrolux in 2018. In 2022 she was promoted to Chief Commercial Officer for the Group. Anna Ohlsson-Leijon holds a Bachelor of Sciences Degree in Business Administration and Economics from Linköping University (Sweden).

Term of office

First appointed: 2021

Term ends: 2025

Current external directorships

Other directorships at listed companies:

Director of **Atlas Copco AB** (Sweden).

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

Director of **Alfa Laval AB** (Sweden).

Skills

Anders Runevad*

Company Director

Age: 63 years
Nationality: Swedish
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
78%	94%

Experience and qualifications

Anders Runevad, currently Company Director, is the former CEO of Vestas Wind Systems A/S. He started his career at Ericsson in 1984 as a Design Engineer before holding various management positions in Sweden, Singapore, Brazil, UK and USA. In 1998, he was appointed President of Ericsson Singapore. From 2000 to 2004, he served as Vice-President Sales and Marketing of Ericsson Mobile Communications AB. In 2004, he was appointed President of Ericsson Brazil. From 2007 until 2010, he served as Executive Vice-President and member of the Board at Sony Ericsson Mobile Communications AB. He then became President of Western & Central Europe at Telefonaktiebolaget LM Ericsson (public company) in 2010. In 2013, he left Ericsson to join Vestas Wind Systems A/S as Chief Executive Officer and Group President, a position from which he stepped down in 2019. Anders Runevad holds a Master of Science Degree in Electrical Engineering from the University of Lund (Sweden), where he also studied business and economy.

Term of office

First appointed: 2018

Current term started: 2022

Term ends: 2026

Current external directorships

Other directorships at listed companies:

Vice-Chairman of the Board of **Vestas Wind Systems A/S** (Denmark); Chairman of the Board of **Peab AB** (Sweden).

Other directorships:

Director of Copenhagen Infrastructure Partners (CIP) (Denmark); Chairman of the Board PGA National Sweden (Sweden).

Previous directorships

Previous directorships held in the past five years:

Director of **Nilfisk Holding A/S** (Denmark); President & CEO of **Vestas Wind Systems A/S** (Denmark); Member of the General Council of the Confederation of Danish Industry; Member of the Industrial Policy Committee of the Confederation of Danish Industry Director of **NKT A/S** (Denmark) (2018).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- C Committee Chair

Gregory Spierkel*

Company Director

Age: 66 years
Nationality: Canadian
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Board committees

C

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Gregory Spierkel, now Company Director, is the former CEO of Ingram Micro Inc. He began his career working for Bell Canada in sales and product development, followed by a period with Nortel Inc. in market research. For four years, he served as Managing Director of Mitel Telecom with responsibilities over Europe and Asia. He then spent five years at Mitel Corp. where he served as President of North America and President of Global Sales and Marketing. In August 1997, he joined Ingram Micro as a Senior Vice-President Asia-Pacific. In June 1999, he was appointed as Executive Vice-President and President of Ingram Micro Europe. He was promoted to President of the Ingram Micro Inc. Group in 2004, before assuming the role of CEO of Ingram Micro Inc. from 2005 to 2012. Gregory Spierkel holds a Bachelor's Degree in Commerce from Carleton University (Ottawa) and a Master's Degree in Business Administration from Georgetown University. He also attended the Advanced Manufacturing program at INSEAD.

Term of office

First appointed: 2015

Current term started: 2019

Term ends: 2023

Current external directorships

Other directorships at listed companies:

Director of **MGM Resorts International (USA)**; Director of **PACCAR Inc.** (USA).

Other directorships:

Member of McLaren Advisory Group (McLaren Technology Group) (United Kingdom).

Previous directorships

Previous directorships held in the past five years:

None.

Skills

Lip-Bu Tan*

Chairman of Cadence Design Systems, Inc.

Age: 63 years
Nationality: American
Business address: One California Street, Suite 1750, San Francisco, CA 94111, United States
1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	90%

Experience and qualifications

Lip-Bu Tan is currently Executive Chairman of Cadence Design Systems, Inc. from which he retired as Chief Executive Officer in 2021 and will retire as Chairman in 2023 as he announced he will not seek re-election to the Board at the 2023 Annual Meeting (https://d18rn0p25nwr6d.cloudfront.net/CIK-0000813672/cd2ef8b8-abb5-4620-a08d-c5c49565fc6c.pdf). Lip-Bu Tan held management positions at EDS Nuclear and ECHO Energy before being Vice-President of Chappell & Co. He also serves as Chairman of Walden International, a venture capital firm he founded in 1987. After joining the Board of Cadence Design Systems, Inc. in 2004, Lip-Bu Tan was appointed as CEO in 2009, a position that he held until December 2021. At that time, he transitions to his current role of Executive Chairman of Cadence Design Systems, Inc. He holds a Master of Science Degree in Nuclear Engineering from the Massachusetts Institute of Technology, an MBA from the San Francisco University, and a Bachelor of Science Degree from the Nanyang University of Singapore.

Term of office

First appointed: 2019

Term ends: 2023

Current external directorships

Other directorships at listed companies:

Chairman of **Cadence Design Systems, Inc.**[1] (USA), Chairman of the Board of **Credo Technology Group Holding Ltd.** (Cayman Islands); Director of **Intel Corporation** (USA).

Other directorships:

Director of Advanced Micro-Fabrication Equipment Inc (Shanghai), CNEX Labs, Inc. (USA), Fungible, Inc. (USA), Innovium, Inc. (USA), Komprise (USA), RF Pixels, Inc.(USA), LightBits Labs (Israel), Movandi Corporation (USA), NuVia, Inc. (USA), Oryx Vision (Israel), Prosimo, Inc. (USA), Proteantecs (Israel), Rosetal System Information Ltd. (Israel), Vayyar Imaging (Israel), HiDeep, Inc. (South Korea), Silicon Mitus, Inc. (South Korea), SambaNova Systems, Inc. (USA), The Electronic System Design Alliance (ESD Alliance), Member of the board of trustees and the School of Engineering Dean's Council at Carnegie Mellon University (CMU), Global Advisory board Member of METI Japan, Member of the board of Global Semiconductor Alliance (GSA), Member of The Business Council and Committee 100.

Previous directorships

Previous directorships held in the past five years:

Director of **Softbank Group Corp.** (Japan); CEO of **Cadence Design Systems** (USA), Director of **Hewlett Packard Enterprise** (USA); Board member of Habana Labs Ltd. (Israel), Tagore Technology, Inc. (USA), WekaIO, LTD (Israel), **Aquantia Corporation** (USA), Semiconductor Manufacturing International Corporation (China), SINA Corporation (China), Quantenna Communications, Inc. (USA) and Ambarella Inc. (USA).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.
(1) Lip-Bu Tan will retire as Chairman on May 4, 2023 as he announced he will not seek re-election to the Board at the 2023 Annual Meeting (https://d18rn0p25nwr6d.cloudfront.net/CIK-0000813672/cd2ef8b8-abb5-4620-a08d-c5c49565fc6c.pdf).

Skills

- Public Company Management
- Corporate Finance
- International Markets
- Industry Knowledge
- Sustainability
- Law, Governance, Ethics & Compliance
- Digital & Technology
- Accounting, Audit & Risk
- Employee perspective and knowledge of the Group

4.1 Governance Report

Bruno Turchet

Vice-President Industrialization for Home & Distribution Europe Division

Age: 49 years
Nationality: French
Business address: Schneider Electric, 31 rue Pierre Mendès France, 38320 Eybens, France
810(1) Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Bruno Turchet, currently Employee Director, began his career in 1999 as Electromechanical Engineer for Assystem Technologies (French consulting and engineering company) and held the role of Key Account Manager for the industry market (2001 – 2005). He joined Schneider Electric in 2005 and has been working in different operations. He started as Project Technical Leader for Low Voltage Equipment in France for two years, before expatriation to Schneider Electric China as Low & Medium Voltage Equipment R&D Manager for three years. Back in France in 2011, he led the Productivity Department of one of the main divisions of the Group and deployed there the sustainability program. From 2016 to 2021, he was New Products Industrialization Director of Final Distribution Line of Business. Since July 2021, Bruno Turchet is Vice-President Industrialization for Home & Distribution Europe Division. In April 2021, he has been appointed Director of the Board representing the employees of Schneider Electric SE. Bruno Turchet holds a Master of Science Degree in Engineering & Quality from the University of Besancon (France). He also attended the High Performance Boards program at IMD Business School of Lausanne (Switzerland) in October 2021.

Term of office

First appointed: 2021

Term ends: 2025

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

None.

Skills

Abhay Parasnis

Founder & CEO of Typeface AI

Age: 48 years
Nationality: American
Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
1,000 Schneider Electric SE shares

Experience and qualifications

Abhay Parasnis is founder & CEO of Typeface AI, a generative AI company. Previously, he was Vice-President, CTO & CPO of Adobe Inc. He started his career at IBM in 1996 as a software researcher before joining i2 Technologies, Inc. in 1997 where he served as Chief Architect until 2002. From 2002 to 2011, Abhay Parasnis held various leadership positions at Microsoft Corporation, driving strategic platform initiatives and consumer technologies. In 2012, he joined Oracle Corporation, a cloud technology company, successively as Senior Vice-President and as Strategic Advisor of Oracle Public Cloud Initiative. In 2013, he was appointed as President & Chief Operating Officer of Kony, Inc., an enterprise mobility leader, before joining in 2015 Adobe, Inc., a software company that provides digital marketing and media solutions, where he held various leadership roles, including Executive Vice-President & Chief Technology Officer, Executive Vice-President Chief Technology Officer & Chief Strategy Officer, and finally, Executive Vice-President Chief Technology Officer & Chief Product Officer, a position from which he stepped down in February 2022. Abhay Parasnis is also a Director of Dropbox, Inc.'s Board of Directors. Abhay Parasnis holds a Bachelor of Science in Electronics and Telecommunications from the College of Engineering Pune and an advanced diploma from the National Institute of Information Technology.

Term of office

Co-optation as Observer member: July 2022

Candidate for appointment as a Director: May 2023

Current external directorships

Other directorships at listed companies:

Director of **Dropbox, Inc.** (USA).

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

None.

Skills

(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Governance & Remunerations Committee
- Audit & Risks Committee
- Investment Committee
- Digital Committee
- Human Resources & CSR Committee
- C Committee Chair

Giulia Chierchia

Executive Vice-President Strategy, Sustainability and Ventures of BP

Age: 44 years
Nationality: Italian/Belgian
Business address: 1 St. James' Square, SW1Y 4PD, London, United Kingdom
0 Schneider Electric SE shares

Experience and qualifications

Giulia Chierchia is currently Executive Vice-President Strategy, Sustainability and Ventures at BP. She began her career in 2001 working for UniCredit Bank as an analyst in the corporate banking division, followed by a two-and-a-half-year period with Value Partners as an associate consultant, leading projects in telecommunications and education. In 2006, she joined McKinsey & Company and was appointed Partner in 2013 and Senior Partner in 2019 leading the global downstream oil and gas practice and advising clients regarding their decarbonization strategy and how to pivot their existing portfolio. In April 2020, she was appointed as Executive Vice-President Strategy and Sustainability of BP, a British oil and gas industry company, in charge, in particular, of strategy and sustainability, ethics and compliance, capital allocation, investment governance for the company, delivery of its net-zero carbon aims, ESG transformation and external stakeholder engagement and group energy transition policy. In March 2022, she became Executive Vice-President Strategy, Sustainability and Ventures and was given the additional responsibility for BP's ventures arm. Giulia Chierchia holds a Bachelor's degree in Economics and Corporate Law from Bocconi University (Italy) and a Master's Degree in Business Administration from INSEAD Business School (France).

Term of office

Co-optation as Observer member: February 2023

Candidate for appointment as a Director: May 2023

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Director of BP Technology Ventures Limited (United Kingdom).

Previous directorships

Previous directorships held in the past five years:

None.

Skills

4.1.2.3 Changes to the Board composition submitted to the Annual Shareholders' Meeting

As part of the Board's continuous review of its composition, the Board of Directors asked the Governance & Remunerations Committee to make a recommendation on the renewal of Mr. Léo Apotheker, Mr. Gregory Spierkel, and Mr. Lip-Bu Tan, as well as search for complementary candidates in line with the skillset highlighted by its Board skills matrix and the challenges of the Company.

In that respect, the Committee has analyzed Mr. Léo Apotheker's, Mr. Gregory Spierkel's and Mr. Lip-Bu Tan's situation with regards to their relevance and performance, as well as their time commitment, and availability to fulfill their duties as well as the value added by each of them to the work of the Board.

- Mr. Léo Apotheker holds only one other position in a listed company (Director of NICE-Systems Ltd), and his attendance rate at Board meetings in 2022 is 100%, while his attendance rate at meetings of the Committees in which he participates is 90%. The Committee recommended to the Board that Mr. Léo Apotheker continues to participate in the work of the Board, particularly in the areas of software and M&A, where his expertise as former Chief Executive Officer of SAP and Hewlett-Packard is essential, as well as his excellent knowledge of the Group and the balance of the composition of the Board of Directors in terms of seniority. However, in view of his age and his non-independence under the AFEP-MEDEF Code, since he has been a member of the Board since 2008, the Committee has proposed limiting his term of office to two years.
- Mr. Gregory Spierkel holds two other mandates in listed companies (Director of MGM Resorts International and PACCAR Inc.), his attendance rate at the meetings of the Board and the committees in which he participates in 2022 is 100%. Mr. Gregory Spierkel brings to the Board the benefit of his experience as former Chief Executive Officer of Ingram Micro, Inc. and a solid profile in digital and technology matters, which leads the Board to propose the renewal of his mandate for a four-year term.
- Mr. Lip-Bu Tan holds three offices in listed companies in addition to his office at Schneider Electric: Chairman of Cadence Design Systems, Inc., from which he retired as Chief Executive Officer in 2021 and will retire as Chairman on May 4, 2023 as he announced he will not seek re-election to the Board at the 2023 Annual Meeting (https://d18rn0p25nwr6d.cloudfront.net/CIK-0000813672/cd2ef8b8-abb5-4620-a08d-c5c49565fc6c.pdf), Chairman of the Board of Directors of Credo Technology Group Holding Ltd. and Director of Intel Corporation. After the 2023 Cadence's Annual Meeting planned on May 4, Mr. Lip-Bu Tan will therefore hold two offices in listed companies in addition to his office at Schneider Electric. In view of his commitments, the Governance and Remunerations Committee has carefully examined his situation. In particular, it has ascertained from him his willingness and commitment to devote sufficient and necessary time to the Board of Schneider Electric, as Mr. Lip-Bu Tan has always done in the past, as evidenced by his level of attendance at Board meetings in 2022 (100%) and at the meetings of the committees in which he participates (90%), as well as his physical participation in several meetings, including the Strategy Session in August 2022. His average attendance rate at Board and committee meetings over his term of office (2019-2022) was 94% and 97.5% respectively, reflecting his commitment and availability. The Committee also took into consideration the assessment of Mr. Lip-Bu Tan's effective contribution to the work of the Board that was conducted among the Directors in October 2022 during the Board's self-assessment, which concluded that Mr. Lip-Bu Tan brings to the Board unique expertise in the areas of software and technology, particularly in the energy sector, venture capital, and in-depth knowledge of the Asian and US markets. For all of these reasons, the Board has determined that his continued service as a Director is in the best interests of the Company, its shareholders, and is consistent with the composition objectives identified by the Board, and therefore invites to reappoint Mr. Lip Bu-Tan for a four-year term.

Skills

Public Company Management · Corporate Finance · International Markets · Industry Knowledge · Sustainability · Law, Governance, Ethics & Compliance · Digital & Technology · Accounting, Audit & Risk · Employee perspective and knowledge of the Group

4.1 Governance Report

The Governance & Remunerations Committee also identified the skills that would be useful to diversify and strengthen the Board composition and hired an external recruitment firm (Heidrick & Struggles) to search for suitable candidates. Among these candidates, the Governance & Remunerations Committee preselected a shortlist and the members of the Committee interviewed the short-listed candidates. Following these interviews, the Committee recommended two candidates to the Board of Directors, Mr. Abhay Parasnis and Mrs. Giulia Chierchia, who were appointed as Observers respectively on July 27, 2022, and February 15, 2023, with the aim to propose their appointment to the 2023 Annual Shareholders' Meeting.

Mr. Abhay Parasnis, a US citizen based in San Francisco and an entrepreneur, is Adobe's former Chief Technology Officer and Chief Product Officer and serves on the Board of Directors at Dropbox. He will bring to the Board his remarkable technology and digital skills, especially his experience in shifting to the cloud and in SaaS transformation, as well as his spirit on innovation and reinvention. He will qualify as an independent Director with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed, will join the Digital Committee.

Mrs. Giulia Chierchia, an Italian and Belgian dual citizen based in the United Kingdom, is currently Executive Vice-President of Strategy, Sustainability and Ventures at BP. She will bring to the Board her expertise in ESG and energy sector, in particular, her experience in energy transition strategy in large companies with a global approach including strategy, sustainability, capital allocation and ventures. She will qualify as an independent Director with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed, will join the Investment Committee.

If all proposals submitted to the Annual Shareholders' Meeting are approved by the shareholders, the Board of Directors would comprise:

Directors
16

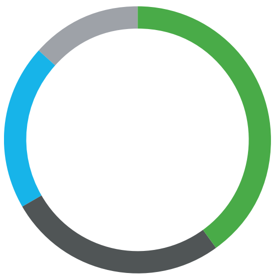
Employee Directors
3

Independent Directors*
11
(85%)

Average age of Directors
56

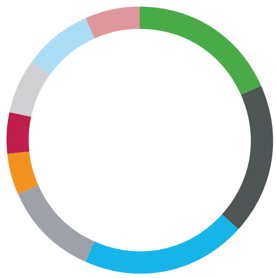
Women Directors*
46%

Board member nationality



- Europe (6)
- France (4)
- North America (4)
- Asia (2)

Board expertise



- Public company management (13)
- Corporate finance (12)
- International markets (14)
- Industry knowledge (8)
- Sustainability (5)
- Law, governance, ethics & compliance (4)
- Digital & technology (6)
- Accounting, audit & risk (5)
- Employee perspective knowledge of the Group (4)

* Excluding the Director representing the employee shareholders and the Directors representing the employees.

4.1.2.4 Skills and diversity

Diversity policy within the Board of Directors and within the management of the Company

The Board of Directors pays due attention to its composition and that of its committees. It relies on the works of the Governance & Remunerations Committee which reviews regularly and proposes as often as required, the relevant changes to the composition of the Board of Directors and its committees depending on the Group's strategy.

In that respect, in conformity with its internal regulations, the Board of Directors ensures through its proposals and its decisions that:

- Its composition reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non-French nationality;
- It protects the independence of the Board through the competence, availability, and courage of its members;
- It ensures open and unrestricted speech;
- It pursues its objective of diversifying the Board of Directors in compliance with the legal principle of attaining balanced representation between men and women on the Board;
- It appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills, nationality, and background;
- Employee shareholders and employees shall continue to be represented on the Board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the Articles of Association; and
- It preserves the continuity of the Board by changing some of its members at regular intervals, if necessary, by anticipating the expiry of members' terms of office.

As prescribed by Article L. 225-18-1 and L. 22-10-3 of the French Commercial Code, the proportion of Directors of each gender must be at least 40%, it being specified that the Directors representing the employees and the Director representing the employee shareholders are not counted to assess said proportion of 40% (Articles L. 225-27 and. L. 225-23 of the French Commercial Code).

The gender diversity ratio of the Board of Directors, should the appointments of Mrs. Giulia Chierchia and Mr. Abhay Parasnis be confirmed at the 2023 Annual Shareholders' Meeting, will reach 46% (excluding the employee Directors and the representative employee shareholders' Director).

Schneider Electric is deeply committed towards diversity in general and gender diversity in particular. Schneider Electric focuses on taking proactive measures to encourage a balanced representation of men and women at the leadership level: the portion of women at the Executive Committee level was 46% in 2022 (*vs.* 44% in 2021. For the leadership pool, comprising of the top leaders (around 1,000 employees), the female representation is 28% (an increase of +2 points *vs.* 2021).

At its meeting on December 14, 2022, the Board of Directors reviewed Senior Management's ambitions regarding the balanced representation of men and women at the leadership level and noted that the objectives are set to:

- At least 40% of women at the Executive Committee; and
- At least 30% of women among the leadership (Vice-President and above; around 1,016 employees).

To achieve these objectives and further improve gender diversity, the Group aims at attracting female talents by offering a training leadership program and dedicated mentoring, an equal treatment policy, and a tailored family leave policy.

Skills within the Board of Directors

The Board of Directors frequently assesses the skills to include in its skills matrix in order to meet the Company's strategic needs, and a review of some peer comparisons. It reviews its composition and expertise to identify skills, relevant to Schneider Electric's current and future activities, that could be strengthened in the future or would deserve a stronger disclosure/narrative.

Schneider Electric's Board, assessed against these skills, appears strong and balanced, and globally well positioned. The Board comprises individuals from diverse and complementary professional and cultural backgrounds, true to the Group's history and values. This enables it to perform its duties collectively and constructively.

The experience and expertise brought to the Board by each Director at the date of this Universal Registration Document can be summarized as follows.

		Jean-Pascal Tricoire	Fred Kindle	Léo Apotheker	Nive Bhagat	Cécile Cabanis	Rita Felix	Linda Knoll	Jill Lee	Xiaoyun Ma	Anna Ohlsson-Leijon	Anders Runevad	Gregory Spierkel	Lip-Bun Tan	Brumo Turchet	Giulia Chierchia	Abhay Parasnis	Total
Benchmarked Skills	Public Company Management	●	●	●	●	●		●	●		●	●	●	●		●	●	13
	Corporate Finance	●	●	●	●	●			●	●	●	●	●	●		●		12
	Accounting, Audit & Risk				●	●			●	●	●							5
	International Markets	●	●	●	●	●		●	●	●	●	●	●	●		●	●	14
	Industry Knowledge	●	●						●	●		●		●	●	●		8
	Employee perspective and Knowledge of the Group	●					●			●					●			4
	Digital & Technology	●		●	●								●	●			●	6
	Law, Governance, Ethics & Compliance		●	●							●					●		4
	Sustainability	●				●		●				●				●		5

	Skills	Definition
Core Skills	Public Company Management	Directors with experience in executive leadership positions of public companies. These positions include industry CEOs (five of the thirteen Board members excluding the Chairman & CEO are former CEOs of listed Companies: F. Kindle, L. Apotheker, A. Runevad, G. Spierkel, and Lip-Bu Tan) as well as other top executive positions (*e.g.*, CFO, COO) and top management roles (regional or divisional leadership).
	Corporate Finance	Directors who have gained experience in banking, investments, restructuring, or M&A. Also, those high-level executives with responsibilities for financial management (*e.g.*, CEO, CFO).
	Accounting, Audit & Risk	Directors from an auditing, or internal finance role (*e.g.*, financial reporting responsibilities). As well as this, expertise in risk management gained from subject matter expertise or responsibility for corporate risk management (note: non-executive positions are not taken into consideration).
	International Markets	Directors who have spent a large portion of their career in, or have been directly responsible for, foreign markets. Schneider Electric's Board expertise is well balanced between US, Asian, and European markets experience: • European market: JP. Tricoire, F. Kindle, L. Apotheker, C. Cabanis, G. Chierchia, J. Lee, A. Runevad, A. Ohlsson-Leijon, G. Spierkel; • US market: L. Apotheker, L. Knoll, G. Spierkel, LB. Tan, A. Parasnis; and • Asian market: JP. Tricoire, Nive Bhagat, J. Lee, X. Ma, A. Runevad, A. Parasnis.
	Industry Knowledge	Directors who have gained experience in energy sectors.
	Employee perspective and Knowledge of the Group	Directors who are also employees of the Group and have gained a deep and inside knowledge of the Group.
	Digital & Technology	Directors who have gained technical or managerial experience directly in information technology, digitization, data and innovative technologies in relevant industries.
	Law, Governance, Ethics & Compliance	Directors with advanced and relevant legal qualification or experience in a corporate legal setting, direct career exposure to relevant regulators, or governmental organizations. Also includes Directors who have a proven track record contributing to ethical business practices and governance.
	Sustainability	Directors who have made significant contributions to either sustainability in business, or have notoriety for promotion of sustainable business in the wider economy. This skill does include experiences such as technical experience in innovative green technologies.

4.1.2.5 Independence and conflict of interests

Independent Directors

Each year, as provided under the AFEP-MEDEF Corporate Governance Code, the Board of Directors, on the report of the Governance & Remunerations Committee, dedicates one of the points on its agenda to the qualification of its members as independent with regard to the criteria for independence set out in Article 10.5 of this Code as presented in the table below.

Criterion 1: Employee or Corporate Officer within the previous five years

Not to be and not to have been within the previous five years:
- an employee or executive Corporate Officer of the Company;
- an employee, executive Corporate Officer, or Director of a company consolidated with the Company;
- an employee, executive Corporate Officer, or Director of the Company's parent company or a company consolidated with this parent company.

Criterion 2: Cross-directorships

Not to be an executive Corporate Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive Corporate Officer of the Company (currently in office or having held such office within the last five years) holds a directorship.

Criterion 3: Significant business relationships

Not to be a customer, supplier, commercial banker, investment banker, or consultant:
- that is significant to the Company or its group;
- or for which the Company or its group represents a significant portion of its activity.

The assessment of the significance or otherwise of the relationship with the Company or its group must be debated by the Board and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, *etc.*) must be explicitly stated in the annual report.

Criterion 4: Family ties

Not to be related by close family ties to a Corporate Officer.

Criterion 5: Auditor

Not to have been an auditor of the Company within the previous five years.

Criterion 6: Period of office exceeding 12 years

Not to have been a Director of the Company for more than 12 years. Loss of the status of independent Director occurs on the date of the 12th anniversary.

Criterion 7: Status of non-executive Corporate Officer

A non-executive Corporate Officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the Company or Group.

Criterion 8: Status of the major shareholder

Directors representing major shareholders of the Company or its parent company may be considered independent, provided these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Governance & Remunerations Committee, should systematically review the qualification as independent in light of the Company's shareholding structure and the existence of a potential conflict of interest.

Upon recommendation from the Governance & Remunerations Committee, the Board of Directors, during its meeting of February 15, 2023, reviewed the independence of each Board member in regard of the criteria reminded above.

- With regard specifically to independence in terms of business relations, the Board of Directors noted that, due to:
  (i) The absence of business relations between the Directors and Schneider Electric;
  (ii) The nature of Schneider Electric activities and those of the companies in which members of the Board of Directors are employed or serve as Directors; and
  (iii) The amounts, either unitary or global, of operations performed or that may be performed between Schneider Electric and these companies that are agreed at arm's length and that are by no means likely to be referred to the Board of Directors;
  the existing business relations between Schneider Electric and these companies in which the members of the Board of Directors are employed or serve as officers are not likely to prejudice their independence, indeed, when such operations exist, they are agreed at arm's length and their amounts, representing less than 0.1% of the consolidated turnover of each group, are without a doubt insignificant for each party, in particular with regard to respective size of the groups concerned.

Among fourteen Directors, nine are independent according to the definition prescribed by the AFEP-MEDEF Corporate Governance Code: Mrs. Nive Bhagat, Mrs. Cécile Cabanis, Mr. Fred Kindle, Mrs. Linda Knoll, Mrs. Jill Lee, Mrs. Anna Ohlsson-Leijon, Mr. Anders Runevad, Mr. Gregory Spierkel, and Mr. Lip-Bu Tan.

- Mr. Jean-Pascal Tricoire, as Chief Executive Officer, Mrs. Xiaoyun Ma, as the employee shareholders representative, Mrs. Rita Felix and Mr. Bruno Turchet as employee Directors, and Mr. Léo Apotheker, who has served on the Board for over 12 years, are not considered to be independent Directors under the AFEP-MEDEF Corporate Governance Code.
- The AFEP-MEDEF Corporate Governance Code recommends that, in non-controlled companies, the Board comprises at least 50% independent Directors (Directors representing employee shareholders and employees are not computed in calculating this percentage). The proportion of independent Directors of the Company, excluding Mrs. Xiaoyun Ma, Mrs. Rita Felix, and Mr. Bruno Turchet, is therefore 82%. The proportion would rise to 85% should the renewal of Mr. Léo Apotheker, Mr. Gregory Spierkel, and M. Lip-Bu Tan, and the appointments of Mrs. Giulia Chierchia and Mr. Abhay Parasnis, who will qualify as independent Directors with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code, be voted in by the Annual Shareholders' Meeting as per, respectively, the 12th, 13th, 14th,15th, and 16th resolutions.

The following table shows the status of each Director with regard to the criteria for independence set out in Article 10.5 of the AFEP-MEDEF Corporate Governance Code.

Criteria[1]	Jean-Pascal Tricoire[2]	Léo Apotheker	Nive Bhaga	Cécile Cabanis	Rita Felix[3]	Fred Kindle	Linda Knoll	Jill Lee	Xiaoyun Ma[4]	Anna Ohlsson Leijon	Anders Runevad	Gregory Spierkel	Lip-Bu Tan	Bruno Turchet[5]
Criterion 1: Employee or corporate officer within the past five years	✗	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓	✗
Criterion 2: Cross-directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Significant business relationships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: Family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: Auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: Period of office exceeding 12 years	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: Status of non-executive Corporate Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 8: Status of the major shareholder	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Conclusion	✗	✗	✓	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓	✗

(1) In this table, ✓ signifies that a criterion for independence is satisfied and ✗ signifies that a criterion for independence is not satisfied.
(2) Mr. Jean-Pascal Tricoire is Chairman & Chief Executive Officer of Schneider Electric SE, Chairman of the Board of Directors of Schneider Electric Industries SAS, Director of Delixi Electric Ltd, Director of Schneider Electric USA Inc., and Chairman of the Board of Directors of Schneider Electric Asia Pacific Ltd.
(3) Mrs. Rita Felix has an employment contract with Schneider Electric Portugal Lda.
(4) Mrs. Xiaoyun Ma has an employment contract with Schneider Electric (China) Co., Ltd.
(5) Mr. Bruno Turchet has an employment contract with Schneider Electric Industries SAS.

Declarations concerning the situation of the members of the administrative, supervisory, or management bodies

Service contracts

None of the Directors has a service contract with the Company or any of its subsidiaries providing for benefits under such contract.

Absence of conviction or incrimination

To the best of the Company's knowledge, in the last five years, none of the Directors or the Chairman & CEO have been:

- The subject of any convictions in relation to fraudulent offenses or of any official public incrimination and/or sanctions by statutory regulatory authorities;
- Disqualified by a court from acting as a member of the administrative, management, or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer; or
- Involved, as a member of an administrative, management, or supervisory body or a partner, in a bankruptcy, receivership, or liquidation.

Family ties

To the best of the Company's knowledge, none of the Directors and/or the Chairman & CEO of the Company are related through family ties.

Conflicts of interest

To the best of the Company's knowledge, there are no arrangements or understandings with major shareholders, customers, suppliers, or others pursuant to which a Director or the Chairman & Chief Executive Officer has been selected as a member of an administrative, management, or supervisory body or a member of Senior Management of the Company.

To the best of the Company's knowledge, there are no conflicts of interest between the duties of any Directors and the Chairman & Chief Executive Officer with respect to the Company in their capacity as members of those bodies or their private interests and/or other duties.

To the best of the Company's knowledge, the Directors and the Chairman & Chief Executive Officer have no restrictions on the disposal of their Company shares aside from those stipulated in Performance Share plans (see section 4.2.5 of Chapter 4 of the 2022 Universal Registration Document) for the Chairman & Chief Executive Officer and a minimum 1,000 shareholding requirement for Directors.

4.1.2.6 Director's holding in the Company's share capital

Article 11 of the Company's Article of Association provides that Directors are each required to hold at least 250 Schneider Electric shares during their term of office. Moreover, in accordance with Article 6 of the Board Internal Regulations, each Board member shall hold 1,000 Schneider Electric shares.

The Board of Directors has set a retention target of shares representing five years of base salary for the Chairman & CEO.

Calculation of the number of shares held is based on Schneider Electric SE shares and the equivalent in shares of the corporate mutual fund units invested in Schneider Electric shares held by the beneficiary. He is required to retain at least 50% of the Performance Shares granted to him until this number of shares is reached.

The shareholding target described above is largely met by Mr. Jean-Pascal Tricoire who owns 840,147 Schneider Electric shares.

To the Company's knowledge, the Directors' shareholdings in the Company's registered capital as of the date of December 31, 2022, are as follows:

Board member	Schneider Electric shares
Jean-Pascal Tricoire	840,147
Fred Kindle	40,000
Léo Apotheker	3,093
Nive Bhagat	200
Cécile Cabanis	1,000
Rita Felix	144
Linda Knoll	1,000
Jill Lee	1,000
Xiaoyun Ma	36,201
Anna Ohlsson-Leijon	1,000
Anders Runevad	1,000
Gregory Spierkel	1,000
Lip-Bu Tan	1,000
Bruno Turchet	810
TOTAL	**927,595**

The members of the Board of Directors directly held 0.16% of the share capital as of December 31, 2022.

The table below shows the transactions in Schneider Electric securities carried out during fiscal year 2022 and notified to the *Autorité des marchés financiers* (AMF) in accordance with Article 19 of Regulation nº 594/2014 of April 16, 2014, on Market Abuse and Article L. 621-18-2 of the French Monetary and Financial Code:

First name and last name	Transaction date	Transaction type	Description of the financial instrument	Number of securities/ instruments	Unit price (in euros)	Amount of the transaction (in euros)
Jean-Pascal Tricoire	18/03/2022	Disposal	Ordinary shares	17,000	151.84	2,581,280.00
Jean-Pascal Tricoire	28/03/2022	Acquisition	LTIP – Plans 32 & 33	58,117	–	–
Xiaoyun Ma	28/03/2022	Acquisition	LTIP – Plan 33	6,651	–	–
Jean-Pascal Tricoire	06/07/2022	Subscription	Shares in Schneider Electric FCPE	2,211.57	117.51	259,881.59
Jean-Pascal Tricoire	06/07/2022	Subscription	Shares in Schneider Electric FCPE	20.49	117.49	2,407.37
Abhay Parasnis	17/08/2022	Acquisition	Ordinary shares	1,000	139.55	139,550.00
Nive Bhagat	12/12/2022	Acquisition	Ordinary shares	200	136.94	27,388.00

See details regarding Performance Shares granted to Executive Directors in section 4.2.5 of Chapter 4 of this Universal Registration Document.

4.1.3 Activities and operating procedures of the Board of Directors

4.1.3.1 Board of Directors activities in 2022

The Board held nine meetings in 2022 (versus seven in 2021). The meetings lasted nine hours and thirty minutes on average with an average participation rate of Directors of 97% (same as in 2021). Eleven Directors have an attendance rate of 100% and none have an attendance rate less than 78% as shown in the table summarizing the Directors' individual attendance at Board meetings. All absences were legitimate and excused.

The Board of Directors devoted most of its activities to the Company's business, strategy, and corporate governance as detailed below:

Business and financial results

- Review and approval of the 2021 financial statements based on the Audit & Risks Committee's report and the report by the statutory auditors, who were present at the meeting;
- Review and approval of the financial statements for the first half of 2022;
- Review of the first and third quarterly results and reports prepared by Senior Management;
- Review of the Group's 2022 guidance set in February and of the new guidance issued in July 2022;
- Proposal to the Annual Shareholders' Meeting that the dividend be set at €2.90 per share;
- Information, at each meeting, on the business situation;
- Review of the Audit & Risks Committee's report on the works of the Group's internal audit and internal control teams;
- Review of the 2022 risk matrix, the framework design, and the deployment status of the Enterprise Risk Management;
- Review of the Group "Ethics & Compliance System";
- Monitoring of the share buyback program;
- Review of the liquidity; and
- Authorization of the CEO to issue of sureties, endorsements, and guarantees.

Strategy

- Thorough review of the Group strategy, as every year, as part of a meeting of three days named "Strategy session", held physically in Roma from August 29 to 31, 2022, specifically dedicated to the topic;
- Review, during this Strategy session, on an in-depth strategy analysis of Energy Management, Industrial Automation, Sustainability and decarbonation, Prosumer, and Software strategies;
- Follow-up of the Ukrainian and Russian situation;
- Authorization or review of external growth and divestment operations (such as Aveva, IGE+XAO, Telemecanique Sensors);
- Review of the portfolio; and
- Information about moves and changes concerning competitors of Schneider Electric.

Corporate governance & sustainability

- Thorough review, as every year, of the succession planning of the Corporate Officers and top management;
- Proposal for a new governance effective May 4, 2023 with separation of the functions of Chairman and Chief Executive Officer;
- Deliberation on the composition of its membership and that of its committees and the principle of balanced representation of men and women;
- Deliberation on whether to maintain the unification of the functions of Chairman & CEO;
- Deliberation, at its meeting of October 26, 2022, on its self assessment;
- Deliberation on and review of the principles and criteria relating to the compensation of the Corporate Officers and approval of the compensation and benefits of all types that may be or have been granted;
- Information on the meetings with major shareholders conducted by the Vice-Chairman & Lead Independent Director on governance topics;
- Information on the salary review of members of the Executive Committee;
- Review of the Group's Diversity & Inclusion program;
- Decision on the implementation of the 2022 Long-term incentive plan;
- Recorded the calculation of the level of achievement of performance conditions applicable to Performance Share plans nº 32, 33, 34, 35, 36, 37, 37bis, 38, 39, 39bis, and 39ter;
- Decision of capital increases reserved for employees;
- Reviewed the CSR strategy, results, and targets of the Schneider Sustainability Impact 2021–2025;
- Review of the opportunity to introduce a Say on Climate;
- Approval of the corporate governance report as provided for in Article L. 225-37 of the French Commercial Code;
- Approval of the Management Report as provided for in Article L. 225-100 of the French Commercial Code;
- Review of the regulated agreements and commitments; and
- Review of the assessment process relating to the qualification of the related party agreements as "current" or "regulated".

2022 Annual Shareholders' Meeting

The Board approved the agenda and draft resolutions of the 2022 Annual Shareholders' Meeting, and its report to the shareholders at the meeting. It was informed of the positions expressed by the shareholders met during the preparation of the Annual Shareholders' Meeting and took note of the proxy-advisors' reports. It approved the responses to the written questions.

The 2022 Annual Shareholders' Meeting met physically. It approved all resolutions supported by management, including those relating to the composition of the Board of Directors, the compensation of the Corporate Officers, and the renewal of financial authorizations.

In application of the provisions of Article 1.C.3 of the internal regulations, the Vice-Chairman & Lead Independent Director convenes executive sessions of the Board of Directors (without the Corporate Officers) at the end of each Board meeting. In 2022, the Board of Directors held seven "executive sessions", *vs.* five in 2021.

In addition, when the Board debated and determined the compensation of the Chairman & CEO, the interested party was not present, as prescribed by Article 10.2 of the internal regulations, unless solicited to provide information on specific issues.

4.1.3.2 Succession planning

Board members

The Board of Directors shall have at least three and up to 18 members, all of whom must be natural persons elected by the shareholders at the Shareholders' Meeting. However, in case of death or resignation of a member, the Board may co-opt a new member. This appointment is then subject to ratification at the next Annual Shareholders' Meeting.

Directors are appointed for four-year terms (renewable). However, from the age of 70, Directors are re-elected or appointed for a period of two years. No more than one-third of the Directors may be 70 years old or over.

Mrs. Xiaoyun Ma represents the employee shareholders in accordance with the provisions of Articles L. 225-23 and L. 22-10-5 of the French Commercial Code. She was elected at the Annual Shareholders' Meeting upon the recommendation of the supervisory boards of the FCPEs.

Mrs. Rita Felix and Mr. Bruno Turchet represent the employees in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code. They were appointed respectively by the European Works Council and by the most representative trade union organization in France in pursuance of Article 11.4 of the Articles of Association.

Director selection process

The independent Director selection process is led by the Vice-Chairman & Lead Independent Director and Chairman of the Governance & Remunerations Committee. When one or more directorships become vacant, or more broadly when the Board of Directors wishes to expand or modify its composition, the Governance & Remunerations Committee documents and ranks the selection criteria for potential candidates, taking into account the desired balance and diversity in the Board's composition. The Committee takes into account the diversity policy and the objectives defined by the Board of Directors in term of skillset.

Based on these criteria, the Committee steers the search for and selection of new Directors, where appropriate with the assistance of an external consultant, and conducts the necessary verifications. The members of the Governance & Remunerations Committee then interview the candidates and issue a recommendation to the Board of Directors.

In preparation of the 2023 Annual Shareholders' Meeting, the Governance & Remunerations Committee focused on furthering the international diversification of the Board of Directors and maintaining the number of women Directors, as well as adding digital and sustainability expertise. A specific selection process exists for Directors representing employees and Directors representing employee shareholders, in accordance with prevailing regulations.

Succession planning for Corporate Officers

Succession plans at Schneider Electric correspond to a systematic, structured process for identifying and preparing employees with potential to fill key organizational positions, should the position become vacant. This process applies to all key positions including the Chairman & CEO position. Succession plans aim at ensuring a continued effective performance of the organization by providing for the availability of experienced and capable employees who are prepared to assume these roles as they become available. Succession plans are necessary processes to reduce risk of vacant positions or skill gap transitions, create a pipeline of future leaders, ensure full business continuity, and improve employee motivation and engagement.

The mission of the Governance & Remunerations Committee includes preparing for the future of the Company's executive bodies, in particular through the establishment of a succession plan for executive officers. The plan, which is reviewed at meetings of the Governance & Remunerations Committee, addresses various scenarios:
- Unplanned vacancy due to prohibition, resignation, or death; and
- Planned vacancy due to retirement or expiration of term of office.

Through its work and discussions, the Committee seeks to devise a succession plan that is adaptable to situations arising in the short, medium or long term. The Governance & Remunerations Committee:
- Provides the Board with progress reports, in particular at executive sessions;
- Works closely with the Chairman & Chief Executive Officer to (i) ensure the plan is consistent with the Company's own practices and market practices, (ii) ensure high-potential internal prospects receive appropriate support and training, and (iii) check there is adequate monitoring of key posts likely to fall vacant;
- Meets with key executives.

The succession plan announced on February 15, 2023 is described in section 4.1.1.2.1 of the Universal Registration Document.

4.1.3.3 Self-assessment of the Board of Directors

Pursuant to its internal regulations, Schneider Electric SE's Board of Directors annually reviews its composition, organization, and operations, as well as those of its committees. This yearly assessment is carried out through a written questionnaire sent to Board members or interviews with Board members. The evaluation is conducted under the leadership of the Vice-Chairman & Lead Independent Director by the Secretary of the Board of Directors. In addition, as per the AFEP-MEDEF Corporate Governance Code, the Board of Directors shall undertake at least once every three years, a formal self-assessment, which may be conducted with the assistance of an external consultant.

Internal self-assessment conducted in September and October 2022

An internal assessment was conducted by the Vice-Chairman & Lead Independent Director, who guaranteed the confidentiality of opinions expressed, based on a questionnaire answered anonymously by Board members.

The report was presented and discussed in detail at the Governance & Remunerations Committee meeting on October 25, 2022, and a summary report was presented to the Board of Directors on October 26, 2022. The Vice-Chairman & Lead Independent Director provided individual feedback on the assessments of the effective contribution of each Director.

Themes

(i) Membership and dynamics of the Board; (ii) Mission, organization, and operation of the Board; (iii) Works of the Committees; (iv) On-boarding program of the new members; (v) Deep dive on the Strategy Session; (vi) 2022/2023 top Board priorities; and (vii) Effective contribution of each Director.

Key findings

- Involvement and contribution of Board members is perceived as very high;
- Excellent leadership and contribution of the Chairman & CEO who is described as best in class, strong, open, inclusive, engaged, charismatic, and strategic thinking;
- Perfect fit between the Chairman & CEO and the Vice-Chairman & Lead Independent Director who have developed a balanced and complementary relationship;
- Quality of relations between the Board and management is unanimously seen as trustful and supportive (everyone feel free to express his opinion);
- Board members are satisfied with the agendas, which are well designed and balanced between business, financial, and governance topics;
- Social and environmental dimensions are systematically taken into account in all discussions with the Board;
- Board size is considered adequate;
- All committees operate properly, and their work are satisfactory and useful to the Board decision making process;
- Overall, the on-boarding program is considered as very valuable by all the new Board members; and
- High quality Strategy session which is very useful, well organized, and tailored to discuss the key strategic topics for Schneider Electric.

Areas for improvement

- Large majority of Board members consider that the span of skills brought to the Board is adequate but could be reinforced in energy markets, Robotics/Automation/AI, and ESG;
- Information provided in advance of Board meetings could be more selective and synthetic;
- Allocation of committee assignments between members is adequate but there should be a periodic rotation of assignments; and
- Reports to the Board by business/region function leaders could be provided with a regular cadence.

4.1.3.4 Information and training of the Board of Directors and its members

Information given to Directors

To ensure that the Board of Directors is well informed at all times, Schneider Electric SE applies the following rules: members of the Board have access, via a secure dedicated platform, in principle, ten days before every Board meeting, to the agenda for the meeting and to the draft minutes of the last meeting and, four to five days before, to the Board's file.

Executive Committee members are invited, depending on the subject, to present the major issues within their areas of responsibility. Statutory auditors attend the portion of the Board's meetings at which the full year and half year financial statements are reviewed.

In addition, each year a Board meeting called "Strategy Session" is held in the form of a seminar and invites key executives of the Group to contribute to Board discussions. These seminars also enable Directors to constantly refine their understanding of the challenges facing the Group through themed-based presentations and site visits.

Furthermore, the Board organizes a range of specific training sessions throughout the year to help Directors increase their knowledge of the Group (through presentations of its ecosystem, challenges, businesses, and some of its regions) and its competitive environment, as well as recent market disruption trends and technological developments.

Between each meeting of the Board of Directors, aside from meetings that they may have with the Chairman & CEO, Directors receive information through relevant financial analysts' reports and other documents. Board members also have the opportunity to meet informally with key members of Senior Management.

Board of Director dinners are organized in order to offer more opportunities to interact with investors, customers, experts, *etc*. These dinners are meant to provide Board members with external views on the Group, to increase their understanding of the changes in its business environment, and to gain more insight on the needs and motivations of all stakeholders. In 2022, six dinners were organized.

On-boarding program of new Directors

A complete on-boarding program is provided to any new Director in order to help him/her to get a deep understanding of the business, the challenges, and priorities of Schneider Electric as well as its governance and values. As such, new Directors are offered a training and information program on the Group's strategy and businesses, designed around a common core which comprises of:

- A set of documents including, in particular, the last Universal Registration Document and integrated report, the Company's Articles of Association, the internal regulations of the Board of Directors, the AFEP-MEDEF Corporate Governance Code, the Compliance Code governing stock-market transactions (see below), the minutes of the Board's and committees' meetings for the period starting from the appointment back to the full year before, and the Directors' and officers' liability master policy;
- A summary relating to the Group organization;
- Working meetings with the Chief Financial Officer and Executive Vice-Presidents of Strategy, Energy Management, Industrial Automation, and other EVPs as the case may be;
- A work session with the secretary of the committee(s) he/she will join;
- Concerning governance and values: a work session with the Vice-Chairman & Lead Independent Director, the Chief Governance Officer, as well as with the persons in charge of compliance, ethics and sustainable development;
- To know more about Schneider Electric's shareholding structure and shareholders' expectations, an interview with the Senior Vice-President Investors Relations;
- Training on the use of the secure dedicated platform on which all the Board's files are filed and kept;
- The designation of a mentor for any new Director to facilitate his/her integration;
- As the case may be, visits to sites which are particularly illustrative of Schneider Electric's activities.

In addition, the Directors representing employees, Mrs. Rita Felix and Mr. Bruno Turchet, benefit from a training program compliant with legal requirements and approved by the Board of Directors. In pursuance of new French regulations coming from law nº 2019-486 of May 22, 2019, relating to companies' growth and transformation, known as PACTE law, the Director representing the employee shareholders, Mrs. Xiaoyun Ma, was offered a tailored training session to address her needs.

Compliance Code governing stock-market transactions

Schneider Electric has adopted a Compliance Code governing stock-market transactions for members of the Board of Directors and Group employees, designed to prevent insider trading. Under these provisions, both Directors and relevant employees are barred from trading in the Company shares and shares in companies for which they have inside information that has not yet been made public. In addition, they may not trade in Schneider Electric SE shares during the 31 days preceding the day following publication of the annual and interim financial statements, nor during the 16 days preceding the day following publication of a quarterly update, nor may they engage in any type of speculative trading involving Schneider Electric SE shares (including margin trading, purchasing, and selling shares in a period of less than four months). In addition, in accordance with the AFEP-MEDEF Corporate Governance Code, Corporate Officers also undertake not to enter into hedges of shares resulting from exercise of options and of Performance Shares they are required to hold (see section 4.1.2.6 of Chapter 4 of this Universal Registration Document). These restrictions supplement the prohibition against hedging unvested stock options and Performance Shares during their vesting period.

The Compliance Code governing stock-market transactions was revised when the European "Market Abuse Regulation" nº 2014/596 of April 16, 2014, entered into force, and subsequently updated in December 2018. The regulation obliges companies to draw up insider lists, and market operators to put in place mechanisms aimed at preventing and detecting suspicious transactions, enabling them to report to the *Autorité des Marchés Financiers* those that seem to them to constitute insider dealing.

The Compliance Code provides for:

- The existence of an ethics officer, who is the Secretary of the Board of Directors, advising on whether information is inside or not; and
- Rules for establishing, updating, and keeping in the prescribed electronic format a list of insiders whenever necessary, lists of persons subject to black-out periods, and possible confidentiality and abstention lists identifying the persons, whether from Schneider Electric or external to the Group, who have access to a piece of sensitive information that does not yet qualify as inside information according to the legal definition. Schneider Electric has deployed a digital tool to manage these lists which automates their processing and ensures better traceability.

4.1.4 Activities and operating procedures of the Committees

In its internal regulations, the Board defined the functions, missions, and resources of its five study committees: the Audit & Risks Committee, the Governance & Remunerations Committee, the Human Resources & CSR Committee, the Investment Committee, and the Digital Committee.

Committee members are appointed by the Board of Directors on the proposal of the Governance & Remunerations Committee. Committees may open their meetings to the other Board members.

The Vice-Chairman & Lead Independent Director may attend any meetings of committees of which he is not a member. The committees may commission research from external consultants after having consulted with the Chairman of the Board of Directors. They may invite anybody they wish to meetings, as necessary. Secretaries of the Board committees organize and prepare the work of the committees. They draft the minutes for the meetings of the committees which, after their approval, are sent to all members of the Board of Directors. The secretaries of the committees are members of Group management teams and specialists in the subject matters of each committee.

4.1.4.1 Audit & Risks Committee

The members, operating procedures, and responsibilities of the Audit & Risks Committee are compliant with the recommendations included in the Audit & Risks Committee final report as updated by the AMF in July 2010.

6	4	100%	100%
meetings in 2022*	members	of independent Directors	average attendance rate

Composition as of December 31, 2022

The internal regulations and procedures of the Board of Directors stipulate that the Audit & Risks Committee must have at least three members.	• Jill Lee	Chairwoman	Independent
	• Cécile Cabanis	Member	Independent
	• Anna Ohlsson-Leijon	Member	Independent
	• Gregory Spierkel	Member since May 5, 2022	Independent
Two-thirds of the members must be independent and at least one must have in-depth knowledge of accounting standards combined with hands-on experience in applying current accounting standards and producing financial statements.	As demonstrated by their career records, summarized in section 4.1.2.2 of this Universal Registration Document, the Audit & Risks Committee members all have recognized expertise in finance, economics, and accounting. In addition to their in-depth financial and accounting knowledge, Mrs. Jill Lee also brings an in-depth knowledge of Schneider Electric's activities and of the Asian markets, Mrs. Cécile Cabanis her extensive knowledge of the challenges of a major French group in the CAC 40, Mrs. Anna Ohlsson-Leijon her professional experience and skills based on her wide-ranging finance and business background, and Mr. Gregory Spierkel his experience as the former CEO of Ingram Micro, Inc. and a strong profile on digital and technology matters.		

Changes in the composition in 2022

- Chairpersonship: Mrs. Jill Lee was appointed as Chairwoman of the Committee as from January 1, 2022, in replacement of Cécile Cabanis who remains member of the Committee.
- Membership: Mr. Gregory Spierkel was appointed as a member of the Committee on May 5, 2022. Mrs. Fleur Pellerin left the Committee following the expiration of her term of office as a Director on May 5, 2022.

Individual attendance rate in 2022

- Jill Lee **100%**
- Cécile Cabanis **100%**
- Anna Ohlsson-Leijon **100%**
- Gregory Spierkel **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- At least five meetings are held during the year.
- The Head of Internal Audit is the secretary of the Audit & Risks Committee.
- The Committee may invite any person it wishes to hear to its meetings.
- The statutory auditors attend meetings at which financial statements are reviewed and, depending on the agenda, all or some of the other meetings.
- It may also require the CEO to provide any documents it deems to be useful.
- It may also commission studies from external consultants.
- The Committee presents its findings and recommendations to the Board. The Chairperson of the Audit & Risks Committee keeps the Chairman & CEO and the Vice-Chairman & Lead Independent Director promptly informed of any difficulties encountered.

* Including the joint meeting with the Digital Committee relating to cybersecurity risk review.

Responsibilities

The Audit & Risks Committee is responsible for preparing the work of the Board of Directors by making recommendations on financial, extra-financial, accounting, internal control, internal audit, compliance, and risk management issues. Accordingly, its missions are as follows:

Items	Details of missions
Preparation for the annual and interim financial statements to be approved by the Board	• To check the appropriateness and consistency of the accounting methods used for drawing up consolidated and corporate accounts, as well as to check that significant operations on Group level have been dealt with appropriately and that rules relating to the scope of consolidation have been complied with; • To examine off-balance sheet risks (including those of a social and environmental nature) and commitments as well as the cash situation; • To examine the process for drawing up financial and extra-financial information; and • To review the Universal Registration Document as well as the reports on the interim financial statements and other main financial documents.
Issues related to statutory auditors	• To make recommendations concerning the appointment or reappointment of the statutory auditors; • To handle follow-up on legal control of consolidated and statutory accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors; and • To verify the auditors' independence, in particular, by reviewing fees paid by the Group to their firm and network and by giving prior approval for assignments that are not strictly included in the scope of the statutory audit.
Following-up on the efficiency of internal control, risk management systems, and compliance program	• To examine the organization and resources used for internal audit, as well as its annual work program, and to receive a quarterly summary report on the findings of the audits carried out; • To review operational risks mapping and its year-on-year evolution, and to ensure procedures are implemented to prevent and reduce them; • To review risk mitigation and coverage optimization; • To review the rollout of the Group's internal control system and to acknowledge the outcome of entities' self-assessment regarding internal control, and to ensure that procedures are implemented to identify and handle anomalies; • To ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection, and the measures implemented to ensure that these policies are circulated and applied; • To report to the Board on the implementation of Schneider Electric SE's charter on related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not; and • To examine all financial, accounting, and extra-financial questions and questions related to risk management, including those of a social and environmental nature, submitted to it by the Board of Directors.

Activity in 2022

The Audit & Risks Committee reported on its work at the Board's meetings of February 16, July 27, October 26, and December 14, 2022.

Items	Details of missions
Financial statement and financial disclosures	• Review of the annual and interim financial statements and of the reports on the financial statements; • Review of goodwill, the Group's tax position, provisions and pension obligations, or similar obligations; • Review of investor relations' documents concerning the annual and interim financial statements; • Review of the Group's scope of consolidation; and • Review of pension commitments.
Internal audit, internal control, risk management, and compliance	• Review of the risk mapping; • Review of the 2023 audit and control missions plan; • Review of the main internal audits performed in 2022; • Review of risks covered by insurance; • Status report on the Enterprise Risk Management System; • Review the Ethics & Compliance program; • Update on the "Duty of Care" program and human rights-related topics; • Cybersecurity risk review (jointly with the Digital Committee); • Review of the Management Report; and • Review of the main litigations.
Statutory auditors	• Review of the fees paid to the statutory auditors and to their networks; and • Review of the 2023 external audit program.
Corporate governance	• Recommended dividend for 2022; and • Review of the financial authorizations and proposition for their renewal by the Annual Shareholders' Meeting of May 5, 2022.

4.1.4.2 Governance & Remunerations Committee

9	5	80%	93%
meetings in 2022*	members	of independent Directors	average attendance rate

Composition as of December 31, 2022

The Board of Directors' internal regulations and procedures provide that the Governance & Remunerations Committee must have at least three members. It is chaired by the Vice-Chairman & Lead Independent Director.	• Fred Kindle	Chairman	Independent
	• Léo Apotheker	Member	Non-independent
	• Linda Knoll	Member	Independent
	• Anders Runevad	Member	Independent
	• Greg Spierkel	Member	Independent

Changes in the composition in 2022

- Chairpersonship: No change.
- Membership: Mr. Willy Kissling left the Committee following the expiration of his term of office as a Director on May 5, 2022.

Individual attendance rate in 2022

- Fred Kindle **100%**
- Léo Apotheker **89%**
- Linda Knoll **89%**
- Anders Runevad **89%**
- Greg Spierkel **100%**

Operating procedures

- The Committee is chaired by the Vice-Chairman & Lead
- Independent Director.
- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet at least three times a year.
- The Committee may seek advice from any person it feels will help it with its work.
- The Secretary of the Board of Directors is the secretary of the Committee.

Responsibilities

Items	Details of missions
Appointments	• To formulate proposals to the Board of Directors in view of any appointment made: (i) Within the Board of Directors as a Director or Observer, Chairman of the Board of Directors, Vice- Chairman or Vice-Chairman & Lead Independent Director, chairperson, or committee member (ii) At the Company's Senior Management level; particularly, to advise the Board on proposals for the appointment of any Corporate Officer.
Compensation of Corporate Officers	• To formulate proposals to the Board of Directors on the compensation policy of executive Corporate Officers (Chairman of the Board of Directors and/or CEO, and Deputy CEOs if any) and of the Board members; and • To make recommendations to the Board of Directors concerning the determination of the components of the compensation due to executive Corporate Officers in accordance with the compensation policy approved by the shareholders and based on the contribution of the concerned persons to the performance of the Group.

* Including the joint meetings with the Human Resources & CSR Committee relating to the 2022 STIP, 2023 Long-term incentive plan, and Say on Climate.

Items	Details of missions
Missions aiming at reassuring both shareholders and the market that the Board of Directors carries out its duties with all necessary independence and objectivity	• To organize for yearly assessments to be made of the Board of Directors; and • To make proposals to the Board of Directors on: – Determining and reviewing Directors' independence criteria and Directors' qualifications with regard to these criteria, – Missions carried out by the committees of the Board of Directors, – The evolution of the organization and mode of operation of the Board of Directors, – The application by the Company of national and international corporate governance practices, – The total amount of Board members' remuneration proposed to the Annual Shareholders' Meetings together with its allocation rules, and – The compensation of the Vice-Chairman & Lead Independent Director.

Activity in 2022

The Governance & Remunerations Committee reported on its work at the Board's meetings of February 16, May 5, July 27, October 26, and December 14, 2022.

Items	Details of missions
Proposals to the Board of Directors	• New governance effective May 4, 2023 • Composition of the Board of Directors and its committees; • Status of the members of the Board with regard to independence criteria; • Compensation of Corporate Officers (amount and structure of 2022 compensation, 2022 objectives and level of achievement of 2021 objectives) and allocation to them of performance shares as part of the Long-term incentive plan; • Definition of the criteria for short-term (STIP) and long-term (LTIP) compensation of Corporate Officers (jointly with the Human Resources & CSR Committee); • Presentation of "Say on Pay" 2021 and the principles and criteria proposed for 2022 to the Annual Shareholders' Meeting; • Directors' remuneration; • Training program of the Directors representing the employees for 2022; and • Opportunity to introduce a Say on Climate.
Reports to the Board of Directors	• Review of the succession plan for the Chairman & CEO; and • Draft corporate governance report of the Board of Directors.
Self-assessment of the Board of Directors	• Leading of the self-assessment of the Board of Directors.
Shareholder engagement	• Reporting on the Vice-Chairman & Lead Independent Director's meetings with governance analysts within the main shareholders: 24 meetings were held, covering approximately 39% of the share capital. These meetings reflect the importance given by the Company to dialogue and the direct commitment of Directors towards shareholders (see "Report of the Vice-Chairman & Lead Independent Director of the Board of Directors", section 4.1.5 of this Universal Registration Document).

4.1.4.3 Human Resources & CSR Committee

6 meetings in 2022*

4 members

100% of independent Directors**

100% average attendance rate

Composition as of December 31, 2022

The Board of Directors' internal regulations and procedures provide that the Human Resources & CSR Committee must have at least three members.	• Linda Knoll	Chairwoman	Independent
	• Rita Felix	Member	Employee Director
	• Fred Kindle	Member since May 5, 2022	Independent
	• Xiaoyun Ma	Member	Employee Director

* Including the joint meetings with the Governance & Remunerations Committee relating to the 2022 STIP, 2023 Long-term incentive plan, and Say on Climate.
** Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

Changes in the composition in 2022

- Chairmanship: No change.
- Membership: Mr. Fred Kindle was appointed as a member of the Committee on May 5, 2022. Mr. Willy Kissling and Mrs. Fleur Pellerin left the Committee following the expiration of their term of office as a Director on May 5, 2022.

Individual attendance rate in 2022

- Linda Knoll **100%**
- Rita Felix **100%**
- Fred Kindle **100%**
- Xiaoyun Ma **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet at least three times a year.
- The Committee may seek advice from any person it feels will help it with its work.
- The Chief Human Resources Officer, Mrs. Charise Le, is the secretary of the Committee.

Responsibilities

Items	Details of missions
Employee shareholding schemes and share allocation plans	• To formulate proposals to the Board of Directors on the implementation of employee shareholding schemes and allocation of free or Performance Shares, and on the volume of shares granted to all eligible Corporate Officers, including executive Corporate Officer(s).
Compensation of Group managers	• To formulate projects on proposals made by general management on: – Compensation for members of the Executive Committee, – Principles and conditions for determining the compensation of Group executives, and – Pay-equity ratio.
Succession plan for key Group executives	• To examine succession plans for key Group executives; and • The Committee shall be informed of any nomination of members of the Executive Committee and of main Group executives.
Human resources and CSR policy	• To prepare for the Board of Directors' deliberations on: – Employee shareholding development, – Reviews made by the Board on social and financial impacts of major reorganization projects and major human resources policies, – Monitoring management of risks related to human resources, – Examining the different aspects of the Group's CSR policy, and – Diversity and inclusion policy, including the policy on the equal treatment of men and women.

Activity in 2022

The Human Resources & CSR Committee reported on its work at the Board's meetings of February 16, July 27, October 26, and December 14, 2022.

Items	Details of missions
Proposals to the Board of Directors	• 2022 annual Long-term incentive plan and implementation of specific Performance Share plans to support the recruitment and the retention policy; and • Definition of the criteria for short-term (STIP) and long-term (LTIP) compensation of top managers and executive Corporate Officers (jointly with the Governance & Remunerations Committee).
Reports to the Board of Directors	• Review of the compensation, performance, and succession plans of Executive Committee members; • 2023 Long-term incentive plan; • Review of equal opportunity, gender pay equity, and diversity & inclusion policy; and • Review of the CSR strategy and performance and of the Group's positioning *vs.* its peers.

4.1.4.4 Investment Committee

2	5	75%	100%
meetings in 2022	members	of independent Directors*	average attendance rate

Composition as of December 31, 2022

The Board of Directors' internal regulations and procedures provide that the Investment Committee must have at least three members.	• Léo Apotheker	Chairman	Non-independent
	• Jill Lee	Member since May 5, 2022	Independent
	• Anders Runevad	Member	Independent
	• Lip-Bu Tan	Member	Independent
	• Bruno Turchet	Member	Employee Director

Changes in the composition in 2022

- Chairmanship: No change.
- Membership: Mr. Fred Kindle left the Committee following his appointment as a member of the Human Resources & CSR Committee. Mr. Gregory Spierkel left the Committee following his appointment as a member of the Audit & Risks Committee. Mrs. Jill Lee was appointed as a member of the Committee with effect on May 5, 2022.

Individual attendance rate in 2022

- Léo Apotheker **100%**
- Jill Lee **100%**
- Anders Runevad **100%**
- Lip-Bu Tan **100%**
- Bruno Turchet **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet three times a year, less or more depending on the circumstances.
- In order to carry out its assignments, the committee may hear any person it wishes and call upon the Chief Strategy & Sustainability Officer.
- The Chief Strategy & Sustainability Officer, Mrs. Gwenaelle Avice-Huet, is the secretary of the Committee.

Responsibilities

Items	Details of missions
Preparation of the Board of Directors' deliberations on investment policy.	• The Committee: – Elaborates recommendations for the Board on major capital deployment decisions; – Advises the management team on capital deployment strategies; – Launches, at the Board's request, or suggests research projects leading to material investments for the Company, typically for capital deployment decisions of €250 million or above; – Investigates matters of smaller scale, if the strategic significance warrants it or the Board/ Chairman of the Board specifically requires it; – Provides recommendations on major merger, alliances, and acquisition projects; – Pays special attention to reconfiguration or consolidation scenarios happening in the sectors the Company is operating in or likely to operate in; – Examines portfolio optimizations and divestment projects of financial or strategic significance; – Supports management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments; and – Presents to the Board, social and environmental aspects of the strategic projects submitted to it such as M&A projects.

* Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

4.1 Governance Report

Activity in 2022

The Investment Committee reported on its work at the Board's meetings of May 5 and July 27, 2022, and during the Strategy session; it being specified that two dedicated meetings of the Board of Directors were held on September 20, and October 27, 2022, relating to the acquisition of the remaining minority stake of AVEVA Group plc.

Items	Details of missions
Proposals to the Board of Directors.	• Follow-up of investment projects and opportunities; • Offer on AVEVA share capital; • Disposal of Telemecanique Sensors; and • Portfolio review.

4.1.4.5 Digital Committee

5 meetings in 2022*

5 members

75% of independent Directors**

83% average attendance rate

Composition as of December 31, 2022

The Board of Directors' internal regulations and procedures provide that the Digital Committee must have at least three members.	• Greg Spierkel	Chairman	Independent
	• Léo Apotheker	Member	Non-independent
	• Nive Bhagat	Member since May 5, 2022	Independent
	• Xiaoyun Ma	Member	Employee Director
	• Lip-Bu Tan	Member	Independent

Changes in the composition in 2022

- Chairmanship: No change.
- Membership: Mrs. Nive Bhagat was appointed as a member of the Committee on May 5, 2022.

Individual attendance rate in 2022

- Greg Spierkel **100%**
- Léo Apotheker **80%**
- Nive Bhagat **75%**
- Xiaoyun Ma **80%**
- Lip-Bu Tan **80%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO.
- The agenda is drawn up by the Chairperson, after consulting with the Chairman & CEO.
- The Committee shall meet at least three times a year, including the joint review of cybersecurity risks with the Audit & Risks Committee.
- In order to carry out its assignments, the Committee may hear any person it wishes.
- The Chief Digital Officer, Mr. Peter Weckesser, is the secretary of the Committee.

* Including the joint meeting with the Audit & Risks Committee relating to cybersecurity risk review.
** Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

Responsibilities

Items	Details of missions
To assist the Board in digital matters in order to guide, support, and control the Group in its digitization efforts. To prepare the Board of Directors' deliberations on digital matters.	• For this purpose, the Digital Committee will review, appraise, and follow-up projects and, generally, advise, *inter alia* on seven areas: – Development and growth of the EcoStruxure™ digital business, including (i) enhancing core businesses with Connectivity & Analytics, (ii) building new digital offers and business models, and (iii) establishing its contribution to and consistency with the overall strategy, – Improvement and transformation of the Group's Digital Customers & Partners Experience, – Improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities, – Assessment of cyber risks and enhancement of the Group's cybersecurity posture (jointly with the Audit & Risks Committee), – Assessment of the contribution of potential M&A operations to the Group's Digital strategy, – Monitoring and analysis of the digital landscape (competitors and disrupters, threats, and opportunities), and – Ensuring that the Company is equipped with the right pool of talents for digital transformation.

Activity in 2022

The Digital Committee reported on its work at the Board's meetings of February 16, July 27, October 26, and December 14, 2022.

Items	Details of missions
Proposals and reports to the Board of Directors.	• AI; • Product Lifecycle Management; • Enterprise Resource Planning (ERP) strategy; • Joint review with the Audit & Risks Committee of the cybersecurity risks; and • General updates on Schneider Digital.

4.1.5 Report of the Vice-Chairman & Lead Independent Director of the Board of Directors

Mr. Fred Kindle hereby reports on the work he carried out in 2022 as part of his responsibilities as Vice-Chairman & Lead Independent Director. He was appointed as Vice-Chairman on April 23, 2020, in replacement of Mr. Léo Apotheker.

The Vice-Chairman & Lead Independent Director is appointed by the Board of Directors in pursuance of Article 12 of the Articles of Association, which provide for the appointment of a Vice-Chairman with the function of a Lead Independent Director if the roles of Chairman & CEO are combined. In compliance with Article 12 of the Articles of Association, the duties of the Vice-Chairman & Lead Independent Director are defined by the internal regulations of the Board of Directors. Those internal regulations can be found in section 4.1.6 of Chapter 4 of this Universal Registration Document.

Information on the Vice-Chairman & Lead Independent Director

To be able to carry out his duties, the Vice-Chairman & Lead Independent Director must have excellent knowledge of the Group and be particularly well informed about its business performance.

As such, the Vice-Chairman & Lead Independent Director is apprised of current events and the performance of the Group through weekly exchanges with the Chairman & CEO. He meets regularly with members of the Group Executive Committee and pursues regular interactions with managers and other employees of the Group in various sites of Schneider Electric.

In addition, the Vice-Chairman & Lead Independent Director interacts regularly with the other members of the Board of Directors. Twice a year, in June and in December, he meets individually with each of the other Directors to obtain their feedback on the current situation of the Company, their possible concerns, and their wishes.

He is continuously kept informed of the evolution of the competitive environment, technological breakthroughs, and business opportunities. Additionally, he is the Chairperson of the Governance & Remunerations Committee and a member of the Human Resources & CSR Committee.

Participation in the preparation of the meetings of the Board

The Vice-Chairman & Lead Independent Director participated in the preparation for meetings of the Board of Directors. As a result, he has participated in all the “pre-Board” meetings. Each meeting of the Board of Directors is preceded by one or two pre-Board meetings, in which the Chairman & CEO, the Vice-Chairman & Lead Independent Director, the Chief Financial Officer, the Chief Governance Officer, and the Secretary of the Board of Directors review the topics and issues addressed by the committees, and establish the agenda set by the Chairman & CEO and the content of the meeting file.

Executive sessions

The Vice-Chairman & Lead Independent Director chairs the executive sessions (*i.e.*, the meetings where Board members meet without the presence of the Corporate Officer), convened at the end of each Board meeting. The employee Directors are invited to attend all executive sessions following meetings of the Board at which they are present.

The Board of Directors held seven executive sessions in 2022 during which its members expressed their views and observations on, among others, the Group’s strategic options and the succession planning of the Corporate Officer. The Vice-Chairman & Lead Independent Director reported the conclusions thereof to the Chairman & CEO.

Interaction with shareholders

The Vice-Chairman & Lead Independent Director is the designated contact for the shareholders on matters pertaining to corporate governance. He carried out two shareholder engagement campaigns in 2022: one before the Annual Shareholders’ Meeting to present to those who so wished, the resolutions submitted for the shareholders’ approval; the other one, in the fall semester, to freely exchange views on topical themes of corporate governance that do not necessarily materialize in resolutions submitted for the shareholders’ approval. On this occasion, the Vice-Chairman & Lead Independent Director discussed investors’ representatives the growing importance of social and environmental topics at the Board of Directors and their reflection in the Corporate Officers’ compensation. Overall, these two campaigns comprised 24 face-to-face or phone meetings with governance analysts of major shareholders from a wide range of corporate governance cultures and covered around 39% of the share capital. The conclusions of these discussions have been reported in detail to the Governance & Remunerations Committee and contributed to its on-going thought process on governance matters. A report thereon was subsequently made to the Board.

Other duties

The Vice-Chairman & Lead Independent Director conducted the annual deliberation of the Board on its composition, organization, and operations as well as those of its committees. In 2022, this self-assessment was carried out internally. The conclusions of this assessment, which highlighted the quest for continuous improvement, are presented in section 4.1.3.3 of Chapter 4 of this Universal Registration Document.

The Vice-Chairman & Lead Independent Director has also had frequent contacts with each of the Directors. He ensured that there was no conflict of interest within the Board of Directors, which he would have been responsible for bringing to the attention of the Chairman.

4.1.6 Internal regulations of the Board of Directors

The Board Internal Regulations describe the rights and obligations of Board members, the composition, role and operating procedures of the Board of Directors and its committees, and the roles and powers of the Chairman and the Chief Executive Officer. They have been drawn up in application of Article 13.7 of the Company's Articles of Association and are prepared in accordance with the French Commercial Code and the AFEP/MEDEF Corporate Governance Code which Schneider Electric refers to. The present Internal Regulations shall be binding on all members of the Board of Directors who shall be deemed to adhere to them on assuming office and shall comply with them in full. These Internal Regulations were adopted by the Board of Directors on April 25, 2013 and last amended on February 15, 2023 with an effective date on May 4,2023.

1. Method of exercising General management – Chairpersonship and Vice-Chairpersonship of the Board of Directors

1.1. Method of exercising General management

1.1.1. General management of the Company is under the responsibility of either the Chairperson of the Board of Directors, who will then go by the title of Chairman/Chairwoman and Chief Executive Officer, or of another natural person appointed by the Board of Directors going by the title of Chief Executive Officer.

1.1.2. The Board of Directors decides between these two methods of exercising General management at the time when the Chairperson of the Board of Directors or the Chief Executive Officer is appointed or when renewing their terms of office. If the Board of Directors has decided to combine the functions of Chairman/Chairwoman and Chief Executive Officer, it will deliberate on this choice every year.

1.1.3. In order to maintain continuity in the Company's operation if the Chairperson serving as Chief Executive Officer leaves his/her role or is prevented from doing so, the Deputy Chief Executive Officer(s), if any, shall take the interim responsibility for General management functions in the Company, unless otherwise decided by the Board, until such time as a new Chief Executive Officer is appointed. The Vice-Chairperson shall temporarily take the Chair of the Board of Directors.

1.2. Chairperson of the Board of Directors

1.2.1 The Board of Directors shall elect a Chairperson amongst its members ("Chairman/Chairwoman"). The Chairperson shall be appointed for a period that can be no longer than his/her term of office as a Director. The Board shall deliberate once a year on the opportunity for the Chairperson to pursue his/her functions. The Chairperson is eligible for re-election. He/she may be removed from office by the Board of Directors at any time.

1.2.2 The statutory missions of the Chairperson of the Board of Directors are:
- to organize and direct the work of the Board;
- to convene the Board meetings, determine the agenda and preside over the meetings;
- to request any document or information necessary to help the Board of Directors for the preparation of its meetings and verify the quality of the information provided;
- to oversee the proper functioning of the Company's bodies and makes sure, in particular, that (i) the Directors are able to carry out their assignments, (ii) the Board of Directors is well organized, in a manner conducive to constructive discussion and decision-making and (iii) the Board of Directors devotes an appropriate amount of time to issues relating to the future of the Company and particularly its strategy;
- to preside over general shareholders meetings and report on the Board work to the annual general shareholders' meeting.

1.2.3 The Chairperson of the Board is entrusted with the following additional powers and missions for which he/she shall organize his/her activities so as to ensure his/her availability and put his/her experience at the Company's service:
- to be kept regularly informed by the Chief Executive Officer of significant events and situations relating to the business of the Group (including the Company's strategy, major acquisition or divestment projects, significant financial transactions, risks, major community projects and the appointment of the most senior executives of the Group) and to be consulted by him on these matters;
- to assist and advise the Chief Executive Officer on strategic, technological, leadership and human capital matters;
- to support, in coordination with the Chief Executive Officer, the representation of the Company in high-level relations with selected stakeholders (customers and institutions);
- to represent the Company with selected Asian Partners and Asian government bodies in coordination with the Chief Executive Officer;
- to be involved in dialogue with shareholders in cooperation with the initiatives taken in this respect by the Chief Executive Officer;
- to promote the Company's values and culture in particular in relation to Environmental, Social and Governance;
- to meet with Company's leaders and managers;
- to hear the statutory auditors and the heads of the control functions in order to ensure that the Board and its committees are in a position to carry out their duties;
- to convene the members of the Board without Executive Directors being present, in particular to allow debates on the performance and compensation of the Executive Management and succession planning;
- to participate to the recruitment process for new directors and the development of the succession plan;
- to work with the Board on the preparation and implementation of succession plan(s) for the corporate officer(s).

The Chairperson of the Board strives to develop and maintain a trustful and regular relationship between the Board and the General Management, in order to guarantee continuous, ongoing implementation by the General Management of the strategies defined by the Board. In all his/her assignments other than those conferred by law, the Chairperson of the Board of Directors acts in close conjunction with the Chief Executive Officer, who has sole responsibility for the general and operational management of the Company.

1.2.4 The Chairperson of the Board of Directors is the only person authorized to speak on behalf of the Board, with the exception of any specific assignment entrusted to the Vice-Chairperson & Lead Independent Director pursuant to the dialogue with shareholders.

1.3. Vice-Chairperson of the Board of Directors – Lead Independent Director

1.3.1 The Board of Directors may appoint a Vice-Chairperson. If the roles of Chairperson and Chief Executive Officer are combined or if the Chairperson is not considered as independent according to the AFEP/MEDEF Corporate Governance Code, the appointment of a Vice-Chairperson is compulsory. The Vice- Chairperson shall be appointed for a period that may not be any longer than his/her term of office as a Director. The Vice-Chairperson is eligible for re-election. The Vice-Chairperson may be removed from office by the Board of Directors at any time.

1.3.2 The Vice-Chairperson shall preside over Board meetings in the absence of the Chairperson.

The Vice-Chairperson shall be called upon to replace the Chairperson of the Board of Directors in the event of any temporary inability of the latter to fulfill his/her functions or in the event of death. In the event of the Chairperson's inability to fulfill his/her functions, he/she will be replaced by the Vice-Chairperson as long as his/her inability may last and, in the case of death, until the election of a new Chairperson.

1.3.3 The Vice-Chairperson also takes on the role of Lead Independent Director. In this respect, the powers and missions of the Vice-Chairperson are:
- to be kept informed of major events in Group life through regular contacts and meetings with the Chairperson and the Chief Executive Officer;
- to be consulted by the Chairperson on the agenda and the sequence of events for every Board meeting as well as on the schedule for Board meetings;
- to request that the Chairperson of the Board of Directors include additional items on the agenda of any meeting of the Board of Directors;
- to request that the Chairperson of the Board of Directors call a meeting of the Board of Directors to discuss a given agenda;
- to convene – whenever he/she deems appropriate - an executive session with non-executive members of the Board of Directors and without the Chairperson attending, over which he/she will preside. It is the Vice-Chairperson's responsibility to appreciate for each topic discussed whether the employee Directors should leave the meeting until the topic is closed. In addition, the Vice-Chairperson may convene an executive session between two Board meetings;
- to promptly report to the Chairperson on the conclusions of executive sessions held without the Chairperson attending;
- to draw the attention of the Chairperson and of the Board of Directors to any possible conflicts of interest that he/she may have identified or which may be reported to him/her;
- to meet if he so wishes the Group's leading managers and visit Company sites in order to complement his/her knowledge;
- to carry out annual assessments of the Board of Directors and, in this context, assess the actual contribution of every member of the Board to the Board's activities;
- to report on his/her actions at annual general shareholders' meetings;
- to engage with shareholders on governance matters and inform the Board of their concerns.

1.3.4 The Vice-Chairperson & Lead Independent Director must be an independent member of the Board, as defined in accordance with the criteria published by the Company.

2. Roles and powers of the Board of Directors

2.1. The Board of Directors shall determine the business strategy of the Company and monitors its implementation, in accordance with its corporate interest and while considering its social and environmental aspects. Subject to the powers expressly conferred to annual general shareholders' meetings and within the limit of the corporate purpose, it shall deal with all matters regarding the smooth running of the Company and settles issues concerning the Company. At any time in the year, the Board carries out the controls and verifications it deems appropriate.

2.2. In accordance with legal or statutory provisions, it is the Board of Directors' responsibility:
- to determine the method of exercising General management of the Company;
- to appoint Executive Corporate Officers, remove them from office and to set their remuneration and the benefits granted to them;
- to co-opt Directors whenever necessary;
- to distribute Directors' remuneration allocated at the annual general shareholders' meeting amongst members of the Board of Directors.
- to convene general shareholders meetings;
- to approve statutory and consolidated financial statements;
- to decide on the dates for the payment of dividends and any possible down-payments on dividends;
- to draw up management reports and reports for annual general shareholders' meetings;
- to draw up management planning documents and the corresponding reports;
- to draw up the corporate governance report as provided for in Article L.225-37 of the French Commercial Code;

- to decide on the use of the delegations of authority granted at annual general shareholders' meetings, more particularly for increasing Company capital, redeeming the Company's own shares, carrying out employee shareholding operations and cancelling shares;
- to grant options or restricted/performance shares within the limits of authorizations given at annual general shareholders' meetings;
- to authorize the issue of bonds;
- to authorize the issue of sureties, endorsements and guarantees;
- to authorize regulated agreements (agreements covered by Article L.225-38 and following of the Commercial Code);
- to implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective;

2.3. To enable the Board to exercise its duties as defined in 2.1. and beyond its specific powers summarized in 2.2., the Board of Directors' remits include:

- to give prior authorization for:
  - **(i)** all disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than 250 million euros;
  - **(ii)** significant changes to the scope and portfolio of activities outside of the strategy shared with the Board of Directors;
  - **(iii)** establishment of significant strategic alliances;
  - **(iv)** any settlement for a sum of more than 125 million euros;
  - **(v)** any off-balance sheet commitment in excess of 125 million euros other than those relating to a guarantee given to an entity of the Group;
  - **(vi)** major and very significant changes to the Group internal organization;
- to be informed by its Chairperson or by its committees of any significant event concerning the Company's efficient operation;
- to be informed about market developments, competitive environment and the most important challenges the Company has to face, including in the area of social and environmental responsibility;
- to review, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly and to that end receive all information necessary to fulfil its remit, especially from the Chief Executive Officer;
- to seek assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will respond and recover from any attack that may happen;
- to ensure that a process to prevent and detect bribery and influence peddling is in place;
- to exercise control over management and oversee the quality of information provided to shareholders and to the markets, in particular via the financial statements or on the occasion of major corporate transactions;
- to review every year its composition, its organization and its mode of operation;
- to set up an Audit & Risks Committee on the terms specified by law and any other committees (i) which do not have decision-making powers but have the task of providing all useful information for the discussions and decisions which the Board is called upon to make, (ii) which composition and rules with regard to their modus operandi is determined by the Board;
- to be consulted prior to acceptance by the Chief Executive Officer or Deputy Chief Executive Officer(s), if any, of any corporate appointment in a listed company outside the Group;
- to appoint a Vice-Chairperson if the Board is compelled or wishes to do so;
- to appoint up to three Board Observers if the Board wishes to do so;
- to determine targets in terms of gender balance within the executive bodies and ensure that the Executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced gender representation on the executive bodies.

2.4. The activities of the Board of Directors and its committees shall be described in the corporate governance report.

3. Membership of the Board of Directors

In the proposals it makes and the decisions it takes, the Board of Directors shall ensure that:

- it reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non-French nationals;
- it protects the independence of the Board through the competence, availability and courage of its members;
- it pursues its objective of diversifying the Board of Directors in compliance with the legal principle of attaining balanced gender representation on the Board;
- it appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills and experiences;
- employee shareholders and employees shall continue to be represented on the Board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the Articles of Association;
- it preserves the continuity of the Board by changing some of its members at regular intervals, if necessary by anticipating the expiry of members' terms of office.

4. Meetings of the Board of Directors

4.1. The Board of Directors shall meet whenever the interests of the Company so require and at least six times a year, including one meeting for examining strategy in detail.

Notices to attend shall be issued by all means, including verbally. They shall be sent via the Secretary of the Board.

4.2. Board meetings shall be convened by the Chairperson or by the Vice-Chairperson in accordance with Article 1.3.3. Moreover, if no Board meeting takes place for over two months, the Chairperson shall convene a meeting of the Board at a date no later than fifteen days after at least one-third of the members of the Board have made a justified request for this purpose. If the request goes unheeded, the person or persons requesting the meeting may convene a meeting himself/herself or themselves, stating the agenda of the proposed meeting.

Similarly, the Chief Executive Officer, if he/she is not Chairperson of the Board of Directors may also address a request to the Chairperson to convene a meeting on any given agenda.

The person responsible for convening the meeting shall set its agenda. The agenda may be modified or completed at the time of the meeting.

Board meetings shall be held at the Company's registered offices or at any other place specified in the notice of the meeting, whether in France or abroad.

4.3. Any member of the Board may appoint another member to represent him/her at a Board meeting by means of a proxy form.

During the same meeting, each member of the Board may only use one proxy form that he/she has received further to the foregoing paragraph.

Members of the Board may attend Board meetings by videoconference or telecommunication links, which allow them to be identified and which guarantee their effective participation. In such a case, they are counted among the members present to the meeting. However, in accordance with applicable laws, for the purposes of checking and controlling statutory and consolidated financial statements and the management report, the members of the Board of Directors who attend the meeting by videoconference or telecommunication links shall not be taken into account for the purposes of determining the quorum or the majority.

Deliberations of the Board of Directors shall only be valid if at least half of the Directors are present. However, in application of Article 15 of the Articles of Association, the Board of Directors may only deliberate validly on the methods for exercising General management if two-thirds of the Directors are present or represented.

Decisions shall be taken on a majority vote by the Directors present or represented. In the event of equality of votes, the Chairperson of the meeting shall have the casting vote.

4.4. The Secretary of the Board shall attend Board meetings.

The Board of Directors shall hear operational managers concerned by major issues submitted to examination by the Board.

The Board of Directors may authorize persons who are not members of the Board to attend Board meetings including by videoconference or by telecommunication links.

4.5. An attendance register shall be kept at the registered office.

The proceedings of the Board of Directors shall be recorded in minutes.

The Secretary of the Board shall be authorized to certify copies or excerpts from the minutes of the Board's proceedings.

5. Information of the Board of Directors

Members of the Board of Directors shall be provided with all the information necessary to enable them to carry out their duties and this within time limits that enable them to familiarize themselves with this information in a meaningful way. They may procure any documents they require for this purpose prior to meetings.

Any request for information made by members of the Board on specific subjects shall be addressed to the Chairperson of the Board or to the Chief Executive Officer, who will reply thereto as promptly as possible.

In order to provide members of the Board of Directors with complete information, visits to sites and customers shall be organized for them. Members of the Board of Directors shall have the right to meet the main Company executives. They shall inform the Chairperson (or, if appropriate, the Chief Executive Officer) thereof.

The Chairperson and / or Vice Chairperson shall meet each member of the Board individually once a year.

6. Status of members of the Board of Directors

6.1. Members of the Board of Directors shall represent all the shareholders and shall act in the interests of the Company in all circumstances.

6.2. Members of the Board of Directors shall attend Board meetings and meetings of the committees of which they are members.

Any member, who has not attended at least half of the meetings held during the year, unless there are exceptional reasons, shall be deemed to wish to terminate his/her term of office and shall be invited to resign from the Board of Directors or the committee concerned, as appropriate.

6.3. Members of the Board of Directors shall be bound by a general confidentiality obligation with respect to the deliberations of the Board and the committees and with respect to information which is not in the public domain, which they receive further to performing their duties.

6.4. Directors may not exercise more than four other terms of office in listed companies outside the Group.

6.5. Members of the Board of Directors shall have a duty to inform the Board of Directors of any office they may hold or no longer hold in other companies.

6.6. Members of the Board of Directors have a permanent duty to ensure that their personal situation shall not give rise to a conflict of interest with the Company. In this respect, they shall disclose:
- the existence of any conflict of interest, even a potential one, upon assuming their duties and then each year in response to a request made by the Company at the time of preparation of its Universal Registration Document;
- any event – open occurrence during the course of the year - which would render the statement above mentioned totally or partially inaccurate.

Any member of the Board of Directors having a conflict of interest, even a potential one, has a duty to notify it to the Vice-Chairperson & Lead Independent Director who shall in turn inform the Board of Directors. The Board of Directors shall rule upon the conflict of interest and may request to the member(s) of the Board of Directors concerned to correct his/her situation. The member of the Board of Directors having a conflict of interest, even a potential one, shall not take part in the discussions or to the vote of the corresponding decision and shall leave the meeting of the Board of Directors while the decision is being debated and voted.

6.7. Within eighteen months of their appointment, members of the Board of Directors, to the exclusion of the Directors representing employees, shall own at least 1,000 Schneider Electric SE to be held during their term of office. To fulfill this obligation, putting aside the 250 shares which must be held to comply with Article 11.1 of the Articles of Association, shares held via a company mutual fund essentially invested in the Company shares can be taken into account. The Schneider Electric SE shares that they hold shall either be in purely registered (*nominatif pur*) or in managed registered (*administré*) form.

6.8. Members of the Board of Directors shall inform the French Financial Market Authority (*Autorité des Marchés Financiers*) within three business days from the completion of the operation, by e-mail at the following address: https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx, as well as the Secretary of the Board, of any acquisition, sale, subscription or exchange concerning shares issued by Schneider Electric SE or any operation on financial instruments linked thereto, conducted on their own account or on their behalf.

6.9. Members of the Board of Directors shall provide the Secretary of the Board with the list of the persons closely associated with them as defined by the European Regulation nº596/2014 ("Market Abuse Regulation"), whom they shall notify of their individual duties to inform the French Financial Market Authority and Schneider Electric SE (to the attention of the Secretary of the Board), similar to those applicable to themselves pursuant to paragraph 6.8. above.

6.10. Members of the Board of Directors undertake to abide by the compliance code governing stock-market ethics, of which they have received a copy, with respect to their personal financial transactions.

Members of the Board of Directors shall refrain from carrying out any transaction involving Company's listed shares during the 31 days before the day following publication of annual or half-yearly accounts, and during the 16-day period before the day following publication of quarterly information. The same principle applies when they hold insider information, *i.e.* precise information concerning the Company, which has not been made public and which, if it were made public, could have a marked impact on share price or on any financial instrument related to them.

6.11. Members of the Board of Directors are invited to attend the annual general shareholders' meetings.

6.12. Members of the Board of Directors shall be remunerated by the payment of an annual amount determined by the Board of Directors. The Board of Directors may grant exceptional remuneration for assignments or offices conferred upon Directors.

6.13. Travelling expenses, notably including hotel and restaurant expenses, incurred by the members of the Board of Directors in relation to the performance of their duties, shall be borne by the Company on presentation of supporting documents.

6.14. Members of the Board of Directors shall complete the on-boarding program offered to them at the beginning of their first term.

7. Observers

The Board of Directors may appoint a maximum of three Observers.

The Observers shall attend Board meetings in a consultative capacity.

They shall receive the same information as the other members of the Board. They may be appointed as members of committees, except for the Audit & Risks Committee.

They shall act in the interest of the Company under all circumstances.

They shall be bound by the same general confidentiality obligation as the members of the Board of Directors and shall be subject to the same limitations regarding transactions involving the Company's shares. Their remuneration shall be determined by the Board of Directors.

8. Committees of the Board of Directors

8.1. The committees created by the Board of Directors shall be as follows:

- Audit & Risks Committee;
- Governance, Nominations & Sustainability Committee;
- Human Capital & Remunerations Committee;
- Investment Committee;
- Digital Committee.

8.2. The role of these committees shall be to research and prepare certain matters to be considered by the Board of Directors. They shall make proposals, give recommendations and issue opinions, as appropriate, in their area of competence.

Created by virtue of Article 13 of the Articles of Association, they shall only have a consultative role and shall act under the authority of the Board of Directors.

8.3. The Chairpersons and members of the committees shall be appointed by the Board of Directors. They shall be appointed in a personal capacity and may not be represented.

The terms of office of committee members shall coincide with their terms of office as members of the Board of Directors. The terms of office of committee members may be renewed.

As a matter of good governance, committee Chairpersons should be rotated and not exceed four years for a given committee. The Board of Directors shall deliberate annually on the Chairpersonship of the concerned committee whenever such four-year limit is reached or exceeded.

8.4. Committees shall meet on the initiative of their Chairperson or on request from the Chairperson of the Board of Directors or the Chief Executive Officer.

8.5. The Chairperson and the Chief Executive Officer shall be kept informed of committee meetings. They shall be in regular contact with committee chairpersons.

8.6. Committee meetings shall be held at the Company's registered office or any other place decided upon by the Chairperson of the committee with an agenda prepared by the latter. If necessary, they may be held by audio or video conference.

Members of the Board of Directors may attend meetings of committees of which they are not a member. Only the members of the committee shall take part in the committee's recommendations.

A secretary will prepare the minutes of the meetings.

A report on each committee's activities shall be given by the committee's chairperson or one of its members at the next Board meeting. Minutes of committee meetings shall be provided to the members of the Board of Directors.

After referring the matter to the Chairperson of the Board, every committee may request studies from external consultants. Every committee may invite any person of its choice to its meetings, as and when required.

8.7. Other than the permanent specialist committees that it has created, the Board of Directors may also decide to set up any ad hoc committees for specific operations or assignments.

9. The Audit & Risks Committee

9.1. Membership and operation of the Audit & Risks Committee

The Committee shall be comprised of at least three members, two-thirds of whom must be independent members of the Board of Directors. At least one of the members must possess special skills concerning matters of finance and accountancy and be independent with regard to specified, published criteria.

The head of Internal Audit shall act as Secretary to the Audit & Risks Committee.

The Committee shall meet at least five times a year. The Chairperson of the Committee shall draw up agendas for meetings.

The meetings shall be attended by members of the finance department and of the Company's Internal Audit department and, with respect to meetings devoted to examining financial statements, by the statutory auditors. The Committee may invite any person it wishes to hear at its meetings. It may also require the Chief Executive Officer to provide any documents it deems to be useful.

Outside the presence of Company representatives, the Committee shall regularly hear the statutory auditors and the head of the Internal Audit.

9.2. Duties of the Audit & Risks Committee

The Audit & Risks Committee monitors questions on drawing up and controlling accounting, financial and extra-financial information. It prepares the Board of Directors' decisions in these domains. It issues recommendations to the Board for the purpose of ensuring the integrity of the financial and extra-financial information and gives advices. For this purpose, the Audit & Risks Committee's missions include:

- to prepare for annual and half-yearly financial statements to be approved by the Board and therefore, more particularly:
  - **(i)** checks the appropriateness and consistency of the accounting methods used for drawing up consolidated and statutory financial statements, as well as checking that significant operations on Group level have been dealt with appropriately and that rules relating to the consolidation perimeter have been complied with;
  - **(ii)** examines off-balance-sheet risks, including those of a social and environmental nature, and commitments as well as the cash situation;
  - **(iii)** examines the process for drawing up financial and extra-financial information;
- to examine the draft annual report, which bears the status of Universal Registration Document and contains the information on internal control, the draft half-yearly report and, where applicable, any remarks made by the French Financial Market Authority (AMF) concerning these reports, as well as the other key financial information documents;
- to handle follow-up on legal control of annual and consolidated accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors;
- to suggest reappointing the existing statutory auditors or appointing new statutory auditors, after a consultation process;
- to check the independence of statutory auditors, especially at the time of examining fees paid by the Group to their firm or their network, and by giving prior approval to any missions that are not strictly included in the scope of the statutory audit;
- to monitor the efficiency of internal control and risk management systems and therefore, more particularly:
  - **(i)** to examine the organization and resources used for internal audit, as well as its annual work program (the Committee shall receive summaries of reports produced on audits on a quarterly basis and the Chairperson of the Committee shall receive these reports in full);
  - **(ii)** to review Enterprise Risk Management reports including operational risk-mapping and to make sure that measures exist for preventing or minimizing risks;
  - **(iii)** to examine how to optimize risk coverage on the basis of reports requested from internal audit or risk management functions;
  - **(iv)** to examine Group internal control measures and look into the results of entities' self-assessments with respect to internal control; to ensure that a relevant process exists for identifying and processing incidents and anomalies;
  - **(v)** to ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection and the measures implemented to ensure that these policies are circulated and applied;
  - **(vi)** to assess Cyber Risks and the Group's Cyber Security posture (jointly with the Digital Committee)

The Audit & Risks Committee shall examine proposals for distribution as well as the amount of financial authorizations submitted for approval at annual general shareholders' meetings.

The Audit & Risks Committee reports to the Board on the implementation of Schneider Electric SE's Charter on the related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not.

The Audit & Risks Committee shall examine all financial and accounting questions and questions related to risk management submitted to it by the Board of Directors.

The Audit & Risks Committee reports to the Board on the findings of its works and how they contributed to the integrity of the financial and extra-financial information. It informs the Board of the follow-up actions that it proposes to take. The Chairperson of the Audit & Risks Committee shall keep the Chairperson and the Vice-Chairperson & Lead Independent Director promptly informed of any difficulties encountered by the Committee.

10. Governance, Nominations & Sustainability Committee

10.1. Membership and operation of the Governance, Nominations & Sustainability Committee

The Committee shall be comprised of at least three members.

The Secretary of the Board shall be the secretary of the Governance, Nominations & Sustainability Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

10.2. Duties of the Governance, Nominations & Sustainability Committee

The Governance, Nominations & Sustainability Committee monitors questions related to the governance of the Company and its sustainability strategy. It issues recommendations and prepares the Board of Directors' decisions in these domains. For this purpose, the Governance, Nominations & Sustainability Committee's missions include:

- to formulate proposals to the Board of Directors in view of any appointment made to the Board of Directors: Directors or Observers, Chairperson of the Board of Directors, Vice-Chairperson & Lead Independent Director, Chairpersons and members of committees;
- to formulate proposals to the Board of Directors in view of any appointment of Executive Corporate Officers: Chief Executive Officer and / or Deputy Chief Executive Officer;
- to ensure the implementation of a procedure for the preparation of succession plans for the Directors and Corporate Officers in the event of an unforeseen vacancy;
- to examine succession plans for key Group executives;
- to be informed of any nomination of members of the Executive Committee and of the main Group executives;
- to ensure that the AFEP-MEDEF Corporate Governance Code to which the Company refers is applied;
- to discuss governance issues related to the functioning and organization of the Board and its committees;
- to propose on the conditions in which the regular evaluation of the Board is carried out;
- to discuss the qualification of Directors as independent, which is reviewed by the Board every year prior to publication of the annual report;
- to conduct a review of the committees that are in charge of preparing the Board's work;
- to review the implementation of the assessment process relating to the qualification of the related-party agreements as 'current' or 'regulated';
- to prepare the decisions by the Board with regard to the update of its Internal Regulations;
- to prepare the draft corporate governance report of the Board of Directors;
- to ensure that the long-term commitments in term of Sustainability undertaken by the Company are implemented;
- to review the Group sustainability strategy including the Climate strategy and follow up on the progress made on a regular basis;
- to review the non-financial reporting and control systems as well as the main results of the non-financial information disclosed by the Company;
- to work with the Stakeholder Committee and set its workplan each year.

11. Human Capital & Remunerations Committee

11.1. Membership and operation of the Human Capital & Remunerations Committee

The Committee shall be comprised of at least three members.

The Chief Human Resources Officer of the Group shall be the secretary of the Human Capital & Remunerations Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

11.2. Duties of the Human Capital & Remunerations Committee

The Human Capital & Remunerations Committee monitors questions related to the human resources of the Company and compensation. It issues recommendations and prepares the Board of Directors' decisions in these domains. For this purpose, the Human Capital & Remunerations Committee's missions include:

- to formulate proposals to the Board of Directors on the compensation policy of the Executive Corporate Officers (Chairperson of the Board of Directors and/or Chief Executive Officer, and/or Deputy Chief Executive Officer, if any), ensuring in particular its alignment with the corporate interest. The Committee shall prepare annual assessments of the persons concerned and make recommendations to the Board of Directors concerning the determination of the components of the compensation due to Executive Corporate Officers in accordance with the compensation policy;
- to review the compensation of the members of the Executive Committee;
- to propose an amount of the remuneration package for Directors to be submitted to the annual general shareholders' meeting and the method of distribution;
- to formulate proposals to the Board of Directors on setting up the long-term incentive plans such as, for example, grant of stock options or performance/restricted shares;
- to prepare the Board of Directors' deliberations on employee shareholding;
- to review the social impact of major re-organization projects and major human resource policies;
- to review risk management in relation to human resources.

The Committee considers questions relating to the remuneration of Corporate Officers outside their presence.

12. Investment Committee

12.1. Membership and operation of the Investment Committee

The Committee shall be comprised of at least three members.

The Chief Strategy & Sustainability Officer shall be the secretary of the Investment Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes and call upon the Group M&A director.

12.2. Duties of the Investment Committee

The Committee prepares the Board of Directors' deliberations on investment policy.

To this purpose, the Committee:
- shall elaborate recommendations to the Board on major capital deployment decisions;
- shall advise the management team on capital deployment strategies;
- may launch, at the Board's request, or suggest research projects leading to material investments for the Company, typically for capital deployment decisions of 250 million euros or above;
- may investigate matters of smaller scale, if the strategic significance warrants it or the Board/Chairperson of the Board specifically requires it;
- shall provide recommendations on major merger, alliances and acquisition projects;
- shall pay special attention to reconfiguration or consolidation scenarios happening in the sectors the Company is operating in or likely to operate in;
- shall examine portfolio optimizations and divestment projects of financial or strategic significance;
- shall support the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments;
- shall present to the Board social and environmental aspects of the strategic projects submitted to it such as M&A projects.

13. Digital Committee

13.1. Membership and operation of the Digital Committee

The Committee shall be comprised of at least three members.

The Chief Digital Officer or the Chief Information Officer shall be the secretary of the Digital Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

13.2. Duties of the Digital Committee

The purpose of the Digital Committee is to assist the Board in digital matters in order to guide, support and control the Group in its digitization efforts. The Digital Committee prepares the Board of Directors' deliberations on digital matters.

For this purpose, the Digital Committee will review, appraise and follow-up on projects and, generally, advise, *inter alia* on seven areas:
- development and growth of the EcoStruxure digital business, including (i) enhancing Core Businesses with Connectivity & Analytics, (ii) building new digital offers and business models, (iii) establishing its contribution to and consistence with the overall strategy;
- assessment of the contribution of potential M&A operations to the Group's Digital strategy;
- monitoring and analysis of the Digital landscape (competitors and disrupters, threats and opportunities);
- improvement and transformation of the Group's Digital Customers & Partners Experience;
- improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities;
- checking that the Company is equipped with the right pool of talents for digital transformation;
- assessment of Cyber Risks and enhancement of the Group's Cyber Security posture (jointly with the Audit & Risks Committee).

14. Perimeter of Internal regulations

The present Internal regulations have been unanimously approved by the Board of Directors. A purely internal act, their objective is to complete the Articles of Association by stipulating the main conditions of organization and operation of the Board of Directors. Their purpose is not to replace the Articles of Association. They may not be relied upon by shareholders or third parties for use against members of the Board of Directors, the Company, or any company in Schneider Electric Group. They may be modified at any time solely by deliberation of the Board of Directors.

4.1.7 Regulated agreements and commitments

4.1.7.1 Review of the Regulated Agreements and Commitments entered into by Schneider Electric SE

No agreements were concluded during the year that would have required approval by the Annual General Meeting in accordance with article L. 225-38 of the French Commercial Code.

4.1.7.2 Procedure for assessing agreements relating to ordinary business operations concluded under normal conditions

The Board of Directors, at its meeting of December 11, 2019, established a procedure for regularly assessing whether agreements relating to ordinary business operations concluded under normal conditions meet these conditions. Any persons directly or indirectly concerned by any of these agreements shall not participate in its assessment.

The procedure is comprised of two phases:
- The assessment of the application of Schneider Electric SE's internal charter for regulated agreements approved by the Board of Directors on February 19, 2020, which results in an annual business report drawn up jointly by the legal department and the Secretary of the Board of Directors. This report is made available to the Audit & Risks Committee for preparing the evaluation report it draws up for the Board of Directors; and
- The assessment by the Board of Directors of criteria for qualifying agreements relating to ordinary business operations concluded under normal conditions which deliberates on the basis of the above-mentioned assessment report drawn up by the Audit & Risks Committee.

According to this procedure, the Governance & Remunerations Committee reviewed at its meeting of December 12, 2022, the relevance of criteria for qualifying agreements relating to ordinary business operations concluded under normal conditions as defined by the procedure and decided not to amend it.

4.1.7.3 Statutory auditors' report on related party agreements

Annual General Meeting of the fiscal year ended December 31, 2022

To the Shareholders of the company Schneider Electric SE,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

Agreements authorized and concluded during the past fiscal year
We hereby inform you that we have not been notified of any agreements authorized during the year to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (Code de commerce).

Agreements previously approved by the Annual General Meeting

Agreements authorized and concluded during previous past fiscal years
We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year.

The Statutory Auditors

Mazars
Paris La Défense on March 6, 2023

Juliette Decoux Guillemot
Associée

Mathieu Mougard
Associé

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on March 6, 2023

Jean-Christophe Georghiou
Associé

Séverine Scheer
Associée

4.1.8 Senior management

The Senior Management of Schneider Electric SE consists of the Chairman & Chief Executive Officer supported by the Executive Committee.

The Executive Committee

The operational organization of the Senior Management of the Group is supported by the Executive Committee, which is chaired by the Chairman & Chief Executive Officer. The Executive Committee meets every month to analyze and evaluate the financial performance of the Group's various businesses compared with the budget, strategic developments, and major events affecting the Group.

As of the date of this Universal Registration Document, the Executive Committee comprises of the 17 following members. As per its Diversity & Inclusion Policy, Schneider Electric pays a lot of attention to the composition of its Executive Committee, in particular to ensure a diversity of culture and gender. Thus, seven nationalities from three continents are part of the Executive Committee. According to the objective to comprise at least 40% of women, the Executive Committee includes 41% of women (*vs.* 44% previously).

Name of Executive Committee member	Gender	Age	Nationality	Responsibility
Jean-Pascal Tricoire	M	59	French	Chairman & Chief Executive Officer
Gwenaelle Avice-Huet	F	43	French	Chief Strategy & Sustainability Officer
Laurent Bataille	M	44	French	Executive Vice-President France Operations
Olivier Blum	M	52	French	Executive Vice-President Energy Management
Annette Clayton	F	59	American	Chief Executive Officer North America
Hervé Coureil	M	52	French	Chief Governance Officer & Secretary General
Philippe Delorme	M	52	French	Executive Vice-President Europe Operations
Barbara Frei	F	52	Swiss	Executive Vice-President Industrial Automation
Charise Le	F	50	Chinese	Chief Human Resources Officer
Chris Leong	F	55	Malaysian	Executive Vice-President Chief Marketing Officer
Hilary Maxson	F	45	American	Chief Financial Officer
Manish Pant	M	53	Indian	Executive Vice-President International Operations
Aamir Paul	M	45	American	Executive Vice-President North America Operations
Nadège Petit	F	43	French	Executive Vice-President Innovation
Mourad Tamoud	M	51	French	Executive Vice-President Global Supply Chain
Peter Weckesser	M	54	German	Chief Digital Officer
Zheng Yin	M	51	Chinese	Executive Vice-President China & East Asia Operations

The Business Pulse community

The Business Pulse community includes the Executive Committee members and approximatively 1,000 leaders of Schneider Electric's main functions and business operations respectively. Its responsibilities are to ensure cascading of the Group's objectives, help ensure rapid, responsive decision-making, as well as smooth, efficient implementation of such decisions. The Business Pulse community met digitally seven times in total in 2022 to exchange on these matters.

4.2 Compensation Report

The compensation report presented below reflects the Group's governance change announced on February 16, 2023. The Board of Directors nominated Mr. Peter Herweck to succeed to Mr. Jean-Pascal Tricoire as Chief Executive Officer at the date of the Annual General Meeting scheduled for May 4, 2023. Mr. Jean-Pascal Tricoire will continue to serve as Chairman of the Board of Directors from that date, while Mr. Peter Herweck will assume the role of Chief Executive Officer as the sole executive corporate officer.

In line with this new governance structure, the Group will have:

- a governance structure with a Chairman & CEO (Mr. Jean-Pascal Tricoire) from January 1, 2023 until May 3, 2023;
- a governance structure with a Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire) and a Chief Executive Officer (Mr. Peter Herweck) from May 4, 2023.

This section includes a complete description of the components of remuneration for the corporate officers, including the following components on which the Annual General Meeting of May 4, 2023, is invited to vote:

- with regard to 2022:
  - for the Chairman & CEO (Mr. Jean-Pascal Tricoire): the components which make up the total remuneration and the benefits of all kinds paid during 2022 or awarded in respect of 2022 (subject of the 6th resolution proposed to the Annual General Meeting);
  - for the Board members of Schneider Electric: the components of remuneration presented in the Report on Corporate Governance pursuant to Article L. 22-10-9 I of the French Commercial Code (subject of the 5th resolution proposed to the Annual General Meeting);

- with regard to 2023, the remuneration policies which will be applicable:
  - to the Chairman & CEO (Mr. Jean-Pascal Tricoire) for the period running from January 1, 2023 to May 3, 2023 (subject of the 7th resolution proposed to the Annual General Meeting);
  - to the Chief Executive Officer (Mr. Peter Herweck) for the period running from May 4, 2023 to December 31, 2023 (subject of the 8th resolution proposed to the Annual General Meeting);
  - to the Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire) for the period running from May 4, 2023 to December 31, 2023 (subject of the 9th resolution proposed to the Annual General Meeting);
  - to the Board members for the full year 2023 (subject of the 11th resolution proposed to the Annual General Meeting).

The information included in this section also takes into account the provisions of the AFEP-MEDEF Code of Corporate Governance for listed companies, as interpreted by the *Haut Comité de Gouvernement d'Entreprise* (French High Committee on Corporate Governance) and the AMF's recommendations.

4.2.1 Overview

The compensation paid or granted to the Corporate Officer in 2021 was approved by more than 84% of our shareholders at the 2022 Annual General Meeting and the 2022 compensation policy was supported by more than 89% of the shareholders at the 2022 Annual Shareholders' meeting.

As in previous years, in 2022, key remuneration topics were discussed with Schneider Electric's largest shareholders. Schneider Electric representatives notably met with 24 investors during the year, representing more than 39% of the issued share capital, over 2 rounds of governance roadshow; in April, ahead of the Annual General Meeting to discuss matters submitted to the shareholders' vote and in the fall to discuss broader ESG topics. The Vice-Chairman & Lead Independent Director took part into discussions with 19 of these investors. Feedback was reported to the Governance & Remunerations Committee and to the Board of Directors. This dialogue will be pursued in 2023 to ensure that the Board takes the feedback into account to determine the compensation policy of the Corporate Officers.

The Board values the comments received during these engagements with shareholders. Although there were no unanimous or major concerns being raised, the Board took the opportunity of the change of governance to incorporate some of the sensitivities mentioned by shareholders into its decisions.

Considering Mr. Jean-Pascal Tricoire is stepping down as Chief Executive Officer on May 3, 2023, the Board decided not to increase his fixed remuneration for the period from January 1, 2023 until May 3, 2023 and almost not to change his compensation policy from the one applied in 2022. When positioning the fixed compensation of Mr. Jean-Pascal Tricoire as Chairman of the Board for the period starting on May 4, 2023, the Board used notably an in-depth study of industry practices in term of compensation and also took into account the specific missions assigned to him by the Board.

In designing the remuneration policy applicable to the new Chief Executive Officer, the Board wished to maintain an overall stability in the compensation structure, which demonstravely drives the right behaviors, appears balanced, provides market competitive pay, and ensures a strong link between pay and performance, a strong alignment with both employees and shareholders, as well as a focus on the long-term. The Board also took into account shareholders' feedback and considered Peter Herweck's expertise and past experience, and proposed some adjustments (see section 4.2.3 of this Universal Registration Document presenting the remuneration policy).

2022 performance highlights

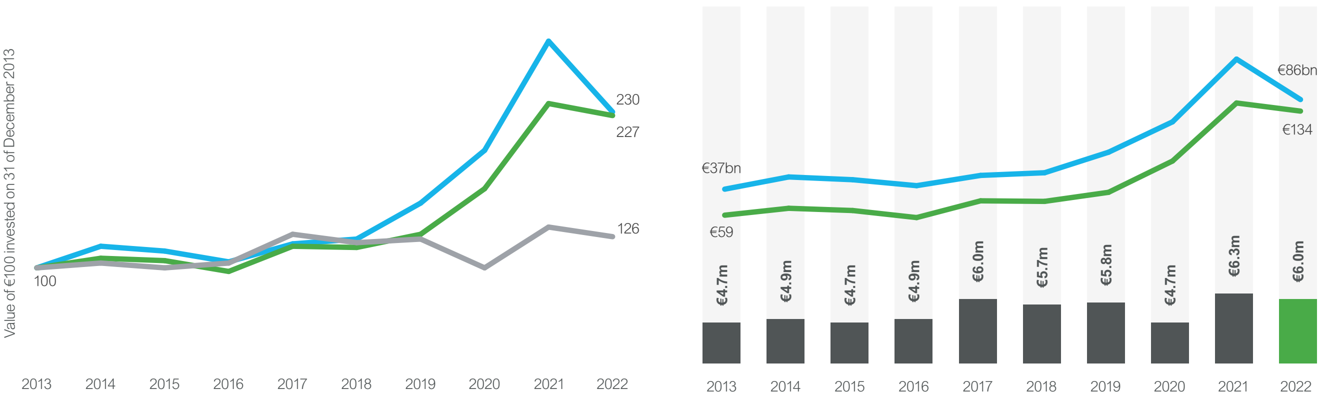
Business performance

2022 was a record year setting the foundation for ongoing sustainable growth with all-time high revenues, Adjusted EBITA margin and net income.

Revenue €34B	**Adjusted EBITA** €6B
Cash conversion 95.8%	**Progress on Schneider Sustainability Impact** 4.91

Positioning in relation to the Company's performance

Chairman & Chief Executive Officer 2022 compensation *vs.* shareholder value creation – share price and enterprise value growth over 10 years (re-based to 100).



- Total Awarded compensation (base salary + actual Annual incentive + IFRS value of LTI granted)
- SE share price
- Enterprise value

Note: 2021 and 2022 LTIP are presented "at target".

Summary of the compensation realized during the year 2022

Jean-Pascal Tricoire, Chairman & CEO (euros)

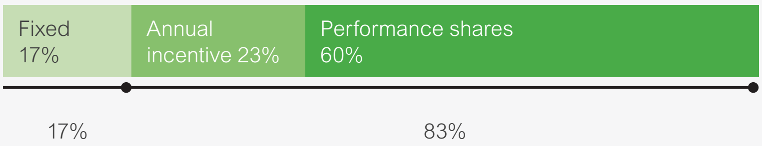
Salary	STIP	LTIP	Other
1,000,000	1,493,700	7,585,289(1)	536,646

(1) LTIP represents realized value of shares vested which evaluation of performance ended in 2022 (LTIP 2020).

4.2.2 Report on the compensation granted or paid during the 2022 fiscal year (say on pay *ex-post*)

4.2.2.1 Pillars and principles

The principles and criteria determining the 2022 compensation described in this section were supported by the shareholders at the Annual Shareholders' Meeting on May 5, 2022. They are deemed to constitute the last policy approved by the shareholders in the meaning of Article L. 22-10-8 of the French Commercial Code and govern the entirety of the compensation granted by the Group to the Corporate Officers until the next policy is approved by the shareholders.

Pillar	How it is reflected in the Group 2022 compensation policy
Pay-for-performance	**Principle 1: Prevalence of variable components: circa 80% for CEO (at target).** A prevalent part of the Corporate Officer target package shall be variable; the 2022 target package thus consists of approximately 80% variable pay component (excluding pension payments). Chairman & Chief Executive Officer: On target pay mix  **Principle 2: Performance evaluated via economic and measurable criteria.** Performance is evaluated via criteria that are mainly economic (80% of variable cash compensation and 75% of multi-year Performance Shares) and measurable, which are selected based on KPIs used in the market communication and drivers of the Group's strategy. All criteria have measurable targets approved by the Board at the beginning of the performance period, ensuring targets are achievable but demanding. **Principle 3: Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual incentive) and medium-term (long-term incentive) components.** 2022 Annual incentive (80% financial/ 20% sustainability): • 40% Group organic sales growth • 30% Adjusted EBITA margin (organic) improvement • 10% Group cash conversion rate • 20% Schneider Sustainability Impact (SSI) 2022 Long-term incentive (75% financial/ 25% sustainability): • 40% Adjusted Earning per Share (EPS) • 35% Relative Total Shareholder Return • 25% Schneider Sustainability External & Relative Index (SSERI)
Alignment with shareholders' interests	**Principle 4: Significant proportion of the total compensation delivered in shares.** The Corporate Officer's target package consists of approximately 60% long-term share-based compensation, meaning their compensation is subject to the same share price volatility that shareholders experience. **Principle 5: Performance conditions aligned to shareholders' expectations and Schneider Electric's strategic priorities.** Performance criteria were selected from financial indicators that are most representative of Group performance and that are closely linked to shareholder value creation. Performance levels required to reach targets were set at the beginning of the performance period in line with the objectives disclosed to the market at the same time as the results of the previous fiscal year and were supplemented by factors that enable the Group to offer a long-term and satisfactory development outlook for all stakeholders in the Company's success.

Competitiveness

Principle 6: To benchmark the Corporate Officer's compensation package "at target" in the median range of the Company's peer group.

Schneider Electric competes for talent in a global marketplace. Most of the Group's key competitors are headquartered outside France. To reflect this, the international peer group consists of 24 French, European, and US companies that are comparable to Schneider Electric in size or industry sector, or that represent a potential source of recruitment or attrition. Compensation levels for the Corporate Officer are reviewed annually and benchmarked by reference to the median of this peer group to ensure they remain reasonable and appropriately competitive. This benchmarking is primarily used to establish a frame of reference for what competitors are paying to comparable roles, rather than as the main factor for making compensation decisions.

The 2022 peer group comprises European and US-based companies:
- Business competitors (in particular, those identified in the Long-term incentive plan as performance peers for TSR comparison purposes);
- Talent competitors for operational and functional roles; and
- "Acceptance" peers (*i.e.* similar groups in terms of size, business, or structure).

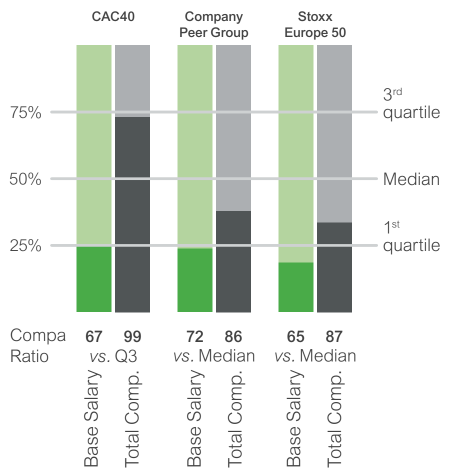
Group 1: European (Capital Goods)	**Group 2:** European (Construction)	**Group 3:** European (Technology Hardware & Software)	**Group 4:** European (Industrial B2B)	**Group 5:** US (Capital Goods)	**Group 6:** US (Technology Hardware & Software)
ABB Atlas Copco Legrand Siemens CNH Industrial	ACS Lafarge Holcim Saint-Gobain Vinci	Dassault Systèmes Hexagon SAP TE Connectivity	Airbus Group Air Liquide Bayer BASF	Eaton Emerson Honeywell Johnson Controls Rockwell Automation	Autodesk PTC

Principle 7: To reference the CAC 40 third quartile and the STOXX Europe 50 median.

The Board reviews the Corporate Officer's compensation with reference to the upper quartile of the CAC 40 companies and the median of the STOXX Europe 50 companies, in line with the Group's position within these panels.

Positioning relative to the market benchmarks

Chairman and CEO 2022 compensation relative to the market benchmarks



Total compensation includes base salary, annual incentive at target, and IFRS value of Performance Shares granted during the year.

4.2.2.2 Chairman & CEO's compensation in relation to the 2022 fiscal year

At its meeting on February 15, 2023, after examining the suitability and fairness of the outcome of the 2022 compensation policy for the Corporate Officer and its alignment with the Group's performance, upon recommendation of the Governance & Remunerations Committee, the Board determined the Corporate Officer's compensation for 2022 in accordance with the principles and criteria previously approved by the shareholders in May 2022 at the Annual Shareholders' Meeting. The outcome is detailed and commented on hereinafter along with the performance results for each component of the compensation.

Table summarizing the compensation paid or granted to the Chairman & CEO in 2022

The following table summarizes the compensation and benefits awarded or paid to the Chairman & CEO for the fiscal years 2022 and 2021, presented on a reported basis in accordance with AFEP-MEDEF guidelines as well as on a realized basis, where performance conditions assessment have ended in the reported fiscal year.

Jean-Pascal Tricoire Chairman & Chief Executive Officer	Compensation & benefits awarded for fiscal year		Compensation & benefits realized in fiscal year	
(Euro)	**2022**	2021	**2022**	2021
A – CASH COMPENSATION				
Fixed compensation	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Annual variable compensation(1)	**1,493,700**	1,990,300	**1,493,700**	1,990,300
Compensation in relation to the Director's office	**0**	0	**0**	0
SUBTOTAL (A) (CASH)	**2,493,700**	2,990,300	**2,493,700**	2,990,300
B – LONG TERM INCENTIVE				
Valuation of the Performance Shares	**3,457,692**(2)	3,326,329(2)	**7,585,289**(3)	10,022,858(3)
SUBTOTAL (B) LONG TERM INCENTIVE	**3,457,692**	3,326,329	**7,585,289**	10,022,858
C – PENSION CASH BENEFIT				
Complementary payment for pension building (fixed)	**191,600**	191,600	**191,600**	191,600
Complementary payment for pension building (variable)	**286,193**	381,341	**286,193**	381,341
SUBTOTAL (C) PENSION CASH BENEFIT	**477,793**	572,941	**477,793**	572,941
D – OTHER BENEFITS				
Other benefits(4)	**58,853**	56,637	**58,853**	56,637
SUBTOTAL (D) OTHER BENEFITS	**58,853**	56,637	**58,853**	56,637
TOTAL COMPENSATION AND BENEFITS (A)+(B)+(C)+(D)	**6,488,038**	**6,946,207**	**10,615,635**	**13,642,736**

(1) The annual incentive for the fiscal year 2021 was paid in 2022 after approval by the shareholders at the Annual Shareholders' Meeting of May 5, 2022 of the 8th resolution relating to the compensation paid, due, or awarded to Jean-Pascal Tricoire in respect of the 2021 fiscal year. Hence, the **total compensation in cash actually paid** in the fiscal year 2022 to Jean-Pascal Tricoire amounts to **€3,563,241** (2022 fixed compensation + 2021 annual incentive + fixed portion of pension benefit for 2022 + variable portion of pension benefit for 2021). Likewise, in accordance with Article L.22-10-34 II of the French Commercial Code, the variable elements in cash awarded to Jean-Pascal Tricoire for the financial year 2022 will only be paid in 2023, subject to their prior approval by the shareholders at the Annual Shareholders' Meeting of May 4, 2023 under the 6th resolution.

(2) **Value of Performance Shares granted during fiscal year** – As per AFEP-MEDEF Corporate Governance Code methodology, compensation is presented on a reported basis. Long-term incentives for the fiscal year include Performance Shares granted during the fiscal year, the performance period of which has not elapsed. The value of Performance Shares corresponds to the number of shares granted, before reduction on account of performance, multiplied by the share price determined in line with IFRS accounting standards.

(3) **Value of Performance Shares deemed vested during the fiscal year** – In order to facilitate the analysis, the Long-term incentives are also presented on realized value basis, where the value of Performance Shares corresponds to the actual number of shares (granted in previous years) deemed vested at the end of the fiscal year, after reduction for performance conditions, multiplied by the share price on December 31, 2021 or 2022, as the case may be.

(4) **Other benefits** include company car, employer matching contributions to capital increase for employees or contributions to Employee Saving Plan and to collective Pension Saving Plan (PERECO) as well as benefits from French profit-sharing plan.

Say on pay table relating to the compensation paid or granted to the Chairman & CEO in 2022

The fixed, variable, and exceptional components of the total compensation and benefits paid or awarded for the fiscal year 2022 to the Corporate Officer, as detailed below, will be submitted to the shareholders for approval at the 2023 Annual Shareholders' Meeting of May 4, 2023 under the 6th resolution.

The tables below summarize the compensation paid during the past fiscal year and compensation awarded for the past fiscal year, along with a description of how each component was calculated in compliance with the compensation policy in force.

Elements of compensation submitted to the vote	Amounts	Description
Fixed compensation	**€1,000,000** (amount due for 2022 paid in 2022) Reminder: €1,000,000 (amount due for 2021 paid in 2021)	**Reminder of the 2022 compensation policy** For the fiscal year 2022, his theoretical gross annual fixed compensation was set by the Board of Directors at €1,000,000 upon recommendation from the Governance & Remunerations Committee. **Application of the 2022 compensation policy** Mr. Jean-Pascal Tricoire received in 2022 a fixed compensation of €1,000,000.
Annual variable compensation	**€1,493,700** (amount due for 2022 to be paid in 2023) Reminder: €1,990,300 (amount due for 2021 paid in 2022)	**Reminder of the 2022 compensation policy** The annual variable compensation rewards achievement of the short-term financial, and sustainability (corporate and social responsibility) objectives of the Group. The pay-out opportunity is as follows: • at threshold performance: 0% of the fixed compensation; • at target: 130% of the fixed compensation; • at maximum over-performance: 260% of the fixed compensation. The payment of the variable annual cash compensation is conditional upon approval by shareholders of the compensation granted to the concerned Corporate Officer. The structure of the 2022 annual variable compensation focuses on what matters to Schneider Electric in delivering value to shareholders. 100% of the variable compensation depends on measurable objectives: • 80% depends on financial criteria which closely align pay outcomes for the Corporate Officer to Schneider Electric's financial performance: – organic sales growth (40%); – adjusted EBITA margin improvement (30%); and – cash conversion rate (10%); • 20% depends on Schneider Sustainability Impact (SSI) highlighting the importance of sustainability on Schneider Electric's business agenda. The Board also ensured that stringent targets were set for the annual variable compensation with maximum award only payable if a strong performance is delivered on each performance metric.

Elements of compensation submitted to the vote	Amounts	Description
Annual variable compensation (continued)		See below

Application of the 2022 compensation policy

The annual incentive due for 2022 was determined by the Board at the meeting of February 15, 2023, based on the attainment rate of the objectives set for fiscal year 2022 as follows:

2022 performance criteria	Weight (%)	Performance Range			Achievement		
		Threshold 0%	Target 100%	Maximum 200%	2022 Results	Achievement rate (non-weighted)	Achievement rate (weighted)
Group financial indicators (80%)							
Organic Sales growth	40%	9%	10%	13%	**12.2%**	**173.3%**	**69.3%**
Adjusted EBITA margin improvement (org.)	30%	0.3 pts	0.6 pts	0.9 pts	**0.4 pts**	**33.3%**	**10.0%**
Cash Conversion rate	10%	85%	100%	115%	**95.8%**	**72.0%**	**7.2%**
Sustainability (20%)							
Schneider Sustainability Impact (score)	20%	4.2	4.7	5.2	**4.91**	**142.0%**	**28.4%**
Total	**100%**						**114.9%**

Overall, 2022 annual variable compensation resulted in a total achievement rate of 114.9%, above target, reflecting record levels in revenues and adjusted EBITA, and good level of free cash-flow delivered by Schneider Electric in 2022.

Indeed, after having set the compensation targets on February 16, 2022, aligned with the targets disclosed to the market at that time, the Board decided on July 27, 2022 to use the discretion clause provided in the 2022 compensation policy approved by shareholders at the 2022 Annual General Meeting.

The targets set at the beginning of 2022 did not appear adequate anymore considering the price inflation which was much higher than expected. Therefore, the Board resolved to increase the targets linked to revenue growth in order to align them with the new guidance announced to the market at that time:

- Revenue growth of +9% to +11% organic (previously +7% to +9% organic in February 2022);
- Adjusted EBITA margin up +30bps to +60bps organic (unchanged *vs*. February 2022).

This decision has been made to ensure a better alignment with the shareholders' experience and to make sure that the Chairman & CEO was compensated only for the Company's intrinsic performance. Without this adjustment, the indicator linked to revenue growth would have been overachieved by 200% delivering 80% of target variable compensation for this criteria instead of the 69.3% which was delivered after taking into consideration the targets adjustment resolved by the Board.

The final 2022 results for revenue growth (12.2%) having exceeded the targets disclosed to the market in July 2022, total achievement rate of the annual variable compensation of the Corporate Officer was set by the Board at 114.9% of the targeted variable compensation, reflecting strong performance of Schneider Electric in 2022.

Elements of compensation submitted to the vote	Amounts	Description
Annual variable compensation (continued)		Detailed achievement of each criterion: • **Organic Sales growth:** The Group delivered an organic sales growth of +12.2%, which was above both guidance communicated to the market in February of +7% to +9% and the one reviewed in July of +9% to +11%. Therefore, this good performance resulted in an achievement rate of this criterion of 69.3% on the range between 0% to 80%. • **Adjusted EBITA margin improvement:** In 2022, Adjusted EBITA margin rate improved by +0.4 bps organically to reach 17.6%, as a consequence of strong pricing, good cost control and improving SFC/Sales ratio. As a result, the achievement rate on this criterion was set at 10% on a scale from 0% to 60%. • **Cash conversion:** Free cash-flow was €3.33 billion. Therefore, cash conversion was 95.8% in 2022 which represented an achievement rate of 7.2% on this criterion, on a scale from 0% to 20%. • **Schneider Sustainability Impact:** the Schneider Sustainability Impact (SSI), is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative sustainability programs. It's the Group's five-year (2021–2025) plan with progress tracked and published quarterly, as well as audited annually. In 2022 the SSI achieved a score of 4.91/10 exceeding its target for the year, representing an achievement rate of 28.4% on a scale from 0% to 40%. As a result, the 2022 annual variable compensation pay-out for the Corporate Officer was calculated on the base of his fixed compensation as follows:

At Target pay-out		Achievement rate	2022 Actual pay-out	
as a % of salary	Amount (€)	as a % of target	**as a % of base salary**	**Amount (€)**
130%	€1,300,000	114.9%	**149.4%**	**€1,493,700**

In compliance with Article L.22-10-34 II of the French Commercial Code, the payment of this annual variable compensation is subject to approval by the shareholders of the compensation granted to the Corporate Officer for the fiscal year 2022 (see 6th resolution to be submitted to the Annual Shareholders' Meeting of May 4, 2023).

As a reminder, an amount of €1,990,300 was paid in 2022 to Mr. Jean-Pascal Tricoire for the annual variable compensation due for the fiscal year 2021 after the approval of the 8th resolution by the Annual Shareholders' Meeting on May 5, 2022 (see page 316 of the 2021 Universal Registration Document).

4.2 Compensation Report

<table>
<tr>
<td rowspan="8">Long-term incentive (Performance shares)</td>
<td rowspan="8">31,105 Performance Shares granted in March 2022 (€3,457,692 according to IFRS valuation)

Reminder: 37,903 Performance Shares granted in March 2021 (€3,326,329 according to IFRS valuation)</td>
<td colspan="3">Reminder of the 2022 compensation policy
The 2022 Compensation policy provided:
• a maximum annual award to the Chairman & CEO capped at 200% of the combined fixed and target short -term variable compensation at the date of the grant;
• a vesting period of three years with an additional mandatory one-year holding period for 30% of shares granted under the plan reserved to the Corporate Officer;
• performance conditions as follows:</td>
</tr>
<tr>
<td>40%
Improvement of Adjusted Earnings Per Share (EPS)</td>
<td colspan="2">Average of the annual rates of achievement of Adjusted EPS improvement targets for the 2022 to 2024 fiscal years. Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. Significant unforeseen scope impact could be restated from this calculation upon decision of the Board.</td>
</tr>
<tr>
<td rowspan="2">35%
Relative TSR</td>
<td>17.5% vs. CAC 40 companies</td>
<td>• 0% below median
• 50% at median (rank 20)
• 100% at rank 10
• 120% at ranks 1 to 4*
Vesting linear between these points</td>
</tr>
<tr>
<td>17.5% vs. a panel of 11 peer companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa)</td>
<td>• 0% at rank 7 and below
• 50% at rank 6
• 100% at rank 4
• 150% at ranks 1 to 3*
Vesting linear between these points</td>
</tr>
<tr>
<td rowspan="4">25%
Schneider Sustainability External & Relative Index (SSERI)</td>
<td>6.25% DJSIW</td>
<td>• 0%: not in World
• 50%: included in World
• 100%: sector leader</td>
</tr>
<tr>
<td>6.25% Euronext Vigeo</td>
<td>• 0%: out
• 50%: included in World 120 or Europe 120
• 100%: included in World 120 & Europe 120</td>
</tr>
<tr>
<td>6.25% Ecovadis</td>
<td>• 0%: Silver medal or less
• 50%: Gold medal
• 100%: Platinum medal</td>
</tr>
<tr>
<td>6.25% CDP Climate Change</td>
<td>• 0%: C score
• 50%: B score (25% at B-)
• 100%: A score (75% at A-)</td>
</tr>
</table>

* The over-achievement of relative TSR performance condition can off-set the under-achievement of the objectives under the adjusted EPS performance condition.

Long-term incentive (Performance shares) (continued)

Application of the 2022 compensation policy

The volume of the maximum annual award was set in consideration of:
- The market practice and competitive positioning of the Chairman & CEO's compensation package;
- The Group's good performance;
- The structure of performance measurement governing the final acquisition of LTIP awards;
- The culture of ownership deeply rooted in Schneider Electric's DNA.

As in 2021, upon hearing the report from the Governance & Remunerations Committee, the Board took into consideration the increase in the Company's stock price and in the spirit of maintaining a culture of moderation in an uncertain economic environment and decided to allocate to Mr. Jean-Pascal Tricoire a number of shares markedly below the maximum allowed by the compensation policy.

According to the authorization given by the Annual Shareholders' Meeting on April 25, 2019 in its 21st resolution, the Board of Directors, during its meeting of March 24, 2022 decided to grant Mr. Jean-Pascal Tricoire a total of 31,105 Performance Shares (representing 0.005% of Schneider Electric's share capital) subject to the performance criteria described above and measured over a period of three years:
- 9,332 Performance Shares under Plan nº 40 in his capacity as Chairman & CEO of Schneider Electric SE;
- 21,773 Performance Shares under Plan nº 41 in his capacity as Regional Asia President and Chairman of Schneider Electric Asia Pacific.

Pension benefits

€477,793 (amount due for 2022 (fixed portion of €191,600 paid in 2022 and variable portion of €286,193 to be paid in 2023))

Reminder: €572,941 (amount due for 2021 (fixed portion of €191,600 paid in 2021 and variable portion of €381,341 paid in 2022))

Reminder of the 2022 compensation policy

Complementary payments are intended to take account of the fact that, following the decision of the Board of Directors on February 18, 2015 to remove the benefit of the defined-benefit pension scheme (Article 39) for Corporate Officers, Mr. Jean-Pascal Tricoire is personally responsible for building up his pension. He undertook to redirect these complementary payments, net of taxes, to investment vehicles devoted to financing his additional pension. To determine this authorized complementary compensation, the Board of Directors sought the recommendation of an independent expert, namely the firm WTW, and ensured that the mechanism implemented therefore, was in line with shareholders' interests.

Accordingly, Mr. Jean-Pascal Tricoire is entitled to receive annually a complementary component, split into a fixed and variable portion as follows:

	Variable portion				
Fixed portion	Target (% of Fixed)	Minimum	At target	Maximum	Total at Target
€191,600	130%	€0	€249,080	€498,160	€440,680

The variable part is dependent on performance criteria aligned with the variable annual compensation (see above).

Application of the 2022 compensation policy

At the meeting held on February 15, 2023, the annual complementary variable portion for pension for 2022 to be paid after the Annual Shareholders' Meeting if the latter approves it, was set by the Board of Directors at 149.4% of the annual complementary fixed portion, *i.e.* an achievement rate of 114.9%.

For 2022, Mr. Jean-Pascal Tricoire is entitled to receive:

Fixed amount due for 2022	Variable amount due for 2022(1)	**Total due for 2022**
€191,600	€286,193	**€477,793**

(1) Calculated by applying to the variable portion at target of the pension above (€249,080) the percentage of target achievement determined for the calculation of the 2022 annual variable compensation, *i.e.* 114.9%.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders' approval (see 6th resolution submitted to the Annual Shareholders' Meeting of May 4, 2023).

Reminder: an amount of €381,341 was paid in 2022 to Mr. Jean-Pascal Tricoire for the variable portion of his pension due for the fiscal year 2021 after its approval by the Annual Shareholders' Meeting on May 5, 2022 (see page 319 of the 2021 Universal Registration Document).

4.2 Compensation Report

Other benefits

€58,853 received in 2022

Reminder: €56,637 received in 2021

Reminder of the 2022 compensation policy

The Compensation policy provides that the Chairman & CEO may benefit from:

- the employer matching contributions;
- the profit-sharing;
- a company car;
- supplementary Life & Disability scheme.

Application of the 2022 compensation policy

For the fiscal year 2022, the Chairman & CEO was eligible for profit-sharing and the employer matching contributions paid to Employee Saving Plan subscribers. In addition, he was eligible for the employer matching contributions paid to subscribers to the collective pension fund (PERECO) for the retirement of workers in France. The use of a company car in 2022 represented an equivalent cost of €48,171.

Employer matching contributions to Employee Saving Plan	Employer matching contributions to collective pension saving plan (PERECO)	Profit-sharing	Company car	**Total 2022 benefits**
€1,404	€800	€8,478	€48,171	**€58,853**

The Chairman & CEO is eligible for (i) the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death and (ii) additional coverages conditional on the fulfillment of some conditions as described in the compensation policy (see Chapter 4, section 2.3.1 of the Universal Registration Document).

Termination benefits

No payment

Involuntary Severance Pay

The Chairman & CEO is entitled to involuntary termination benefits in case of change of control or strategy and taking into account the non-compete compensation described below, is capped at twice the arithmetical average of his annual fixed and variable compensation paid over the last three years (see Chapter 4, section 4.2.3.1 of the 2021 Universal Registration Document).

Non-compete compensation

The Chairman & CEO is entitled to non-compete compensation for a period of one year capped at 60% of annual fixed and target variable parts (excluding complementary payments) (see Chapter 4, section 4.2.3.1 of the 2021 Universal Registration Document).

For 2022, Mr. Jean-Pascal Tricoire was not awarded nor benefited from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or Directors' fees.

Employer social contributions paid by the Group's companies in respect of Mr. Jean-Pascal Tricoire's compensation amounted to €353,738.12 in 2022.

Mr. Jean-Pascal Tricoire is granted 30% of his cash compensation described above (fixed compensation, annual variable compensation and pension complementary payments) in consideration for his duties as a Corporate Officer (Chairman & CEO) of Schneider Electric SE exclusively. The remainder is granted to him for the discharge of his operational duties as Regional Asia President, Chairman of Schneider Electric Asia Pacific and executive Director of Schneider Electric USA Inc.

Details relating to the 2020 Long-term Incentive Plan realized in 2022 (LTIP 2020)

The performance period for shares granted in 2020 finished on December 31, 2022 and shares under the Plans nº 36 and 37 are therefore deemed vested. Their final acquisition is, however, still subject to the satisfaction of the presence condition at the delivery date.

At its meeting of February 15, 2023, the Board assessed the achievement rate of the performance criteria based on the Group's performance over the three-year period 2020 – 2022 and set the final rate of achievement at **96.71%**, *i.e.* a reduction of 3.29% in relation to the number of shares originally granted.

The Chairman & CEO was conditionally granted 18,000 shares under Plan nº 36 and 42,000 shares under Plan nº 37. After applying the reduction for performance not achieved, the resulting outcomes were as follows:

Corporate Officer	Number of Shares (Plan nº 36)[1]	Number of Shares (Plan nº 37)	Number of shares deemed vested	No of shares lapsed	Value of deemed vested shares[2]
Jean-Pascal Tricoire	18,000	42,000	58,027	1,973	**€7,585,289**
Vesting date	March 24, 2023	March 24, 2023			

(1) Plan nº 36 – Performance Shares granted under this plan to the Corporate Officer are subject to one-year holding period following vesting, therefore shares will only become unrestricted on March 24, 2024.

(2) Vested shares are valued at the closing share price of December 30, 2022, *i.e.* €130.72.

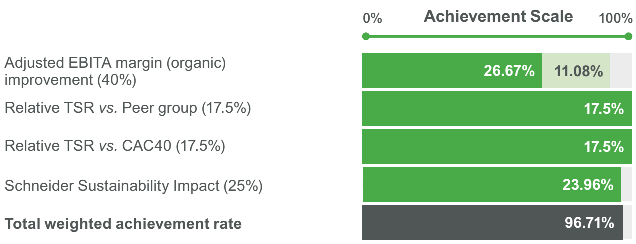
Shares granted under the 2020 LTIP were subjected to performance conditions as follows:

40%	17.5%	17.5%	25%
Adjusted EPS improvement	Relative Total Shareholder Return (TSR) *vs.* CAC 40	Relative Total Shareholder Return (TSR) *vs.* panel of competitors	Schneider Sustainability External and Relative Index
2020 – 2022 achievement rate: 26.67%	**2020 – 2022 achievement rate: 19.83%**(1)	**2020 – 2022 achievement rate: 26.25%**(1)	**2020 – 2022 achievement rate: 23.96%**

(1) The over-performance of the relative TSR conditions off-set the under-performance of the adjusted EPS condition (for 11.08%).

2022 was the final year of performance measurement for the LTIP 2020. Schneider Electric ranked 6th on relative TSR among the CAC 40 companies and 3rd among the panel of competitors, delivering 55.3% return to shareholders over the same three-year period, demonstrating a strong value creation for the shareholders. Schneider Electric delivered robust organic adjusted EPS improvement year-on-year and demonstrated consistent progress on the Group's sustainability targets which are at the heart of the Group's strategy. These strong results across the range of performance criteria led to a vesting outcome of 96.71% out of 100%.

LTIP 2020 Performance criteria achievement



- **Adjusted EPS improvement (40%)**
  During the three-year plan, the Adjusted EPS improved organically by more than +13% on average even though the targets were missed for 2020 due to COVID-19 and the Board's decision not to change them. This result reflects the successful execution of the strategy combining top line growth, positive net pricing, better mix, industrial productivity, and better efficiency to reduce SFCs. Overall, the achievement rate for this criterion was 26.67% (out of 40%).

	Reference period	Weight (%)	Target Min 0%	Target 75%	Target Max 100%	Actual achievement	Pay-out rate	Weighted pay-out rate
Adjusted Earnings per Share (EPS) improvement rate	2020	13.33%	0%	3.75%	5%	-4.86%	0%	0%
	2021	13.33%	11.5%	15.5%	17%	31.77%	100%	13.33%
	2022	13.33%	1.1%	5.9%	8.3%	13.13%	100%	13.33%
Total		**40%**						**26.67%**

- **Relative Total Shareholder Return (TSR)**
  vs. CAC 40 (17.5%) – The Group's performance was acknowledged by the market and reflected in the stock price increase, which, combined with a robust dividend distribution policy and consistent share buyback program to balance the dilution coming from allocation of Performance Shares and employee shareholding schemes, generated strong returns to shareholders over the period. Schneider Electric's TSR was ranked 6th among the CAC 40 companies. The achievement rate for this criterion was set at 19.83%, including the over-performance of 2.33%, which contributed to the offsetting of the non-achievement of the adjusted EPS criterion.

  vs. panel of competitors (17.5%) – Over the period, Schneider Electric's TSR was ranked 3rd versus the selected peers (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa). The achievement rate for this criterion was set at 26.25%, including the over-performance of 8.75%, which contributed to the offsetting of the non-achievement of the adjusted EPS criterion.

		Weight (%)	Target 0%	Target 50%	Target 75%	Target 100%	Target 120%	Target 150%	Actual achievement	Pay-out rate	Weighted pay-out rate
Relative Total Shareholder Return (TSR)	*vs.* CAC 40 companies	17.5%	21	20		10	4-1		6th rank	113.3%	19.83%
	vs. panel of peer companies	17.5%	8			4		3-1	3rd rank	150.0%	26.25%

- **Schneider Sustainability External and Relative Index – SSERI (25%)**
  The Schneider Sustainability External and Relative Index measures the long-term sustainability performance of the Group in terms of relative performance, through a combination of external indices: (i) DJSI World which covers three dimensions: economic, environmental, and social; (ii) Euronext Vigeo which covers environment, community involvement, business behavior, human rights, corporate governance, and human resources; (iii) Ecovadis which covers four dimensions: environment, labor and human rights, sustainable procurement and ethics; and (iv) CDP Climate Change which covers climate change, water, and forests and represents a major reference for climate change leadership globally. The different rating achieved by Schneider in 2020, 2021 and 2022 in those indexes resulted in an achievement rate of the SSERI of 23.96% (out of 25%).

			Actual achievement				
			2020	2021	2022	Pay-out rate	Weighted pay-out rate
Schneider Sustainability External & Relative Index (SSERI)	**6.25% DJSIW**	• 0%: not in World • 50%: included in World • 100%: sector leader	sector leader	World	sector leader	83.33%	5.21%
	6.25% Euronext Vigeo	• 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120	World 120 & Europe 120	World 120 & Europe 120	World 120 & Europe 120	100%	6.25%
	6.25% Ecovadis[(1)]	• 0%: Silver Medal or less • 50%: Gold Medal (top 5%) • 100%: Platinum Medal (top 1%)	Developed & Env. Leaders EU 40 Indexes[(1)]	Platinum Medal	Platinum Medal	100%	6.25%
	6.25% CDP Climate Change	• 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)	A score	A score	A score	100%	6.25%
Total	**25%**						**23.96%**

(1) In 2020, the SSERI included the FTSE4GOOD index with the following target: 0% if Schneider is out of the index, 50% if Schneider is included in Developed & Environmental Leaders Europe 40 indexes, 100% if Schneider is included in Developed & Environmental Leaders Europe 40 indexes. In 2020, Schneider Electric was included in Developed & Environmental Leaders EU 40 indexes which triggered the maximum vesting for this year. From 2021 the FTSE4GOOD index has been replaced by Ecovadis index, due to the decommissioning of one of the two FTSE4GOOD indices.

The fact that the compensation mechanism has materialized this year does not create any disconnection between pay and performance considering that the impact is limited (*i.e.* 11%) and the payout rate actually reflects the good performance of the Company over the last three years and the strong 2022 results. In addition, this result is aligned with the shareholders' experience, the TSR being 55.3% over this period.

Historical vesting of the Corporate Officers' Performance Share plans:

LTIP 2020	LTIP 2019	LTIP 2018	LTIP 2017	LTIP 2016	LTIP 2015
96.71%	**96.86%**	**98.18%**	**99.54%**	**91.46%**	**71%**

4.2.2.3 Non-executive Directors' compensation in relation to the 2022 fiscal year

Amounts granted to non-executive Directors are determined by taking into account the Board member's responsibilities, the expected commitment for the role and the competitive market rates among international peers. Besides the fixed base amount, Directors' compensation mostly depends upon the said Directors' attendance at Board and committee meetings.

Upon the recommendation from the Governance & Remunerations Committee, the Board of Directors is responsible for setting the allocation of the Directors' fees among Board members accordingly with the maximum annual amount of Directors' fees that can be paid to the Board members set at €2,500,000 by the Annual Shareholders' Meeting held on April 25, 2019. The 2022 compensation policy approved by the Annual Shareholders' Meeting held on May 5, 2022 provides the allocation rules of the fees to the non-executive Directors which are as follows:

- Non-executive Directors will be paid:
  - a fixed basic amount of €25,000 for membership of the Board;
  - an amount of €7,000 per Board meeting attended;
  - an amount of €4,000 per committee meeting attended;
  - an amount of €25,000 for the yearly strategy week (half in case of digital assistance);
  - an amount of €5,000 (for intercontinental travel) or €3,000 (for intra-continental travel) per Board session physically attended.
- Additional annual payments are made to non-executive Directors who chair a committee to reflect the additional responsibilities and workload:
  - Audit & Risks Committee: €20,000;
  - Human Resources & CSR Committee, Digital Committee, and Investment Committee: €15,000; and
  - Lead Independent Director, who is also the Chairman of the Governance & Remunerations Committee: €250,000.
- For an observer, an annual fixed payment of €20,000 is paid, unless they become a non-executive Director at the next General Meeting. In this case, they will receive the same fees for attending the Board and committee meetings as non-executive Directors.
- All payments are prorated for time served during the year and are paid in cash.

Directors' compensation earned in 2021 and 2022 was as follows, noting that Jean-Pascal Tricoire, Chairman of the Board, and Xiaoyun Ma who represents the employee shareholders, waived the payments of the compensation they were entitled to as members of the Board.

	Directors' compensation (in euros)		Other compensation & benefits (in euros)		Total (in euros)	
	2022(1)	2021(2)	**2022**(1)	2021(2)	**2022**(1)	2021(2)
Léo Apotheker	**178,000**	155,000	**–**	–	**178,000**	155,000
Nive Bhagat	**125,000**	–	**–**	**–**	**125,000**	–
Cécile Cabanis	**128,000**	118,000	**–**	–	**128,000**	118,000
Rita Felix(3)	**134,000**	90,000	**–**	–	**134,000**	90,000
Fred Kindle	**411,000**	368,000	**–**	–	**411,000**	368,000
Willy Kissling(5)	**59,699**	144,000	**–**	–	**59,699**	144,000
Linda Knoll	**179,000**	121,000	**25,000**(8)	21,667(8)	**204,000**	142,667
Jill Lee	**158,000**	104,000	**–**	–	**158,000**	104,000
Xiaoyun Ma(3)(4)	**–**	–	**–**	–	**–**	–
Patrick Montier(6)	**–**	33,082	**–**	–	**–**	33,082
Anna Ohlsson-Leijon	**127,000**	100,000	**–**	–	**127,000**	100,000
Abhay Parasnis	**75,822**	–	**–**	–	**75,822**	
Fleur Pellerin(5)	**45,699**	112,000	**–**	–	**45,699**	112,000
Anders Runevad	**140,000**	120,000	**–**	–	**140,000**	120,000
Gregory Spierkel	**202,000**	152,000	**–**	–	**202,000**	152,000
Lip-Bu Tan	**130,000**	106,000	**–**	–	**130,000**	106,000
Bruno Turchet(3)(7)	**112,000**	52,986	**–**	–	**112,000**	52,986
Total	**2,205,220**	1,776,068	**25,000**	21,667	**2,230,220**	1,797,735

(1) Awarded for the fiscal year 2022 and paid in 2023.
(2) Awarded for the fiscal year 2021 and paid in 2022.
(3) Employee Directors are separately entitled to the compensation granted to them for the performance of their duties as an employee, such compensation is not affected by their office as a Director and is not disclosed.
(4) Xiaoyun Ma waived the payment of the sum of €124,000 she was entitled to.
(5) Board member whose term of office ended in 2022.
(6) Board member whose term of office ended in 2021.
(7) Bruno Turchet waived the payment of 30% of the sum he was entitled to, *i.e.* €33,600, in favor of the trade union which appointed him.
(8) Amount paid to Linda Knoll as a member of the Stakeholder Committee.

The total amount awarded to the Board members for 2022 was €2,230,220 compared to €1,797,735 for 2021 due to more physical attendance of the Directors and the special €25,000 fees for the strategy week. Excluding the special fee paid to the Vice-Chairman & Lead Independent Director, the amount is composed of approximately 30% fixed compensation and 70% variable.

4.2 Compensation Report

4.2.2.4 Pay Equity ratio

Employees experience at Schneider Electric

Delivery of the strategy, both short term and long term, depends upon Schneider Electric's success in attracting and engaging a highly talented workforce, and on equipping people with the skills for the future. The Group is committed to fair pay, which is at the forefront of the Group's and executives' agenda, ensuring that all Schneider Electric employees are appropriately and fairly rewarded for their contribution. The progress is monitored via the Schneider Sustainability Impact indicators. More information can be found in the Sustainable Development Chapter (Chapter 2) of the Universal Registration Document.

Pay Equity	Living wage	Recognition	Well-being	Engagement
Fair and equitable pay is a core component of the Group's compensation philosophy. Since 2015, the Company has adopted a Global Pay Equity Framework. With the help of this Framework, Schneider Electric has committed to reaching <1% pay gap for both females and males by 2025. Furthermore, the pay equity adjustment is fully integrated into the annual global salary review and its principles leveraged during the promotion and hiring processes.	Schneider Electric believes earning a decent wage is a basic human right and a key element to decent work. The Group is committed to paying employees in the lower salary ranges at or above the living wage to meet their family's basic needs. By basic needs, the Group considers food, housing, sanitation, education, and healthcare, plus discretionary income for a given local standard of living.	Schneider Electric is committed to creating a culture where employees receive regular feedback and coaching from their managers and colleagues, celebrating people who constantly demonstrate the Company's Core Values and go above and beyond – using global recognition portal "Step Up" and encouraging the recognition of small and big achievements by simply saying "Thank you".	Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its core sustainability mission. The Company has a commitment to a comprehensive well-being at work program translated into dual standards of access to healthcare and well-being training programs.	The Group listens to employees through a number of different channels, both formally and informally. Three of the Board Directors are employees of the Company, appointed through a formal designation process. The Group runs OneVoice internal survey designed to measure employee satisfaction and engagement; the Group also recognizes the importance of dialogue and engages with the local work councils on compensation matters on a regular basis.

Pay Equity Ratio

Pay Equity Ratio measures the ratio between the level of compensation of the Chairman & CEO and the average and median compensation of the employees, as required by Article L.22-10-9 I 6° and 7° of the French Commercial Code.

Calculation methodology

The compensation comparisons and pay ratios set out below were calculated based on the AFEP-MEDEF guidelines. The calculation includes employees who were continuously employed during the financial years concerned. For part-time employees, compensation was established on a full-time equivalent basis.

Compensation elements taken into account:

For the Chairman & CEO:
- 2022 fixed compensation;
- Variable compensation paid in 2022 (for the performance year 2021);
- Relevant benefits (cost of the company car, profit-sharing and employer matching contributions to employee saving plan) for 2022;
- Value of the Performance shares granted in 2022 at their fair value (IFRS) on the grant date.

For the employees:
- 2022 fixed compensation;
- Variable compensation paid in 2022 (for the performance year 2021);
- Relevant bonuses and benefits (in cash and kind) for 2022;
- Profit sharing and employer matching contributions to employee saving plan for 2022;
- Value of the Performance shares granted in 2022 at their fair value (IFRS) on the grant date.

Scope

France perimeter:

The legal scope, the issuer, comprises of only one employee, therefore, an alternate “relevant scope” was defined to reflect a larger representative employee population in France as prescribed by Article 27.2 of AFEP-MEDEF Code. It is based on the French holding entity Schneider Electric Société Européenne (SESE) (the issuer) as well as all employees in France of the operational company Schneider Electric Industries (SAS). This group of employees is employed on comparable terms to the Corporate Officer and represents more than 4,000 employees in France on a full-time equivalent basis.

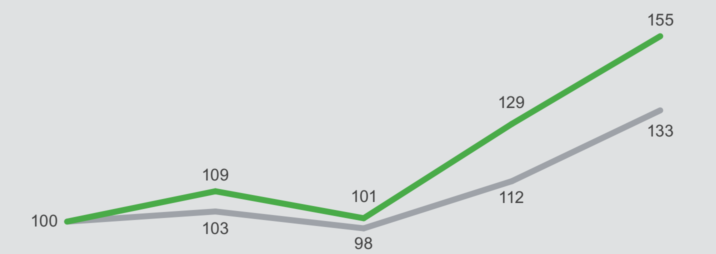
Global perimeter:

In addition, from 2022 the Board of Directors, upon recommendation of the Governance & Remunerations Committee and of the Human Resources & CSR Committee, decided to voluntarily report the evolution of the pay ratio between the Chairman & CEO and the average and median compensation of the employees on a broader scope which includes approximately 126,000 Schneider Electric employees across the top 30 countries (“Global Scope”). This represents circa 87.5% of all Schneider Electric employees globally. There is no historical data for this ratio as the HR Information System was not ready before to report on this extended scope.

Evolution of the Corporate Officers’ and employees’ compensation, pay ratios, and Group’s performance over five years

Mr. Tricoire total compensation paid in FY

- Adusted EBITA
- Revenue



	FY2018	FY2019	FY2020	FY2021	FY2022
French perimeter					
Mr. Tricoire total compensation paid in FY (in €)	6,184,007	5,754,154	5,525,324	5,430,941	6,506,045
% change in total compensation	7%	-7%	-4%	-2%	+20%
Pay ratio – average compensation	68	64	60	57	67
% change in average pay ratio	5	-6%	-6%	-5%	+18%
Pay ratio – median compensation	84	78	73	70	81
% change in median pay ratio	4%	-7%	-6%	-4%	+16%
Employees average compensation (in €)	91,127	90,369	92,861	94,950	97,391
% change in employment average compensation	3%	-1%	3%	2%	+3%
Global perimeter					
Pay ratio – average compensation				110	126
% change in average pay ratio					+15%
Pay ratio – median compensation				156	185
% change in median pay ratio					+19%

4.2.3 Compensation policy for the 2023 fiscal year (say on pay *ex-ante*)

The compensation policy intention is to provide a clear link between delivery of Schneider Electric's strategy and the Corporate Officers' compensation, while reflecting outcomes for shareholders. Set out below is the Corporate Officers and non-executive Directors' compensation policy for 2023. It will be submitted to the shareholders at the 2023 Annual Shareholders' Meeting (7th to 9th and 11th resolutions) and, subject to shareholders approval, will remain in force until the next policy is approved by the shareholders.

For the fiscal year 2023, as a consequence of the change of governance, four different compensation policies will be applicable:

- to the Chairman & CEO (Mr. Jean-Pascal Tricoire) for the period running from January 1, 2023 to May 3, 2023 (subject of the 7th resolution proposed to the Annual General Meeting);
- to the Chief Executive Officer (Mr. Peter Herweck) for the period running from May 4, 2023 to December 31, 2023 (subject of the 8th resolution proposed to the Annual General Meeting);
- to the Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire) for the period running from May 4, 2023 to December 31, 2023 (subject of the 9th resolution proposed to the Annual General Meeting);
- to the Board members for the full year 2023 (subject of the 11th resolution proposed to the Annual General Meeting).

4.2.3.1 Executive compensation policy

Schneider Electric follows a rigorous process for determining executive compensation, under the leadership of committed and independent Directors.

Role of the Governance & Remunerations Committee

The general principles and criteria forming part of the compensation policy for Corporate Officers, and their individual compensation packages are prepared and reviewed by the Governance & Remunerations Committee which makes recommendations to the Board of Directors for decision. The Board receives inputs and recommendations from the Human Resources & CSR Committee on the incentive structure and performance criteria (annual variable compensation and Long-term incentive plan) applied to the members of the Executive Committee (see section 4.2.4 of the Universal Registration Document), as well as the Group's other employees.

To help the Board in the decision process, the Governance & Remunerations Committee and the Human Resources & CSR Committee are authorized to call upon external experts for specific topics, benchmarking data and analyses. The Committees hold at least one joint meeting every year to discuss the compensation structure applicable to Corporate Officers and other employees of the Group.

These joint committee meetings are attended by one of the two employee Directors and the Director representing the employee shareholders who are members of the Human Resources & CSR Committee.

As part of its preparatory work for its proposals to the Board, the Committee:

Defines performance criteria

Defines performance criteria based on Schneider Electric's executive compensation pillars and business strategy. Targets are determined at the beginning of the performance period in accordance with the goals of the Strategic Plan.

Based on circumstances and priorities, the targets also encompass risks raised by the Audit & Risks Committee as well as the recommendations of the Human Resources & CSR Committee.

Benchmarks Corporate Officers' pay

Benchmarks Corporate Officers' pay against the median of a peer group consisting of 24 French and international companies that are comparable to Schneider Electric in terms of market capitalization, revenue, and industry, or that represent a potential source of recruitment or attrition.

This benchmarking is used as an indicator, not as a target, and is done *ex-post* only for reference.

Engages with shareholders

Relies on the Vice-Chairman & Lead Independent Director to directly engage with shareholders to ensure their perspectives and feedback on Schneider Electric's compensation policy are heard and considered in decision-making.

The topic of Corporate Officers' compensation is usually discussed at four Board meetings every year. Corporate Officers do not take part in the debates of the Board concerning their own compensation.

This process ensures consistency and alignment between the compensation policy applied to the other executives and employees and the compensation policy applied to Corporate Officers. They share the same objectives and priorities and their rewards are aligned with the Group's performance and shareholder value creation.

Use of discretion

In determining executive compensation, the Board could use its discretionary power to ensure the execution of the compensation policy and related payouts remain in line with the performance of the Company.

As such, and only in exceptional circumstances external to Schneider such as unexpected changes in the industry environment and in compensation practice generally, not taken into account when determining the current remuneration policy, the Board could exercise discretion, upwards or downwards, to adjust the formulaic outcome for annual or long-term incentive awards resulting from the strict application of the approved policy, where a qualitative assessment of performance is required to ensure that the awarded compensation is fair in light of the Corporate Officers' actual contribution to the Company's overall performance, its positioning *vs.* competition, and the outcomes for shareholders and employees.

If necessary, the Board could also adjust one or several parameters of the remuneration schemes, such as weights, targets or criteria, being specified that in any event, these adjustments or modifications will not result in exceeding the maximum of annual variable compensation and LTIP award as set in the current remuneration policy.

Any use of discretion will be explained and an appropriate disclosure would be provided, so that shareholders understand the basis for the Board's decisions.

Changes in the 2023 compensation policy

The Committee has reviewed the existing policy and reassessed the pillars and principles formulated in 2018, the compensation elements and criteria considering the feedback of shareholders received during the shareholder engagement process described above. Upon recommendations of the Governance & Remunerations Committee, the Board wishes to overall maintain the stability of the compensation policy which appears balanced and provides market competitive pay, ensuring a strong link between pay and performance, strong alignment with both employees and shareholders, and long-term focus, while at the same time taking into account the shareholders' feedbacks.

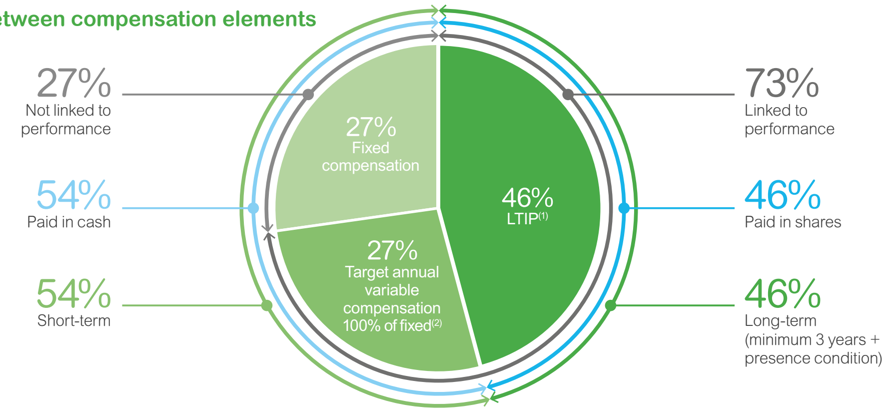
Therefore, based on the Committee's analyses and recommendations, the Board proposes to implement the following changes for the 2023 compensation policy:

Key adjustments proposed in the 2023 Chief Executive Officer's compensation policy (Mr. Peter Herweck) applicable as of May 4, 2023

Review of the targeted amounts for the fixed compensation, the annual variable compensation, the Long-term incentive plan and the pension	To determine the different components of the remuneration policy, the Board used notably an in-depth study of industry practices in term of compensation and took into account Mr. Peter Herweck's experience and his compensation package as Chief Executive Officer of AVEVA, the size of the Group and its evolution over the past years, the compensation practices within the Company and in the Executive Committee. Based on those considerations, the Board proposes: • an increase in fixed compensation by 20% compared to the 2022 compensation policy applicable to Mr. Jean-Pascal Tricoire; • an annual variable remuneration of 100% of fixed remuneration on-target and 200% of fixed remuneration at maximum (compared to 130% and 260% respectively for Mr. Jean-Pascal Tricoire); • a targeted LTIP grant of around 85% of the combined fixed and target short-term variable compensation (or 170% of the fixed compensation) and a decrease of the maximum annual award of LTIP (valued in accordance with IFRS standards) that the Corporate Officer can be granted (150% of the combined fixed and target short-term variable compensation *vs.* 200% previously). The on-target pay mix would thus be 27% of fixed compensation, 27% of annual variable and 46% of LTIP, providing for 73% of performance-based compensation. The on-target global remuneration opportunity decreases by 23% compared to the previous Chairman & CEO remuneration policy.
Introduction of a new criterion for the annual variable compensation: the Net Satisfaction Score (NSS)	The Board notably proposes to introduce a new criterion, the Net Satisfaction Score (NSS) to highlight the importance of building trust with our customers and focus on quality with a weight of 10%, while reducing the weights of organic sales growth and Adjusted EBITA organic margin improvement to 35% and 25% respectively.
Strengthening of the performance targets linked to the involuntary severance indemnity	The Board proposes to amend the post-mandate benefits granted to the Chief Executive Officer compared to the previous compensation policy by strengthening the performance targets upon which an involuntary severance indemnity may be due: no indemnity would be due if the average rate of achievement of the Group's performance criteria used in the annual variable compensation for the last three fiscal years preceding the date of the Board's decision is below 80% (*vs.* 66% previously).
Inclusion of a clawback provision	The Board proposes to introduce a clawback provision that would allow the Board the right to reduce or cancel some elements of compensation in the event of gross misconduct or fraud by the Chief Executive Officer.

4.2 Compensation Report

Balance between compensation elements



(1) LTIP granted during 2023 fiscal year valued in accordance with IFRS standards.
(2) Between 0% and 200%.

Group's strategic priorities

- Organic growth
- Value for customers
- Sustainability
- Continuous efficiency
- Value & returns to shareholders

How the strategy links to the corporate officers' variable compensation

Annual incentive plan

Delivering strong execution and creating value for customers and shareholders every year to contribute to Schneider Electric's long-term success

Group organic sales growth	Group Adjusted EBITA margin improvement	Group cash conversion rate	Net Satisfaction score	Schneider Sustainability Impact
35%	25%	10%	10%	20%

Long-term incentive plan

Building an integrated and leading company with strong sustainability focus and attractive returns to shareholders

Adjusted Earnings Per Share	Relative Total Shareholder Return	Schneider Sustainability External & Relative Index
40%	35%	25%

How are performance criteria linked to Schneider Electric strategic priorities?

Variable pay is linked to performance metrics designed to deliver Schneider Electric strategy. At the start of each year, the Board reviews the measures, targets, and weightings to ensure they remain consistent with the annual priorities and Group strategy. For the annual variable compensation and the Performance Shares, the approach to performance measurement is intended to provide a balance of measures to assess performance focusing on execution of the Group's strategic priorities.

Considerations of wider workforce compensation and shareholders' views

The Board monitors and reviews the effectiveness of the compensation policy for Corporate Officer and senior management and has regard to its impact and consistency with compensation policies in the wider workforce. During the year, the Board is provided with information and context on pay in the wider workforce and various HR initiatives to enable its decision-making. This includes the approach to gender pay gap and living wage programs rolled out globally, the annual variable compensation results, and the total cost of LTIP awards.

The Board is committed to an open and transparent dialogue with Schneider Electric's shareholders through the Vice-Chairman & Lead Independent Director. Where appropriate, Schneider Electric actively engages with shareholders and shareholder representative bodies, taking their views into account when making any decisions about the Corporate Officers' compensation. The Vice-Chairman & Lead Independent Director is also available to answer questions at the Annual Shareholders' Meeting.

2023 Compensation Pillars and Principles

Pay for Performance	Alignment with shareholders' interest	Competitiveness
• **Principle 1:** Prevalence of variable components: circa 80% for CEO (at target). • **Principle 2:** Performance is evaluated via economic and measurable criteria. • **Principle 3:** Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual variable compensation) and medium-term (long-term incentive) components.	• **Principle 4:** Significant proportion of the total compensation delivered in shares. • **Principle 5:** Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.	• **Principle 6:** To benchmark the Corporate Officers' compensation package "at target" in the median range of the Company's updated peer group. • **Principle 7:** To reference the CAC 40 third quartile and the STOXX Europe 50 median.

4.2.3.1.2 Compensation policy of Mr. Jean-Pascal Tricoire as Chairman & Chief Executive Officer until May 3, 2023

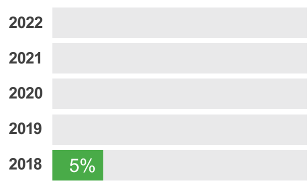
Fixed compensation

The fixed compensation is reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate Governance Code. The Board ensures that the Chairman & CEO's salary is set reasonably compared to similar roles in the market.

Considering the fact that Mr. Jean-Pascal Tricoire will end his function of Chief Executive Officer in 2023, the Board decided not to increase his salary for 2023 and to maintain his fixed compensation at €1,000,000 on a full year basis.

The amount will be prorated for the period from January 1, 2023 to May 3, 2023, to the effect that the amount paid will be equal to €341,398.

Salary increase over the last 5 years



Corporate Officer	Amount prorated for the period from January 1 to May 3, 2023	Full year amount
Jean-Pascal Tricoire, Chairman and CEO	€341,398	€1,000,000

Annual variable compensation

Annual variable compensation provides variable cash compensation which rewards achievement of the short-term financial and sustainability targets of the Group.

At the start of the fiscal year, financial and sustainability performance criteria, weightings, and annual targets are reviewed in detail by the Committee and recommended to the Board for approval. Outcomes will be determined based on performance against each of those targets. The Board has the flexibility to review targets during the year to ensure continuous alignment with shareholders' interests.

The payment of the annual variable compensation is conditional upon approval by shareholders of the compensation granted to the Chairman & CEO.

The pay-out opportunity at threshold performance is 0%, with 50% of maximum annual variable compensation payable for achieving target. The maximum annual variable compensation will only be earned where a strong performance is delivered on each performance metric. Pay-outs between threshold and target, and between target and maximum, are determined on a straight-line basis.

Schneider Electric does not operate a deferral program.

4.2 Compensation Report

2023 annual variable compensation opportunity at target and maximum will be prorated for the period from January 1, 2023 to May 3, 2023:

	Minimum	At target	Maximum
	0% of fixed compensation	130% of fixed compensation	260% of fixed compensation
Full year amount	Nil	€1,300,000	€2,600,000
Amount prorated for the period from January 1 to May 3, 2023	Nil	€443,817	€887,634

For 2023, the Board proposes that the measurable financial performance criteria determine 70% and sustainability and customer satisfaction criteria, 30% of the variable cash compensation of Mr. Jean-Pascal Tricoire.

The Board notably proposed to introduce a new criterion, the Net Satisfaction Score (NSS) to highlight the importance of building trust with our customers and focus on quality with a weight of 10%, while reducing the weights of organic sales growth and Adjusted EBITA organic margin to 35% and 25% respectively (see more details on the NSS in section 4.2.3.1.3 of the Universal Registration Document).

Performance criteria	Description and link to strategy
35% Group organic sales growth	Fostering organic growth through deployment of strategic priorities in key markets
25% Adjusted EBITA organic margin improvement	Enabling shareholder value creation through continuous efficiency
10% Group cash conversion	Enabling returns to shareholders
10% Net satisfaction score improvement	Focusing the Company on clients' satisfaction and quality
20% Schneider Sustainability Impact	Promoting continuous progress towards more sustainability and value for customers

For business confidentiality reasons and as in previous years, the targets cannot be disclosed on a prospective basis; however, the targets have been set precisely by the Board at the meeting of February 15, 2023 and will be communicated *ex-post*.

In compliance with Article L.22-10-34 II of the French Commercial Code, the payment of this annual variable compensation will be subject to approval by the shareholders of the compensation granted to the Corporate Officer for the fiscal year 2023 at the 2024 annual Shareholders' Meeting.

Performance shares (Long-term incentive plan – LTIP)

In line with best practice, the Board has considered that, given Mr. Jean-Pascal Tricoire will leave his executive position as of May 3, 2023, he would not be entitled to any grant in 2023.

Pension benefits

The Chairman & CEO receives complementary cash payments in lieu of participation in the defined benefit pension scheme (Article 39) ("Top Hat"), which was discontinued for Corporate Officers following the decision of the Board of Directors on February 18, 2015.

The purpose of the pension cash payments is to provide a competitive retirement benefit in a way that is cost effective to the Company and that allows the Chairman & CEO to continue building his retirement benefits independently. The cash payments are a combination of fixed and variable payments that are considered "other benefits" to ensure consistency and comparability with other French or international companies. The maximum annual Complementary Pension Cash Benefit for 2023 remains unchanged, it will be prorated for the period from January 1, 2023 to May 3, 2023 and is detailed in the table below. The variable portion is subject to the same performance criteria and targets as the annual variable compensation. The Chairman & CEO has committed to depositing these additional payments, after taxes, into investment vehicles dedicated to the supplementary financing of his pensions.

		Variable portion				
Corporate Officer	**Fixed portion**	Target (% of fixed compensation)	Minimum	At target	Maximum	Total at target
Full year amount	€191,600	130%	€0	€249,080	€498,160	€440,680
Amount prorated for the period from January 1 to May 3, 2023	€65,412	130%	€0	€85,035	€170,071	€150,447

In compliance with Article L.22-10-34 II of the French Commercial Code, the payment of the variable portion of the pension will be subject to approval by the shareholders of the compensation granted to the Corporate Officer for the fiscal year 2023 at the 2024 Annual Shareholders' Meeting.

Other benefits

Schneider Electric aims to provide an appropriate level of benefits considering market practice and the level of benefits provided for other employees in the Group. The benefits currently provided are described below:

Employer Matching Contributions and Profit-Sharing

The Chairman and CEO is eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees. He is also eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERECO), for the retirement of employees in France.

Company Car

The Corporate Officer may use the cars made available to Group Senior Management with or without chauffeur services. In addition, the Chairman & CEO is provided with a company car.

Tax assistance

The Corporate Officer may benefit from a tax assistance.

Health, Life and Disability schemes

The Corporate Officer is eligible for:

i. The collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death;

ii. Additional coverage of the Group's French executives for risks of illness, incapacity, disability, and death. The main features of this coverage are:

    1) In case of illness or accident resulting in a temporary stoppage or incapacity (of any category), the Corporate Officer shall be entitled to continue to receive 18 months' worth of his compensation (fixed and target variable) authorized by the Board,

    2) In case of death, the policyholder's beneficiaries shall be entitled to the compensation (fixed and target variable) authorized by the Board of Directors for the current month, along with a death benefit equal to six months of the average compensation authorized by the Board of Directors (monthly average of the fixed and variable compensation paid during the last 12 months of employment);

iii. The entitlement to a life annuity pension paid to the surviving spouse in the event of death before his retirement, or if he left the Company after the age of 55 without returning to work, equal to 60% of 25% of the average of compensation paid during the three years before the date of death, with a deduction made from the theoretical pension payment that may be obtained under insurance conditions from the additional payments that will have been made;

iv. In the event of disability causing the Corporate Officer to completely stop working, the right to pension payments (payable to the surviving spouse at a rate of 60%) beginning from his retirement equal to 25% of the average of the total cash compensation paid over the three years preceding the date of disability minus 1.25% per quarter of absence so as to obtain a full rate of pension and minus the amount of additional compensation that may be obtained under insurance conditions at the time the disability occurred;

v. In the event of an accident, the Group insurance covering the executive's accident risk, stipulating the payment of a benefit the sum of which may be up to four times the annual compensation based on the type and circumstances of the accident.

Eligibility for benefits (ii) through (v) above is conditional on the fulfillment of one of the following conditions:
- the average of the net income of the last five fiscal years preceding the event is positive;
- the average of the free cash flow of the last five fiscal years preceding the event is positive.

Director's fee

The Chairman & CEO has waived the attendance fees to which he is entitled in his capacity as Board member.

Extraordinary awards

The compensation policy does not include any provisions for extraordinary payments. The Board decided to maintain the prohibition of one-off payments that are not provided for in the compensation policy approved by the shareholders.

Post-mandate benefits

As Mr. Jean-Pascal Tricoire will leave the position of Chief Executive Officer on May 3, 2023, to become non-executive Chairman of the Board, the Board decided that, he will not be entitled to receive any severance indemnity, nor any non-compete indemnity. Having said that, it should be underlined that, at the request of the Board, Mr. Jean-Pascal Tricoire voluntarily undertook that, in the event of termination of his duties as Chairman for whatever reasons, he will be required, for a period of twelve months following termination, not to work, in whatever manner it may be, for the benefit of any entity carrying on operations which are in direct competition with Schneider Electric in any country. This commitment will not be indemnified by the Company.

Regarding the unvested LTIP granted in 2021 and 2022, the compensation policies for 2021 and 2022 that were supported respectively by more than 81% and 89% of the shareholders, provide that in case of retirement or change of assignment within the Group, the Chairman & CEO will retain his rights in full. The delivery of the Performance shares granted will nonetheless remain subject to the fulfillment of (i) the performance conditions stipulated in the plans and (ii) the continuous presence condition within the Group as Corporate Officer.

At its meeting of February 15, 2023, the Board, upon the proposal of the Governance & Remunerations Committee, confirmed this rule. It is indeed applied to the more than 3,500 beneficiaries within the Group who also keep their LTIP if they retire or change assignment within the Group. The Board determined that since Mr. Jean-Pascal Tricoire is going to change assignment becoming Chairman of the Board of Directors, and not leaving the Company; as any other employee, he should keep his rights.

Under the leadership of Mr. Jean-Pascal Tricoire from 2003 to 2022, Schneider has multiplied its revenue by 3.9 (from €8.8 billion to €34.2 billion), its net Income by 8.8 (from €0.4 billion to €3.5 billion) and its market capitalization by 7 (from €12 billion to €88 billion). The Board is pleased for the Group to still benefit from Mr. Jean-Pascal Tricoire's experience and considers it is in the best interest of the Company that he keeps his rights while he will be dedicated to ensure a smooth and productive leadership transition, with enlarged duties.

Corporate Officer	Employment contract	Top-Hat pension benefits	Payments or benefits that may be due in the event of termination of assignment	Payments in relation to a non-compete agreement
Jean-Pascal Tricoire, Chairman and CEO	NO	NO(1)	NO	NO

(1) The Board of Directors of February 18, 2015, decided to put an end to the benefits of the top-hat pension plan for Corporate Officers.

4.2.3.1.3 Compensation policy of Mr. Peter Herweck as Chief Executive Officer from May 4, 2023

Pursuant to the principles of the remuneration policy of Executive Officers described above, the Board of Directors on February 15, 2023, on the recommendation of the Governance & Remunerations Committee, decided to set as follows the components of the Chief Executive Officer's compensation policy to be granted as from his appointment to this position by the Board in connection with the implementation of a separated governance, *i.e.*, as from May 4, 2023.

To determine this remuneration policy, the Governance & Remunerations Committee used an in-depth study of industry practices, including a benchmark of remuneration practices in CAC 40 and STOXX Europe 50 indices, and a selected group of peer companies (the composition of which is described in section 4.2.2.1 of the Universal Registration Document), with the assistance of an outside firm (WTW) based on publicly available data. With regard to this panel, it exhibits the necessary characteristics of competitiveness and comparability.

The remuneration policy is designed to be attractive and motivating. It notably takes into account:

- Mr Peter Herweck's experience and skills, his successful career in particular within the Group which he joined in 2016 and his compensation package as Chief Executive Officer of AVEVA (fixed compensation of £785,000 with a maximum annual variable compensation opportunity of 200% of his fixed compensation);
- the size of the Group and its evolution over the past years, notably since the Board last adjusted the fixed salary of its top executive in 2018;
- the positioning of the compensation components compared with executive corporate officers with a comparable profile;
- the consistency of the Chief Executive Officer's compensation with that of Executive Committee members and compensation practices within the Company;
- Mr. Peter Herweck's intention to unilaterally end his current employment contract with the Group by means of resignation as from the start of his corporate office, in compliance with the recommendations of the AFEP-MEDEF Code and best governance practices.

Based on those considerations, the Board has decided to set the amount of the key compensation elements of Mr. Peter Herweck as follows:

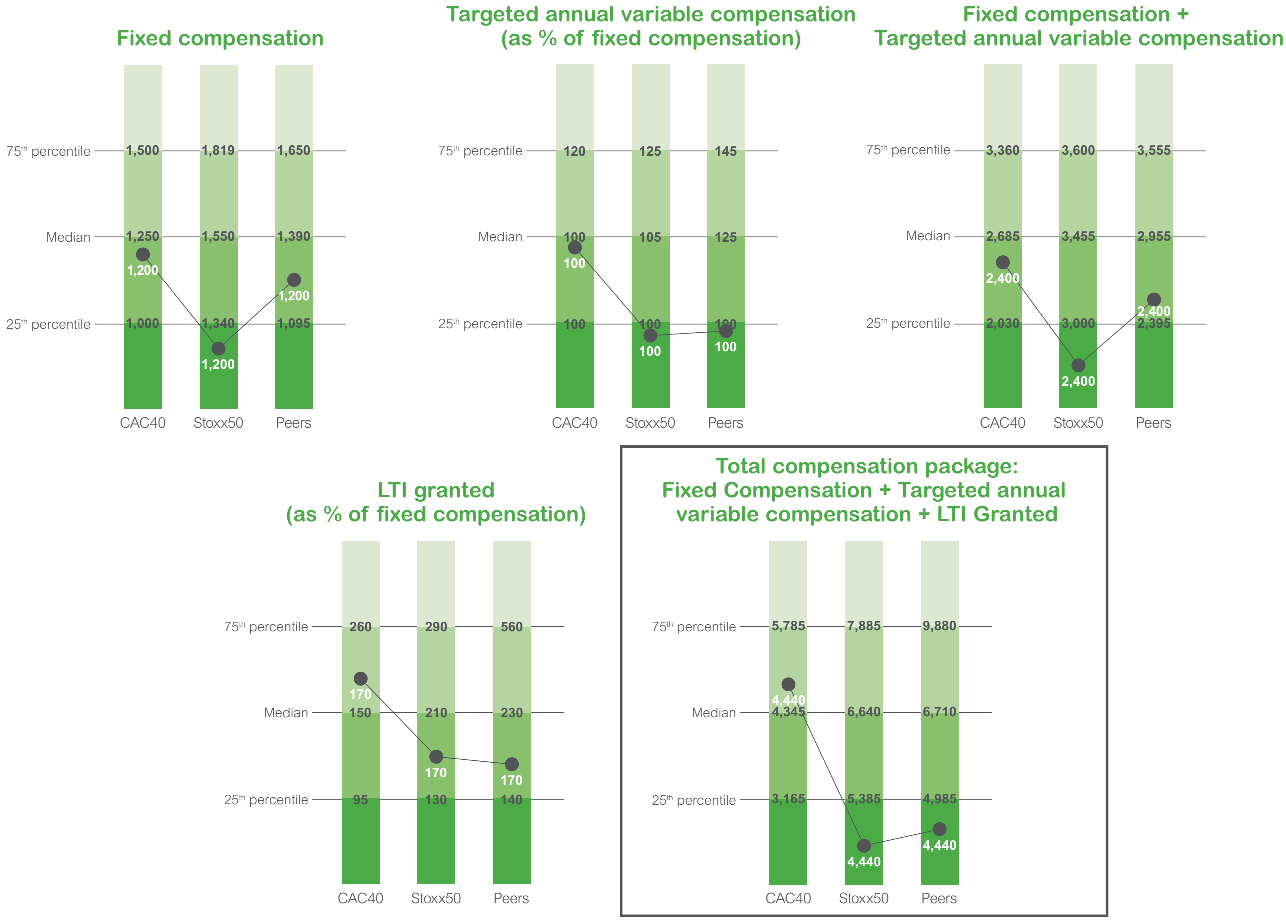
- a fixed compensation of €1,200,000: this amount will be just under the median of the CAC 40 Companies, considerably below the 25th centile of the STOXX Europe 50 companies and considerably below the median of the peer group;
- a targeted annual variable compensation representing 100% of the fixed compensation: this amount will be at the median of the CAC 40 Companies and below the 25th centile of the STOXX Europe 50 companies and peer group;
- a long-term incentive representing 170% of the fixed compensation (valued in accordance with the IFRS standard): this amount will be between the median and the 75th centile of the CAC 40 companies and between the 25th centile and the median of the STOXX Europe 50 Companies and peer group.

The Board thus proposes to position the total target compensation package of the Chief Executive Officer between the median and the 75th centile of the CAC 40 companies and considerably below the 25th centile of the STOXX Europe 50 companies and peer group. Compared to the former Chairman & Chief Executive Officer, despite an increase of the fixed compensation, this proposal represents a decrease of more than 23% of the total target compensation package. This proposal is also in line with the enlarged scope and responsibilities related to his change of role, when comparing to his previous pay package.

Positioning of Mr. Peter Herweck's compensation package compared to the market benchmarks

	Fixed compensation	Targeted Annual variable compensation (as % of fixed compensation)	Fixed Compensation + Targeted annual variable compensation	LTI granted (as % of fixed compensation	Fixed compensation + Targeted annual variable compensation + LTI Granted
Peter Herweck, CEO	€ 1,200,000	100	€ 2,400,000	170	€ 4,440,000

4.2 Compensation Report



The points in black represent the amounts proposed by the Board for the different components of Mr. Peter Herweck's compensation as stated above.

Fixed compensation

In consideration of all elements described above, the Board decided to set the fixed compensation of the Chief Executive Officer at €1,200,000. This amount will be prorated for 2023 at €790,323 for the period from May 4, 2023 to December 31, 2023.

The fixed compensation will be reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate Governance Code, unless there are specific circumstances that would warrant a salary increase, for example a major change in the duties.

Corporate Officer	Full year amount	Amount prorated for the period from May 4 to December 31, 2023
Peter Herweck, CEO	€1,200,000	€790,323

Annual variable compensation

Annual variable compensation provides variable cash compensation which rewards achievement of the short-term financial and sustainability targets of the Group.

At the start of the fiscal year, financial and sustainability performance criteria, weightings, and annual targets are reviewed in detail by the Committee and recommended to the Board for approval. Outcomes will be determined based on performance against each of those targets. The Board has the flexibility to review targets during the year to ensure continuous alignment with shareholders' interests. The pay-out opportunity at threshold performance is 0%, with 50% of maximum annual variable compensation payable for achieving target. The maximum annual variable compensation will only be earned where a strong performance is delivered on each performance metric. Pay-outs between threshold and target, and between target and maximum, are determined on a straight-line basis.

For 2023, the Board proposes that the measurable financial performance criteria determine 70% and sustainability and customer satisfaction criteria, 30% of the variable cash compensation of Mr. Peter Herweck.

The Board notably proposed to introduce a new criterion, the Net Satisfaction Score (NSS) to highlight the importance of building trust with our customers and focus on quality, with a weight of 10%, while reducing the weights of organic sales growth and Adjusted EBITA organic margin to 35% and 25% respectively.

The NSS is measured since 2018, it is a weighted average of the grade given by customers on six Critical Touch Points: 1) Select offer, 2) Get quotation, 3) Get delivered, 4) Get delivered solutions, 5) Get technical support, 6) Get failure support. More than 240,000 answers of customers are provided to the survey each year. The grades given by customers range from 0 (very dissatisfied) to 10 (very satisfied). The NSS is calculated by subtracting the percentage of customers who are dissatisfied (grade 0 to 6) from the percentage who are very satisfied (grade 9 and 10). It generates a score between -100% and 100%:

- At one end of the spectrum, if all of the customers gave a grade lower or equal to 6, this would lead to an NSS of -100%;
- On the other end of the spectrum, if all of the customers gave a grade of 9 or 10, then the NSS would be 100%.

The NSS targets would be set as a percentage point improvement versus previous year. In 2021, the NSS was 49% and in 2022, 48.5%.

Performance criteria	Description and link to strategy
35% Group organic sales growth	Fostering organic growth through deployment of strategic priorities in key markets
25% Adjusted EBITA organic margin improvement	Enabling shareholder value creation through continuous efficiency
10% Group cash conversion	Enabling returns to shareholders
10% Net satisfaction score improvement	Focusing the Company on clients' satisfaction and quality
20% Schneider Sustainability Impact	Promoting continuous progress towards more sustainability and value for customers

For business confidentiality reasons and as in previous years, the targets cannot be disclosed; however, the targets have been set precisely by the Board at the meeting of February 15, 2023 and will be communicated *ex-post*.

In consideration of all elements described above, the Board decided to set the annual variable compensation opportunity at target and maximum as follows:

	Minimum	At target	Maximum
	0% of fixed compensation	100% of fixed compensation	200% of fixed compensation
Full year amount	Nil	€1,200,000	€2,400,000
Amount prorated for the period from May 4 to December 31, 2023	Nil	€790,323	€1,580,646

The amount will be prorated for 2023 for the period from May 4, 2023 to December 31, 2023.

The payment of the annual variable compensation is conditional upon approval by shareholders of the compensation granted to the Chief Executive Officer.

Schneider Electric does not operate a deferral program.

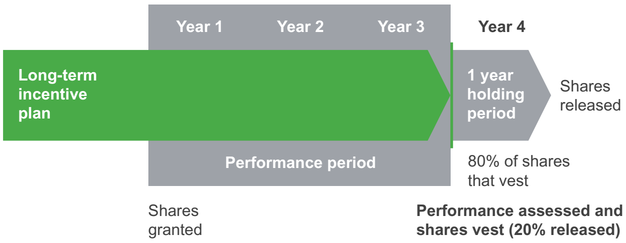
Performance Shares (Long-term incentive plan – LTIP)

LTIP links the largest part of the Chief Executive Officer's compensation with the long-term performance of the Group and the actual outcome varies with performance against criteria linked directly to strategic priorities.

Shares granted are subject to a vesting period of three years with an additional mandatory one year holding period for 80% of shares which are granted under the Plan reserved to the Corporate Officers.

For threshold performance, 0% of shares granted will vest, for maximum, 100% will vest. Vesting will normally operate on a straight-line basis between these points.

LTIP time horizon



The 2023 LTIP criteria will remain the same as in 2022, in line with Company's objectives and the proposals approved by shareholders under the LTIP resolution at the Annual Shareholders' Meeting on May 5, 2022 (15th resolution). The two changes introduced last year will be continued: the vesting scale of the criterion of TSR compared to a bespoke industry panel of 11 companies which would be made more stringent (no vesting under the median of the group would be allowed) and the disclosure of the targets set for the improvement of the adjusted EPS criterion which will be disclosed *ex-post* allowing shareholders to ensure the stringency of the targets set by the Board.

In order to align the interests of the Group's executives to those of the shareholders, in 2023, the Board will allocate Performance Shares to more than 3,500 Group executives and senior management, leaders, and key talents. For the Group senior management, 100% of shares allocated will be subject to performance conditions measured over three years.

The maximum annual award to the Corporate Officer, valued in accordance with IFRS standards, will be capped at 150% of the combined fixed and target short-term variable compensation at the date of grant to ensure that it does not represent a disproportionate percentage of his overall compensation. This new cap represents a decrease of 25% compared to the previous cap provided in the 2022 remuneration policy (200% of the combined fixed and target short-term variable compensation).

For 2023, the Board intends to grant Mr. Peter Herweck an amount of LTIP, which value in accordance with IFRS standards will be around[(1)] 85% of the combined fixed and target short-term variable compensation (*i.e.* 170% of the fixed compensation), well below the maximum grant authorized under the remuneration policy. This amount is set for the full year 2023 including the months where Mr. Peter Herweck was Chief Executive Officer of AVEVA and transitioning to his new role. Mr. Peter Herweck will not be granted any other instruments for 2023.

The volume of the annual award will be set in consideration of:

- The market practice and competitive positioning of the CEO's compensation package;
- The Group's performance, acknowledged by the market;
- The performance criteria applicable to the final acquisition of LTIP awards;
- The culture of ownership deeply rooted in Schneider Electric's DNA.

In the context described above, the Board decided that the number of shares granted to the CEO continues to be reasonable in terms of quantum and market practice for comparable roles; it rewards the Company's good performance in a challenging year and supports the culture of ownership strongly promoted by Schneider Electric.

(1) At the date of the grant, the IFRS value cannot be known with certainty as it is computed only at the end of the year. For the 2023 grant, the value of the grant to the Chief Executive Officer will be based on the assumption that the discount rate applied according to the IFRS rules will be 26% as it was for the 2022 grant.

Performance conditions

100% measurable and quantifiable criteria	75% financial and TSR and 25% sustainability

Performance conditions and weightings applicable to the 2023 LTIP:

- 40%, improvement of Adjusted EPS;
- 35%, relative TSR performance of Schneider Electric:
  - 17.5% measured *vs.* a bespoke panel of 11 companies: ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa,
  - 17.5% measured *vs.* CAC 40 companies;
- 25%, based on Schneider Sustainability External & Relative Index (SSERI).

- **Adjusted EPS (40%)**

Adjusted EPS is a key long-term performance metric which promotes the execution of Schneider Electric's strategy to deliver profitable growth, thus reinforcing alignment with shareholders. Performance Shares could vest subject to the achievement of the following targets as set by the Board of Directors at the beginning of each year:

- a minimum Adjusted EPS improvement threshold under which there will be no vesting;
- an intermediary targeted Adjusted EPS improvement objective that the Company will have to achieve in order to vest 75% of the shares under this condition;
- a targeted Adjusted EPS improvement objective that the Company will have to achieve in order to vest all shares under this condition;
- the Performance Shares will vest progressively, on a linear basis, if the Adjusted EPS improvement is between these objectives.

As explained above, the Board commits to disclose *ex-post*, at the end of each Long-term incentive plan, the minimum Adjusted EPS improvement thresholds and the targeted Adjusted EPS improvement objectives.

Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. Significant unforeseen scope impact could be restated from this calculation upon decision of the Board.

- **Relative TSR (35%)**

This criterion strengthens the alignment between the shareholders' interests and compensation of the Corporate Officer.

- For 17.5% of the shares, Schneider Electric TSR will be compared to a bespoke industry panel consisting of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa) with a vesting scale as follows: 0% at rank 7 or below, 50% at median (rank 6), 100% at rank 4, 150% for ranks 3 to 1, and linear between these points. As explained above, the Board proposes to strengthen the vesting scale for a better alignment with performance.
- For the remaining 17.5%, Schneider Electric TSR will be compared with the TSR of the companies in the CAC 40 index to reflect the macro-economic and stock-market specific trends which influence the performance of the share and in turn, the return to shareholders with a vesting scale as follows: 0% below median, 50% at median (rank 20), 100% at rank 10, 120% in ranks 1 to 4, and linear between these points.

In case of over-performance, if Schneider Electric's TSR ranks first to third of the bespoke industry panel or within top 9 of the CAC 40 companies, this criterion may compensate the under-performance under the Adjusted EPS criterion up to the same number of shares. If the Schneider Electric TSR is closely clustered with that of other companies in the panel, then the Board of Directors will apply its judgement to decide whether Schneider Electric's TSR shall be deemed to be ranked in the same position as those companies.

- **Schneider Sustainability External and Relative Index (SSERI) (25%)**

The Schneider Sustainability External and Relative Index measures the long-term sustainability performance of the Group in terms of relative performance, through a combination of external indices which cover a range of environmental, social, and governance indicators wider than and different from the Schneider Sustainability Impact (SSI). Using external indices would also ensure that the sustainability priorities governing the assessment of the long-term sustainability performance of the Group are at all times those which matter the most to the stakeholders. As their content is dynamic and includes new and more relevant topics as they emerge, it forces participants to constantly anticipate the most demanding trends in global sustainability. The Board has selected some of the most challenging external indices which are objective, recognized, and independent, covering main geographies in line with the Group's global footprint and which complement each other as they cover different sustainability dimensions:

- DJSI World which covers three dimensions: economic, environmental, and social;
- Euronext Vigeo which covers environment, community involvement, business behavior, human rights, corporate governance, and human resources;
- Ecovadis which covers four dimensions: environment, labor and human rights, sustainable procurement and ethics; and
- CDP Climate Change which covers climate change, water, and forests and represents a major reference for climate change leadership globally.

According to the scale of the vesting of the Schneider Sustainability External and Relative Index, only four companies in the world would have achieved 100% of the SSERI in 2021 (Schneider achieved only 87,5% failing to be sector leader in the DJSI World index) and only two companies achieved 100% of the SSERI in 2022 including Schneider Electric.

The table below summarizes the performance conditions that will apply to the plan:

40% Improvement of adjusted Earnings Per Share (EPS)		• 0% at the minimum Adjusted EPS improvement threshold • 75% at the intermediary Adjusted EPS improvement objective • 100% at the targeted Adjusted EPS improvement objective Vesting linear between these points
35% Relative TSR	**17.5% *vs.* CAC 40**	• 0% below median • 50% at median (rank 20) • 100% at rank 10 • 120% at ranks 1 to 4 Vesting linear between these points
	17.5% *vs.* a panel of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa)	• 0% at rank 7 and below • 50% at median (rank 6) • 100% at rank 4 • 150% at ranks 3 to 1 Vesting linear between these points
25% Schneider Sustainability External & Relative Index (SSERI)	**6.25% DJSIW**	• 0%: not in World • 50%: included in World • 100%: sector leader
	6.25% Euronext Vigeo	• 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120
	6.25% Ecovadis	• 0%: Silver Medal or less • 50%: Gold Medal (top 5%) • 100%: Platinum Medal (top 1%)
	6.25% CDP Climate Change	• 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)

For each grant, the performance conditions will be determined by the Board and, although the Board favors stability, they could be adapted from the ones presented above. Depending on the evolution of the Group's strategic objectives, should they cease to be relevant or new criteria be deemed more appropriate based on their review by the Board of Directors, the latter would elect for criteria with similar long-term stringency, that will ensure a strong link between pay and performance.

Pension benefits

The Chief Executive Officer receives complementary cash payments which purpose is to provide a competitive retirement benefit in a way that is cost effective to the Company and that allows the Chief Executive Officer to build his retirement benefits independently. The cash payments will be equal to:

- a fixed portion equal to 15% of the fixed compensation; and
- a variable portion equal to 15% of the actual annual variable compensation paid to the Chief Executive Officer.

The total Pension amount actually paid will thus depend on the Company's performance, since the calculation base of the variable portion of the pension includes the actual variable compensation paid to the CEO depending on performance conditions linked to the Group's results.

The CEO has committed to depositing these additional payments, after taxes, into investment vehicles of his choice, dedicated to the supplementary financing of pensions.

		Variable portion			
	Fixed portion	Minimum	At target	Maximum	Total at target
Full year amount	€180,000	€0	€180,000	€360,000	€360,000
Amount prorated for the period from May 4 to December 31, 2023	€118,548	€0	€118,548	€237,096	€237,096

Other benefits

Schneider Electric aims to provide an appropriate level of benefits considering market practice and the level of benefits provided for other employees in the Group. The benefits currently provided are described below, but may also include, for example, relocation assistance if required and subject to the Board's decision.

Employer Matching Contributions and Profit-Sharing

The Chief Executive Officer is eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees. He is also eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERECO), for the retirement of employees in France.

Company Car

The Corporate Officer may use the cars made available to Group Senior Management with or without chauffeur services. In addition, the Chief Executive Officer is provided with a company car.

Tax assistance

The Corporate Officer may benefit from a tax assistance.

Health, Life and Disability schemes

The Corporate Officer is eligible for:

i. a private medical cover;

ii. The collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death;

iii. Additional coverage of the Group's French executives for risks of illness, incapacity, disability, and death. The main features of this coverage are:

   1) In case of illness or accident resulting in a temporary stoppage or incapacity (of any category), the Corporate Officer shall be entitled to continue to receive 18 months' worth of his compensation (fixed and target variable) authorized by the Board,

   2) In case of death, the policyholder's beneficiaries shall be entitled to the compensation (fixed and target variable) authorized by the Board of Directors for the current month, along with a death benefit equal to six months of the average compensation authorized by the Board of Directors (monthly average of the fixed and variable compensation paid during the last 12 months of employment);

iv. The entitlement to a life annuity pension paid to the surviving spouse in the event of death before his retirement, or if he left the Company after the age of 55 without returning to work, equal to 60% of 25% of the average of compensation paid during the three years before the date of death, with a deduction made from the theoretical pension payment that may be obtained under insurance conditions from the additional payments that will have been made;

v. In the event of disability causing the Corporate Officer to completely stop working, the right to pension payments (payable to the surviving spouse at a rate of 60%) beginning from his retirement equal to 25% of the average of the total cash compensation paid over the three years preceding the date of disability minus 1.25% per quarter of absence so as to obtain a full rate of pension and minus the amount of additional compensation that may be obtained under insurance conditions at the time the disability occurred;

vi. In the event of an accident, the Group insurance covering the executive's accident risk, stipulating the payment of a benefit the sum of which may be up to four times the annual compensation based on the type and circumstances of the accident.

Eligibility for benefits (iii) through (vi) above is conditional on the fulfillment of one of the following conditions:

- the average of the net income of the last five fiscal years preceding the event is positive;
- the average of the free cash flow of the last five fiscal years preceding the event is positive.

Director's fee

The Chief Executive Officer will not receive any attendance fees.

Extraordinary awards

The Compensation policy does not include any provisions for extraordinary payments. The Board decided to maintain the prohibition of one-off payments that are not provided for in the compensation policy approved by the shareholders.

Clawback provision

Listening carefully to some concerns raised by shareholders, the Board proposes to introduce a clawback provision that would allow the Board the right to reduce or cancel some elements of compensation in the event of gross misconduct or fraud.

In the event of gross misconduct or fraud causing a material adverse impact to the Group, in particular, resulting in a financial restatement, the Board reserves the right to reduce or cancel unvested LTIP or annual variable compensation amounts (malus), seek reimbursement of paid annual variable compensation or vested LTIP and/or obtain damages.

Post-mandate benefits

Listening carefully to some concerns raised by shareholders, the Board proposes to amend the post-mandate benefits granted to the Chief Executive Officer compared to the previous compensation policy by strengthening the performance targets upon which an involuntary severance indemnity may be due: no indemnity if the average rate of achievement of the Group's performance criteria used in the annual variable compensation for the last three fiscal years preceding the date of the Board's decision is below 80% (*vs.* 66% previously).

The table below presents a summary of the benefits that could be granted to the Chief Executive Officer on leaving office depending on the terms of the departure. The information provided in this summary is without prejudice to any decisions that may be made by the Board. In determining overall termination arrangements, the Board will ensure that termination benefits shall be granted only in case of forced departure and regardless of the form of the departure.

	Voluntary resignation/Removal from office for wrongful or gross misconduct	Forced departure	Retirement or change of assignment within the Group
Involuntary Severance Pay	Not applicable	Payment of an indemnity (twice the average of the annual fixed and variable cash compensation paid over the last 3 years subject to performance conditions)	Not applicable
Non-compete indemnity	If not waived by the Board, 60% of annual fixed and target variable compensation (excluding pension payments)		Not applicable
Retention of unvested share awards	Forfeited in full	Rights retained on *prorata* basis to presence within Schneider Electric	Rights retained in full

- **Definition of a forced departure**: the termination benefits only become payable if the departure of the Chief Executive Officer is forced, including requested resignation, in the following cases;
  - Dismissal, non-renewal or requested resignation of the Chief Executive Officer, within the six months following a material change in Schneider Electric's shareholder structure that could change the membership of the Board of Directors;
  - Dismissal, non-renewal or requested resignation of the Corporate Officer, in the event of a reorientation of the strategy pursued and promoted by the Chief Executive Officer until that time, whether or not in connection with a change in shareholder structure as described above; and
  - Dismissal, non-renewal or requested resignation of the Chief Executive Officer, although, on average, two-thirds of the Group performance criteria have been achieved for the last four fiscal years from the day of departure.

  In any case, involuntary severance indemnity will not be paid if the resignation is a consequence of wrongful or gross misconduct.

- **Amount of the involuntary severance indemnity**: the "Maximum Amount" of the involuntary severance indemnity will be twice the arithmetical average of the annual fixed and variable cash compensation, to the exclusion of complementary pension payments, paid by the Group over the last 3 years taking into account the non-compete compensation, if any, and subject to the attainment of performance conditions.
  The aggregate amount of the involuntary severance indemnity and the non-compete compensation, if any, shall not exceed the Maximum Amount.
  During the first 12 months from the appointment date, a ratio will be applied to the amount of involuntary severance indemnity equivalent to: (i) half of the Maximum Amount, plus (ii) 1/ 24th of the Maximum Amount for each additional month of service until the 12th month is completed (as which point the involuntary severance indemnity will be computed based on the full Maximum Amount).

- **Performance conditions**: Payment of the involuntary severance indemnity is subject to fulfillment of the following performance conditions based on the average rate of achievement of the Group's performance criteria used in the annual variable compensation for the last three fiscal years preceding the date of the Board's decision:

Group criteria achievement	Severance payment
< 80%	No payment
80%–100%	80%–100% of the Maximum Amount, calculated on a straight-line basis
>100%	100% of the Maximum Amount

  It being specified that in case of departure during the first three years of office, the above performance conditions will be calculated on the fiscal year where the Corporate Officer was Chief Executive Officer (in case of forced departure in 2023, the performance condition will be calculated on the 2023 results after the closing of the fiscal year; in case of forced departure in 2024, the performance condition will be calculated on the 2023 results; in case of forced departure in 2025, the performance condition will be calculated on the 2023 and 2024 results).

- **Non-compete agreement**: The Chief Executive Officer is bound by a non-compete agreement in case of departure. The one-year agreement calls for compensation to be paid at 60% of annual fixed and target variable compensation (excluding complementary payments). In line with the recommendations of the AFEP-MEDEF Corporate Governance Code, the Board will determine whether to apply the non-compete clause at the time of departure of the Corporate Officer.

- **Retention of unvested share awards**: If the Chief Executive Officer leaves the Group in circumstances of a forced departure, he will be entitled to retain unvested Performance Shares, which would typically vest at the end of the relevant vesting period, subject to the applicable performance conditions, and which will be pro-rated for the time the Corporate Officer remained with the Group in any capacity during the vesting period. In case of retirement or change of assignment within the Group, the Chief Executive Officer will keep his right to the unvested Performance Shares granted to him previously, subject to the applicable performance conditions and without any *prorata*.

4.2 Compensation Report

- **Best practices**: In conformity with the recommendations of the AFEP-MEDEF Corporate Governance Code:
  - The entitlement to involuntary severance indemnity is subject to strict performance conditions, assessed over a period not less than two years;
  - Only circumstances of a forced departure, regardless of the form of the departure, could trigger the entitlement to involuntary severance indemnity;
  - Together with the non-compete indemnity, if any, the involuntary severance indemnity could not exceed twice the average of the Corporate Officer's annual compensation (fixed and variable part, to the exclusion of the pension benefits);
  - The Board shall determine unilaterally whether or not to apply the non-compete clause at the time of the departure of the Corporate Officer;
  - The Corporate Officer shall not be entitled to involuntary severance indemnity in the case that he is entitled to benefit from his/her pension rights.

Corporate Officer	Employment contract(1)	Top-Hat pension benefits	Payments or benefits that may be due in the event of termination of assignment	Payments in relation to a non-compete agreement
Peter Herweck, CEO	NO	NO	YES	YES

(1) Mr. Peter Herweck will unilaterally end his current employment contract with the Group by means of resignation as from the start of his corporate office.

Recruitment policy

On appointment of a new Corporate Officer, the Board expects any new Corporate Officer to be engaged on terms that are consistent with, and in no case more favorable than the policy approved by the shareholders at the last Annual Shareholders' Meeting, until the next policy is approved. However, it is recognized that all circumstances in which Corporate Officer may be appointed cannot be anticipated. The Board will aim to set compensation that is appropriate to attract, motivate, retain, and reward an individual of the quality required to run the Group successfully, while avoiding paying more than is necessary. If the Board determines that it is in the best interests of the Company and shareholders to secure the services of a particular individual not promoted within the Group, it may require considering the terms of that individual's existing employment and/ or their personal circumstances.

The table below summarizes the policy on appointment of a new Corporate Officer.

Fixed compensation	Salaries are set by the Board, taking into consideration a number of factors including the current pay for other Corporate Officers, the experience, skill and current pay level of the individual, and external market forces. The Board may choose to set the salary below that of the market or the other Corporate Officers with the intention of applying staged increases as the individual gains experience in the role.
Annual variable compensation	Annual variable compensation will be awarded within the parameters of the policy in force.
Pension	The Board would set the pension cash supplementary payments at the appropriate level based on an individual's circumstances.
Other benefits	The Board would expect any new Corporate Officer to participate in the benefit schemes that are open to other senior employees (where appropriate, referencing the candidate's home country) but would take into account the individual's existing arrangements, market norms, and their status as a Corporate Officer.
Buy-out awards	The Board may offer compensatory payments or buy-out awards where an individual forfeits outstanding variable pay opportunities or contractual rights as a result of their appointment. The specifics of any buy-out awards would be dependent on the individual circumstances of recruitment and would be determined on a case-by-case basis. On assessing such awards, the Board will seek to make awards on a like-for-like basis to ensure that the value awarded would be no greater than the value forfeited by the individual. The Board may choose to apply performance conditions to these awards.
Relocation	Where an individual is relocating in order to take up the role, the Board may approve certain one-off benefits such as reasonable relocation expenses, accommodation for a defined period following appointment, assistance with visa applications or other immigration issues, and ongoing arrangements such as tax equalization, annual flights home, and a housing allowance.
Internal promotion	Where an existing employee is appointed to the Board, he/she will be required to resign from his/her employment contract and the Board will consider all existing contractual commitments including any outstanding share awards or pension entitlements.

In making any decision on the compensation of a new Corporate Officer, the Board would balance shareholder expectations, current best practice and the circumstances of any new Corporate Officer. It would strive not to pay more than is necessary to recruit the right candidate and would give full details in the next remuneration report.

4.2.3.1.4 Compensation policy of Jean-Pascal Tricoire as non-executive Chairman of the Board from May 4, 2023

The principles presented hereafter apply in the event of the roles of the Chairman of the Board and the Chief Executive Officer being separated.

Fixed compensation

The fixed compensation is reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate Governance Code, unless there are specific circumstances that would warrant a salary change, for example a major change in the duties. The Board ensures that the Chairman's salary is set reasonably compared to similar roles at companies of similar size or complexity.

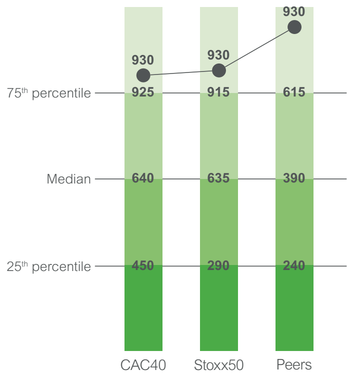
On the recommendation of the Governance & Remunerations Committee, the Board of Directors' meeting of February 15, 2023 set the gross annual fixed compensation of the Chairman of the Board at €930,000 from 2023. This amount will be prorated at €612,500 for the period from May 4, 2023 to December 31, 2023.

To determine this remuneration, the Governance & Remunerations Committee used an in-depth study of industry and market practices, including a benchmark of remuneration practice for non-executive chairmen in CAC 40, STOXX Europe 50 and peer group companies (the composition of which is described in section 4.2.2.1 of the Universal Registration Document), with the assistance of an outside firm (WTW) based on publicly available data.

This study clearly identified three levels of compensation corresponding to the different types of duties performed by non-executive chairmen:

- duties focusing solely on the chairing/leading the Board of Directors as well as being involved in the shareholder relations (25^{th} centile);
- participation in a strategic committee to seek out and validate major investments (median);
- support for the new CEO to ensure the success of the transition or external recruitment (75^{th} centile).

Fixed compensation



On the recommendation of the Governance & Remunerations Committee, the Board of Directors adopted a position just above the 75^{th} centile of the CAC 40 companies, just above the 75^{th} centile of the STOXX Europe 50 companies and above of the 75^{th} centile of the peer group. This level of compensation is also explained by the enlarged mission given by the Board to its Chairman (which is described in section 4.1.1.2.1 of the Universal Registration Document) in order to ensure a smooth and efficient transition.

Corporate Officer	Full year amount	Amount prorated for the period from May 4 to December 31, 2023
Jean-Pascal Tricoire, Chairman	€930,000	€612,500

Other benefits

The Chairman of the Board will be entitled to receive the following benefits.

Employer Matching Contributions and Profit-Sharing

The Chairman is eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees. He is also eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERECO), for the retirement of employees in France.

Company Car

The Chairman may use the cars made available to Group Senior Management with or without chauffeur services. In addition, the Chairman is provided with a company car.

Health, Life and Disability schemes

The Chairman will be eligible to the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death.

Tax assistance

The Chairman may benefit from a tax assistance.

Annual variable compensation, Long-term incentive plan, Director's fee, Extraordinary awards, Post-mandate benefits

The Chairman will not benefit from:
- any annual variable compensation;
- any Long-term incentive plan;
- any Director's fee;
- any Extraordinary awards;
- any Company Pension arrangement or Pension allowance;
- any severance pay;
- any non-compete indemnity.

Corporate Officer	Employment contract	Top-Hat pension benefits	Payments or benefits that may be due in the event of termination of assignment	Payments in relation to a non-compete agreement
Jean-Pascal Tricoire, Chairman	NO	NO[1]	NO	NO

(1) The Board of Directors of February 18, 2015, decided to put an end to the benefits of the top-hat pension plan for Corporate Officers.

Voluntary non-compete undertaking

The Board asked Mr. Jean-Pascal Tricoire to undertake that, in the event of termination of his duties as Chairman for whatever reasons, he will be required, for a period of twelve months following termination, not to work, in whatever manner it may be, for the benefit of any entity carrying on operations which are in direct competition with Schneider Electric in any country. This commitment will not be indemnified in any way by the Company.

4.2.3.2 Non-executive Directors' compensation policy

At the 2019 Annual Shareholders' Meeting, the shareholders approved under the 13th resolution the maximum total amount of the annual compensation that can be paid to the members of the Board which since then stands at €2,500,000. It is proposed:

- To increase the maximum of the total compensation that may be awarded to members of the Board of Directors annually to €2,800,000, in view of the increase in the number of members of the Board of Directors and the number of Board meetings; and
- To keep the allocation rules unchanged and as detailed below.

Director's individual compensation
• Non-executive Directors will be paid: – a fixed basic amount of €25,000 for membership of the Board; – an amount of €7,000 per Board meeting attended; – an amount of €4,000 per committee meeting attended; – an amount of €25,000 for the yearly strategy week (half in case of digital assistance); – an amount of €5,000 (for intercontinental travel) or €3,000 (for intra-continental travel) per Board session physically attended. • Additional annual payments are made to non-executive Directors who chair a Committee to reflect the additional responsibilities and workload: – Audit & Risks Committee: €20,000; – Other Committees: €15,000; and – Lead Independent Director: €250,000. • For an observer, an annual fixed payment of €20,000 is paid, unless they become non-executive Director at the next General Meeting. In this case, they will receive the same fees for attending the Board and committee meetings as non-executive Directors. • All payments are prorated for time served during the year and are paid in cash.

4.2.4 Compensation of Group Senior Management (excluding Corporate Officers)

Scope of Senior Management in 2022

On December 31, 2022, Group Senior Management is composed of 17 Executive Committee members. The Executive Committee is chaired by the Chairman & CEO and includes:

- Executive Vice-Presidents of Corporate Functions: Finance, Supply Chain, Digital, Strategy & Sustainability, Innovation, Governance, Marketing and Human Resources;
- Executive Vice-Presidents of Operations: North America Operations, China & East Asia Operations, France Operations, Europe Operations, International Operations and Chief Executive Officer North America;
- Executive Vice-Presidents of Businesses: Industry Automation and Energy Management.

41% of the Group Senior Management (including Chairman & CEO) is composed of women.

Compensation policy

The compensation principles of the Group Senior Management (excluding the Corporate Officer) and their individual analyses are reviewed by the Human Resources & CSR Committee for information and consultation with the Board of Directors. The Human Resources & CSR Committee may consult external experts for specific analyses.

The compensation policy of the Group Senior Management follows the principles of competitiveness, pay-for-performance, and alignment with shareholders' long-term interests, aligned with the principles applicable to the Corporate Officers as described in this report, with the following variations:

- The competitiveness of the Group Senior Management compensation is considered using a relevant geographical panel and the scope of responsibilities as prepared by the consultancy firm WTW;
- The proportion of variable components within their on target compensation package is around 70% versus around 80% for the Corporate Officer.

Compensation paid in 2022

Gross compensation, including benefits in kind, paid by Group companies in 2022 to the members of Group Senior Management other than the Corporate Officers, amounted to €33.9 million, including €11.4 million in variable compensation paid in the 2022 fiscal year.

The performance objectives for the annual incentive for the fiscal year 2022 were:

- Group organic sales growth;
- Improvement of Group adjusted EBITA margin (organic);
- Group cash conversion rate;
- Improvement of Net Satisfaction Score;
- Schneider Sustainability Impact.

Long-term incentive plans

During the last three financial years, 506,774 Performance shares have been allocated to the Group Senior Management, excluding Corporate Officers. No stock options and no Stock Appreciation Rights (SARs) have been granted during the last three financial years.

In 2022, Performance shares were allocated under the 2022 Long-term incentive plan 40.

Pension benefits

Schneider Electric's policy concerning pension benefits states that:

- the Group's Senior Management who are not subject to the French Social Security System are covered by pension plan arrangements in line with local practices in their respective countries;
- the Group's Senior Management subject to the French Social Security system, with the exception of Corporate Officers, are covered by the additional defined-contribution pension (Article 83) plans for employees, and/or Group Senior Management. Their defined-benefit pension plan (Article 39) was canceled on March 22, 2016.

4.2.5 Long-term incentive plans

Grant policy

As part of its overall staff pay policy, Schneider Electric sets up a Long-Term Incentive Plan (LTIP) every year. These plans allow the Group to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talent is a key factor to success. These plans also aim at mobilizing Schneider Electric's management for the achievement of the Group's long-term objectives and align their interest with those of our shareholders.

The Long-term incentive plans are based on an allocation of Performance Shares. No stock options or SARs have been granted since December 2009 and the last plan of stock options implemented expired on December 31, 2019.

These plans are granted by the Board of Directors, based on the recommendation from the Human Resources & CSR Committee.

Beneficiaries include members of Group Senior Management, top managers, high-potential managers and employees in all countries whose performance was judged remarkable. The grants made in 2022 are characterized by:

- A total of 3,963 beneficiaries in the 2022 LTIP (*vs.* 3,416 beneficiaries in the 2021 LTIP);
- Allocations to Executive Committee members, including the Corporate Officer, represented 13.9% of the total attributions in the framework of the 2022 LTIP (similar to the proportion prevalent (14.0%) in the framework of the 2021 LTIP);
- 29.0% of the beneficiaries were women in the 2022 LTIP to whom 27.5% of the shares were granted (*vs.* 28.4% of women in the 2021 LTIP to whom 26.7% of the shares were granted).

Corporate Officers formally undertake, for each grant of shares, not to engage in hedging transactions until the end of their duties as executive Officers.

Past share plans (as of December 31, 2022)

	LTIP 2019	**LTIP 2020**	**LTIP 2021**	**LTIP 2022**
Plan number	Plans 32, 33, 34, 35	Plans 36, 37, 37*bis*	Plans 38, 39, 39*bis*, 39*ter*	Plans 40, 41, 41*bis*, 41*ter*
Date of Annual Shareholders' Meeting	Apr. 25, 2016	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019 May 5, 2022
Date of the grant by the Board	Mar. 26, 2019 Jul. 24, 2019 Oct. 23, 2019	Mar. 24, 2020 Oct. 21, 2020	Mar. 25, 2021 July 29, 2021 Oct. 26, 2021	Mar. 24, 2022 July 27, 2022 Oct. 26, 2022
Number of shares at grant of which: – Jean-Pascal Tricoire – Top ten employee beneficiaries	2,444,010 60,000 214,700	2,216,791 60,000 218,500	1,557,170 37,903 141,866	1,423,558 31,105 136,346
Vesting/delivery date	Mar. 28, 2022 Jul. 25, 2022 Oct. 24, 2022	Mar. 24, 2023 Oct. 23, 2023	Mar. 25, 2024 July 29, 2024 Oct. 26, 2024	Mar. 24, 2025 July 27, 2025 Oct. 26, 2025
End of holding period	Mar. 27, 2023 for Plan 32 (only for 25,800 shares of which 18,000 shares granted to Jean-Pascal Tricoire)	Mar. 24, 2024 for Plan 36 (only for 18,000 shares granted to Jean-Pascal Tricoire)	Mar. 25, 2025 for Plan 38 (only for 11,371 shares granted to Jean-Pascal Tricoire)	Mar. 24, 2026 for Plan 40 (only for 9,932 shares granted to Jean-Pascal Tricoire)
Number of rights outstanding as of Dec. 31, 2021	2,208,429	2,113,541	1,541,917	N/A
Number of rights granted in 2022	N/A	N/A	N/A	1,423,558
Number of shares delivered in 2022	2,135,035	1,500	1,129	331
Number of rights canceled in 2022	73,394	98,538	61,069	20,903
Number of rights outstanding as of Dec. 31, 2022	0	2,013,503	1,479,719	1,402,324
Total number of rights outstanding as of Dec. 31, 2022	**4,895,546**			

LTIP 2019

Plan number	Plan 32	Plan 33	Plan 34	Plan 35
Date of Annual Shareholders' Meeting	Apr. 25, 2016	Apr. 25, 2016	N/A	N/A
Date of the grant by the Board	Mar. 26, 2019	Mar. 26, 2019	Jul. 24, 2019	Oct. 23, 2019
Number of shares at grant of which: – Jean-Pascal Tricoire	25,800 18,000	2,313,650 42,000	87,110	17,450
Number of rights outstanding as of Dec. 31, 2021	20,817	2,089,452	80,710	17,450
Number of shares delivered in 2022	20,164	2,026,181	72,704	15,986
Number of rights canceled in 2022	653	63,271	8,006	1,464
Number of rights outstanding as of Dec. 31, 2022	0	0	0	0
Vesting date/vesting period	Mar. 28, 2022 3 years	Mar. 28, 2022 3 years	Jul. 25, 2022 3 years	Oct. 24, 2022 3 years
End of holding period	Mar. 27, 2023	N/A	N/A	N/A
Presence condition	Yes			
Performance conditions	• Yes for 70% of the shares/100% for the Corporate Officers and Executive Committee members • 2019, 2020, 2021 adjusted EBITA average achievement rate (40%) • 2019, 2020, 2021 cash conversion rate average (25%) • TSR ranking at end of 2021 (15%) • 2019, 2020, 2021 Planet & Society barometer index (20%)		• Yes for 70% of the shares/100% for the Corporate Officers and Executive Committee members • 2020, 2021 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2021 *vs.* bespoke peer group and CAC 40 (30%) • 2019, 2020, 2021 Schneider Sustainability External and Relative Index (30%)	
% achievement of the Performance conditions	96.86% for Plans n° 32 and 33 88% for Plans n° 34 and 35			
Detailed achievement of the Performance conditions of Plans 32 and 33	At its meeting of February 16, 2022, the Board of Directors assessed the achievement rate of performance criteria for Plans n° 32 and 33 granted in 2019 based on the Group's performance over the three-year period 2019–2021, and set the final rate of achievement at 96.86%, *i.e.* a reduction of 3.14% in relation to the number of shares originally granted.			

Performance conditions of Plan 32 and 33	Reference period	Weight (%)	Actual achievement	Pay-out rate	Weighted pay-out rate
Adjusted EBITA margin average achievement rate	2019	13.3%	+0.7 pts	100%	31.5%
	2020	13.3%	+0.18 pts	36%	
	2021	13.3%	+1.4 pts	100%	
Group cash conversion average rate	2019–2021	25.0%	122.3%	150%*	37.5%*
Relative TSR	2019–2021	15.0%	1st rank	150%*	22.5%*
Planet & Society barometer/ Schneider Sustainability Impact	2019	6.6%	7.77	93.1%	16.86%
	2020	6.6%	9.32	79.6%	
	2021	6.6%	3.92	80.2%	
Total		**100%**			**96.86%**

* The good level of cash conversion exceeded the initial ambition and the over-performance of the relative TSR performance condition off-set the under-performance of the adjusted EBITA condition (for 8.5%).

LTIP 2019 continued

Detailed achievement of the Performance conditions of Plans 34 and 35

At its meeting of February 16, 2022, the Board of Directors assessed the achievement rate of performance criteria for Plans n° 34 and 35 granted in 2019 based on the Group's performance over the three-year period 2019–2021, and set the final rate of achievement at 88%, *i.e.* a reduction of 12% in relation to the number of shares originally granted.

Performance conditions of Plan 34 and 35		Reference period	Weight (%)	Actual achievement	Pay-out rate	Weighted pay-out rate
Adjusted Earnings per Share (EPS) improvement rate		2020	20%	-4.86%	0%	20%
		2021	20%	+31.77%	100%	
Relative Total Shareholder Return (TSR)	*vs.* CAC 40 companies	2019–2021	15%	4th rank	120%*	18%*
	vs. panel of peer companies	2019–2021	15%	1st rank	150%*	22.5%*
Schneider Sustainability External and Relative Index ("SSERI")**		2019	10%	87.5%	87.5%	27.5%
		2020	10%	100%	100%	
		2021	10%	87.5%	87.5%	
Total			**100%**			**88%**

Plans n° 34 and 35 have not been granted under the legal framework of the Performance Shares provided by Article L. 225-197-1 of the French Commercial Code. Consequently, the shares to be delivered will be only existing shares acquired through the buy-back program.

* The over-performance of the two relative TSR performance condition off-set the under-performance of the adjusted Earnings per Share (EPS) improvement condition (for 10.5%).

** Plan rules n° 34 and 35 have been modified to replace FTSE4GOOD, which is decommissioned, by Ecovadis for 2021.

LTIP 2020

Plan number	Plan 36	Plan 37	Plan 37*bis*
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019
Date of the grant by the Board	Mar. 24, 2020	Mar. 24, 2020	Oct. 21, 2020
Number of shares at grant of which: – Jean-Pascal Tricoire	18,000 18,000	2,095,740 42,000	103,051
Number of rights outstanding as of Dec. 31, 2021	18,000	1,996,790	98,751
Number of shares granted in 2022	N/A	N/A	N/A
Number of shares delivered in 2022	0	1,500	0
Number of rights canceled in 2022	0	95,550	2,988
Number of rights outstanding as of Dec. 31, 2022	18,000	1,899,740	95,763
Vesting date/vesting period	Mar. 24, 2023 3 years	Mar. 24, 2023 3 years	Oct. 23, 2023 3 years
End of holding period	Mar. 24, 2024	N/A	N/A
Presence condition	Yes		
Performance conditions	• Yes for 70% of the shares/100% for the Corporate officer and Executive Committee • 2020, 2021, 2022 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2022 *vs.* bespoke peer group and CAC 40 (35%) • 2020, 2021, 2022 Schneider Sustainability External and Relative Index (25%)**		
Detailed achievement of the Performance conditions of Plans 36, 37 and 37*bis*	At its meeting of February 15, 2023, the Board of Directors assessed the achievement rate of performance criteria for Plans n° 36, 37 and 37*bis* granted in 2020 based on the Group's performance over the three-year period 2020–2022, and set the final rate of achievement at 96.71%, *i.e.* a reduction of 3.29% in relation to the number of shares originally granted.		

Performance conditions of Plans 36, 37 and 37bis		Reference period	Weight (%)	Actual achievement	Pay-out rate	Weighted pay-out rate
Adjusted Earnings per Share (EPS) improvement rate		2020	13.33%	-4.86%	0.00%	37.75%
		2021	13.33%	31.77%	100.00%	
		2022	13.33%	13.13%	100.00%	
Relative Total Shareholder Return (TSR)	*vs.* CAC 40 companies	2020–2022	17.50%	3rd rank	150.00%*	17.50%*
	vs. panel of peer companies	2020–2022	17.50%	6th rank	113.33%*	17.50%*
Schneider Sustainability External and Relative Index ("SSERI")**		2020	8.33%	100.00%	100.00%	23.96%
		2021	8.33%	87.50%	87.50%	
		2022	8.33%	100.00%	100.00%	
Total			**100%**			**96.71%**

* The over-performance of the two relative TSR performance condition off-set the under-performance of the adjusted Earnings per Share (EPS) improvement condition (for 11.08%).

** Plan rules n° 36, 37 and 37*bis* have been modified to replace FTSE4GOOD, which is decommissioned, by Ecovadis for 2021 and 2022.

LTIP 2021

Plan number	Plan 38	Plan 39	Plan 39*bis*	Plan 39*ter*
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019
Date of the grant by the Board	Mar. 25, 2021	Mar. 25, 2021	Jul. 29, 2021	Oct. 26, 2021
Number of shares at grant of which: – Jean-Pascal Tricoire	11,371 11,371	1,463,997 26,532	48,720	33,082
Number of rights outstanding as of Dec. 31, 2021	11,371	1,449,124	48,340	33,082
Number of shares granted in 2022	N/A	N/A	N/A	N/A
Number of shares delivered in 2022	0	1,129	0	0
Number of rights canceled in 2022	0	59,098	1,190	781
Number of rights outstanding as of Dec. 31, 2022	11,371	1,388,897	47,150	32,301
Vesting date/vesting period	Mar. 25, 2024 3 years	Mar. 25, 2024 3 years	Jul. 29, 2024 3 years	Oct. 26, 2024 3 years
End of holding period	Mar. 25, 2025	N/A	N/A	N/A
Presence condition	Yes			
Performance conditions	• Yes for 70% of the shares/100% for the Corporate officer and Executive Committee • 2021, 2022, 2023 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2023 *vs.* bespoke peer group and CAC 40 (35%) • 2021, 2022, 2023 Schneider Sustainability External and Relative Index (25%)			
Achievement of the Performance conditions	To be assessed by the Board of directors in February 2024			

LTIP 2022

Plan number	Plan 40	Plan 41	Plan 41*bis*	Plan 41*ter*
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	May 5, 2022	May 5, 2022
Date of the grant by the Board	Mar. 24, 2022	Mar. 24, 2022	Jul. 27, 2022	Oct. 26, 2022
Number of shares at grant of which: – Jean-Pascal Tricoire	9,332 9,332	1,321,546 21,773	67,590	25,090
Number of rights outstanding as of Dec. 31, 2021	N/A	N/A	N/A	N/A
Number of shares granted in 2022	9,332	1,321,546	67,590	25,090
Number of shares delivered in 2022	0	331	0	0
Number of rights canceled in 2022	0	20,903	0	0
Number of rights outstanding as of Dec. 31, 2022	9,332	1,300,312	67,590	25,090
Vesting date/vesting period	Mar. 24, 2025 3 years	Mar. 24, 2025 3 years	Jul. 27, 2025 3 years	Oct. 26, 2025 3 years
End of holding period	Mar. 24, 2026	N/A	N/A	N/A
Presence condition	Yes			
Performance conditions	• Yes for 70% of the shares/100% for the Corporate officer and Executive Committee • 2022, 2023, 2024 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2024 *vs.* bespoke peer group and CAC 40 (35%) • 2022, 2023, 2024 Schneider Sustainability External and Relative Index (25%)			
Achievement of the Performance conditions	To be assessed by the Board of directors in February 2025			

5 Consolidated financial statements at December 31, 2022

5.1 Consolidated statement of income

(in millions of euros except for earnings per share)	Note	**Full Year 2022**	Full Year 2021
Revenue	3	**34,176**	**28,905**
Cost of sales		(20,300)	(17,062)
Gross profit		**13,876**	**11,843**
Research and development	4	(1,040)	(855)
Selling, general and administrative expenses		(6,819)	(6,001)
Adjusted EBITA *	3	**6,017**	**4,987**
Other operating income and expenses	6	(433)	(21)
Restructuring costs		(227)	(225)
EBITA **		**5,357**	**4,741**
Amortization and impairment of purchase accounting intangibles	5	(424)	(410)
Operating income		**4,933**	**4,331**
Interest income		24	4
Interest expense		(130)	(99)
Finance costs, net		**(106)**	**(95)**
Other financial income and expense	7	(109)	(81)
Net financial income/(loss)		**(215)**	**(176)**
Profit from continuing operations before income tax		**4,718**	**4,155**
Income tax expense	8	(1,211)	(966)
Share of profit/(loss) of associates	12	29	84
PROFIT FOR THE YEAR		**3,536**	**3,273**
attributable to owners of the parent		*3,477*	*3,204*
attributable to non-controlling interests		*59*	*69*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	19	6.23	5.76
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	19	6.15	5.67

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

The accompanying notes are an integral part of the consolidated financial statements.

Other comprehensive income

(millions of euros)	Note	**Full Year 2022**	Full Year 2021
Profit for the year		**3,536**	**3,273**
Other comprehensive income:			
Translation adjustment		631	1,839
Revaluation of assets and liabilities due to hyperinflation		44	-
Cash-flow hedges		36	130
Income tax effect of cash flow hedges	19	(4)	(7)
Gains and losses recorded in equity with recycling		**707**	**1,962**
Net gains/(losses) on financial assets		(8)	40
Income tax effect of gains/(losses) on financial assets	19	2	(9)
Actuarial gains/(losses) on defined benefit plans	20	137	451
Income tax effect of actuarial gains/(losses) on defined benefit plans	19	(25)	(105)
Gains and losses recorded in equity with no recycling		**106**	**377**
Other comprehensive income for the year, net of tax		**813**	**2,339**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,349**	**5,612**
attributable to owners of the parent		*4,284*	*5,212*
attributable to non-controlling interests		*65*	*400*

The accompanying notes are an integral part of the consolidated financial statements.

5.2 Consolidated statement of cash flows

(in millions of euros)	Note	Full Year 2022	Full Year 2021
Profit for the year		**3,536**	**3,273**
Share of (profit)/losses of associates		(29)	(84)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	750	726
Amortization of intangible assets other than goodwill	10	732	688
Impairment losses on non-current assets		61	34
Increase/(decrease) in provisions	21	32	(54)
Losses/(gains) on disposals of business and assets		70	(184)
Difference between tax paid and tax expense		139	(38)
Other non-cash adjustments		102	108
Net cash provided by operating activities		**5,393**	**4,469**
Decrease/(increase) in accounts receivables		(305)	(577)
Decrease/(increase) in inventories and work in progress		(553)	(955)
(Decrease)/increase in accounts payable		73	418
Decrease/(increase) in other current assets and liabilities		(254)	261
Change in working capital requirement		**(1,039)**	**(853)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**4,354**	**3,616**
Purchases of property, plant and equipment	11	(707)	(543)
Proceeds from disposals of property, plant and equipment		69	59
Purchases of intangible assets	10	(386)	(333)
Net cash used by investment in operating assets		**(1,024)**	**(817)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(297)	(4,231)
Other long-term investments		40	16
Increase in long-term pension assets		(130)	(136)
Sub-total		**(387)**	**(4,351)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(1,411)**	**(5,168)**
Issuance of bonds	22	1,092	-
Repayment of bonds	22	(829)	(600)
Sale/(purchase) of treasury shares		(219)	(262)
Increase/(decrease) in other financial debt		143	(444)
Increase/(decrease) of share capital	19	208	216
Transaction with non-controlling interests *	2	(73)	(418)
Dividends paid to Schneider Electric's shareholders	19	(1,618)	(1,447)
Dividends paid to non-controlling interests		(157)	(138)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(1,453)**	**(3,093)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**(70)**	**346**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(20)**	**-**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**1,400**	**(4,299)**
Net cash and cash equivalents, beginning of the year	18	2,463	6,762
Increase/(decrease) in cash and cash equivalents		1,400	(4,299)
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	18	**3,863**	**2,463**

* In 2021, transactions with non-controlling interests mainly relates to RIB.

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Assets

(in millions of euros)	Note	**Dec. 31, 2022**	Dec. 31, 2021
NON-CURRENT ASSETS:			
Goodwill, net	9	25,136	24,723
Intangible assets, net	10	6,373	6,486
Property, plant and equipment, net	11	3,935	3,826
Investments in associates and joint ventures	12	1,241	1,234
Non-current financial assets	13	1,125	1,034
Deferred tax assets	14	1,616	1,820
TOTAL NON-CURRENT ASSETS		**39,426**	**39,123**
CURRENT ASSETS:			
Inventories and work in progress	15	4,346	3,971
Trade and other operating receivables	16	7,514	6,829
Other receivables and prepaid expenses	**17**	**2,155**	**1,998**
Current financial assets		1	4
Cash and cash equivalents	18	3,986	2,622
TOTAL CURRENT ASSETS		**18,002**	**15,424**
Assets held for sale	1	940	-
TOTAL ASSETS		**58,368**	**54,547**

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Liabilities

(in millions of euros)	Note	**Dec. 31, 2022**	Dec. 31, 2021
EQUITY:	19		
Share capital		2,284	2,276
Additional paid in capital		2,660	2,456
Retained earnings		19,812	19,694
Translation reserve		683	14
Equity attributable to owners of the parent		**25,439**	**24,440**
Non-controlling interests		655	3,669
TOTAL EQUITY		**26,094**	**28,109**
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	20	1,186	1,395
Other non-current provisions	21	994	1,091
Non-current financial liabilities	22	7,330	7,554
Non-current purchase commitments over non-controlling interests	22	194	176
Deferred tax liabilities	14	885	997
Other non-current liabilities		865	1,003
TOTAL NON-CURRENT LIABILITIES		**11,454**	**12,216**
CURRENT LIABILITIES:			
Trade and other operating payables		6,254	5,715
Accrued taxes and payroll costs		3,787	3,694
Current provisions	21	1,036	933
Other current liabilities		1,887	1,685
Current financial debt	22	3,133	2,195
Current purchase commitments over non-controlling interests	22	4,554	-
TOTAL CURRENT LIABILITIES		**20,651**	**14,222**
Liabilities held for sale	1	169	-
TOTAL EQUITY AND LIABILITIES		**58,368**	**54,547**

The accompanying notes are an integral part of the consolidated financial statements.

5.4 Consolidated statement of changes in equity

(in millions of euros)	Number of shares (thousands)	Capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
Dec. 31, 2020	**567,069**	**2,268**	**2,248**	**17,648**	**(1,541)**	**20,623**	**3,104**	**23,727**
Profit for the year	–	–	–	3,204		**3,204**	69	**3,273**
Other comprehensive income	–	–	–	453	1,555	**2,008**	331	**2,339**
Comprehensive income for the year	**–**	**–**	**–**	**3,657**	**1,555**	**5,212**	**400**	**5,612**
Capital increase	1,964	8	208	–	–	**216**	–	**216**
Dividends	–	–	–	(1,447)	–	**(1,447)**	(138)	**(1,585)**
Purchase of treasury shares	–	–	–	(262)	–	**(262)**	–	**(262)**
Share-based compensation expense	–	–	–	145	–	**145**	16	**161**
Other	–	–	–	(47)	–	**(47)**	287	**240**
Dec. 31, 2021	**569,033**	**2,276**	**2,456**	**19,694**	**14**	**24,440**	**3,669**	**28,109**
Profit for the year	–	–	–	3,477		**3,477**	59	**3,536**
Other comprehensive income	–	–	–	138	669	**807**	6	**813**
Comprehensive income for the year	**–**	**–**	**–**	**3,615**	**669**	**4,284**	**65**	**4,349**
Capital increase	2,060	8	204	–	–	**212**	–	**212**
Dividends	–	–	–	(1,618)	–	**(1,618)**	(157)	**(1,775)**
Purchase of treasury shares	–	–	–	(219)	–	**(219)**	–	**(219)**
Share-based compensation expense	–	–	–	161	–	**161**	23	**184**
AVEVA minority interest buy out*	–	–	–	(1,881)	–	**(1,881)**	(2,907)	**(4,788)**
Other	–	–	–	60	–	**60**	(38)	**22**
Dec. 31, 2022	**571,093**	**2,284**	**2,660**	**19,812**	**683**	**25,439**	**655**	**26,094**

* For more information, please refer to the Note 2.

The accompanying notes are an integral part of the consolidated financial statements.

5.5 Notes to the consolidated financial statements

Contents

All amounts are in millions of euros unless otherwise indicated.

The following notes are an integral part of the consolidated financial statements.

The Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2022 were authorized for issue by the Board of Directors on February 15, 2023. They will be submitted to shareholders for approval at the Annual General Meeting of May 4, 2023.

The Group's main businesses are described in Chapter 1 of the Universal Registration Document.

Note 1: Summary of accounting policies

1.1 – Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2022. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2021.

The IFRS standards and interpretations as adopted by the European Union are available at the following website: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting

Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2022

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2022:

- amendments to IFRS 3 - *Business Combinations: Reference to the Conceptual Framework;*
- amendments to IAS 16 - *Property, Plant and Equipment: Proceeds before Intended Use;*
- amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract;*
- Annual Improvements to IFRS Standards 2018–2020.

IAS 38 - *Configuration or Customization Costs in a Cloud Computing Arrangement*

The Group has considered the impact of the IFRIC agenda decision issued in April 2021 when accounting for costs of configuring or customizing a supplier's application software in a Software as a Service (SaaS) arrangement. This decision clarifies if those costs should be expensed, either immediately or over the contract duration, or capitalized. The group performed an inventory of those costs and amounts previously capitalized in 2022. This review has no significant impact on the consolidated financial statements of the Group, and, given the limited impact, no restatement was made to the opening balance sheet.

Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*

On May 14th, 2020, the IASB issued amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a directly related cost approach. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. These amendments had no significant impact on the consolidated financial statements of the Group.

Standards, interpretations and amendments unendorsed by the European Union as of December 31, 2022 or whose application is not mandatory as of January 1, 2022

- standards adopted by the European Union:
  - amendments to IFRS 17 - *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information;*
  - amendments to IAS 12 - *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;*
  - amendments to IAS 1 - *Presentation of Financial Statements. IFRS Practice Statement 2: Disclosure of Accounting policies;*
  - amendments to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates; – IFRS 17 and amendments - Insurance Contracts;*

- standards not yet adopted by the European Union:
  - amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Deferral of Effective Date; Non-current Liabilities with Covenants;*
  - amendments to IFRS 16 - *Leases: Lease Liability in a Sale and Leaseback;*

The Group is currently assessing the potential effect on the Group's consolidated financial statements of the standards not yet applicable as of December 31, 2022. At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

Climate-related matters

The potential impacts on the Group's assets and liabilities measurement as well as on significant judgements and estimates, from the climate-related matters, have been analysed through both climate transition risk and opportunities perspective and carbon neutral external commitments perspective. The Group is committed to net-zero CO_2 emissions in its operation by 2030, will be carbon neutral along the whole of its value chain by 2040 and net zero along the whole value chain by 2050.

To achieve its emission reduction objectives and meet net zero commitments taken, the Group has defined a roadmap and key actions to enable both its own operations and supply chain's decarbonization, leading to direct consequences on processes, site transition, R&D and investment priorities:

- Redesign of the investment monitoring and approval tool in December 2022 to support internal and external reporting, monitor investments on Zero-CO_2 sites and prioritize low-carbon investments;
- Significant investments on both industrial processes and real estate portfolio planned to decarbonize operations by 2030 (Scopes 1 & 2) in line with company-wide energy climate targets (150 Zero-CO_2 sites by 2025, double energy productivity by 2030, 100% of electricity from renewables by 2030, shift 100% of corporate vehicle fleet to electric vehicles by 2030). Specifically on manufacturing and distribution centers, the Group has defined a priority list and planned to invest progressively on more electrification, sustainable and efficient systems (heat pumps, micro grids, solar panels, thermal insulation…) between 2023 and 2030 to achieve net-zero ready operations by 2030.
- Implementation of a process to follow carbon footprint evolution at an early stage of new product development to reduce the footprint of future generations of products. The Group committed on a step up in R&D in coming years, from an existing circa 5% of Group revenues dedicated to strategic R&D investment with a strong focus on sustainability. More than 6 billion of euros (absolute amount) have been invested in R&D between 2017 and 2021.

The actual and potential financial links and effects of the Group's external commitments or the specific climate risks identified are detailed as follows:

- No material impact to disclose, notably on evaluation and useful life of tangible assets or in the impairment tests performed at Group Level. The Group is not a capital-intensive company, majority of its sites are leased and not owned, and the individual residual value of its tangible assets in the most at-risk locations is not material. Additionally, the multi hub position of the Group with agile capacity to relocate its production in case of climate disaster is a way to significantly mitigate risks and potential effects. Also, the Group has a low dependence on water in its production processes, and its sites are slightly located in flood zones or coastal zones. Finally, the Group is on an opportunistic position regarding world's desire for electrification & other company's net zero commitments. The Group is currently working to improve the quantification of investments and additional costs needed as well as opportunities to achieve long-term net zero carbon commitments, taking into consideration several scenarios. The Group however identify no impairment risk as of December 2022.
- The Schneider Sustainability Impact (SSI), which includes a climate target, is used as a criterion in the annual variable compensation of the Corporate Officer and that of the 64,000 employees benefiting from such compensation (20% weight). In the same way, the Schneider Sustainability External & Relative Index (SSERI) is used for the long-term incentive plan granted to 3,000+ employees including the Corporate Officer (25% weight).
- To further tie climate-related issues to financial planning, Schneider successfully launched the first-ever sustainability-linked convertible bonds in 2020. This bond has been linked to three SSI targets by including the objective to save and avoid 800 million tonnes of CO_2 on the customers' end by 2025. In 2022, the Group has also linked its bank fundings with the SSI performance with the signature of a KPIs linked facility.

1.2 – Basis of presentation

The financial statements have been prepared on a historical cost basis, except for the following:

- derivative instruments and certain financial assets, measured at fair value;
- assets held for sale - measured at the lower of carrying amount and fair value less costs to sell;
- defined benefit pension plans - plan assets measured at fair value.

Financial liabilities are measured using the amortized cost model. The book value of hedged assets and liabilities, under fair-value hedge, corresponds to their fair value, for the part corresponding to the hedged risk.

1.3 – Use of estimates and assumptions

The preparation of financial statements requires the Group management and subsidiaries to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, the revenues and expenses in the statement of income and the commitments created during the reporting period. Actual results may differ.

These assumptions and estimates mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (Note 1.8 and 1.9) and the measurement of impairment losses (Note 1.11);
- the measurement of the recoverable amount of non-current financial assets (Note 1.12 and 13);
- the realizable value of inventories and work in progress (Note 1.13);
- the recoverable amount of trade and other operating receivables (Note 1.14);
- the valuation of share-based payments (Note 1.20);
- the calculation of provisions or risk contingencies (Note 1.21);
- the measurement of pension and other post-employment benefit obligations (Note 1.19 and Note 20);
- the recoverability of deferred tax assets (Note 14);
- the measurement of provisions covering uncertainties over income tax treatment (Note 1.21);
- the estimation of the margin at completion for Construction contracts (Note 1.24);
- the assumptions retained to evaluate the lease liability (IFRS 16): lease term and discount rate (Note 1.10).

1.4 – Consolidation principles

Subsidiaries, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Accounting policies of subsidiaries, joint-venture and associates have been changed when necessary to ensure consistency with the policies adopted by the Group.

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and companies over which the Group has significant influence ("associates") are accounted for by the equity method. Significant influence is presumed to exist when more than 20% of voting rights are held by the Group.

Under equity method, the net assets and net result of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in a joint venture or an associate, goodwill relating to the joint venture or the associate is included in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceed its interest in the entity, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Any acquisition or disposal of an interest in a subsidiary that doesn't change the control is considered as a shareholder transaction and must be recognized directly in equity.

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners.

Intra-group transactions and balances are eliminated.

The list of consolidated main subsidiaries, joint ventures and associates can be found in Note 29.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain immaterial associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.5 – Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 - Business Combinations. Acquisition costs are presented under “Other operating income and expenses” in the statement of income.

All acquired assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date, the fair value can be adjusted during a measurement period that can last for up to 12 months from the date of acquisition.

The differential between the cost of acquisition excluding acquisition expenses and the Group’s share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. When the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the badwill is immediately recognized in the statement of income.

Goodwill is allocated to Cash-Generating Units (CGUs) or groups of cash-generating units that benefit from business combination synergies.

Goodwill is not amortized, but tested for impairment at least annually and whenever there is an indication that it may be impaired (see Note 1.11 below). Any impairment losses are recognized under “Amortization and impairment of purchase accounting intangible”.

The full goodwill method is applied at Group level, therefore, non-controlling interests are valued at fair value.

In accordance with IAS 32, put options granted to minority shareholders are recorded as financial liabilities at the option’s estimated strike price.

The share in the net assets of subsidiaries is reclassified from “Non-controlling interests” to “Purchase commitments over non-controlling interests” and the differential between the value of the non-controlling interests and the liability, corresponding to the commitment, is recorded in equity.

1.6 – Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- assets and liabilities are translated at the official closing rates;
- income statement, backlog and cash flow items are translated at average annual exchange rates.

The functional currency of an entity is the currency of the primary economic environment in which it carries out its operations. In most cases, the functional currency corresponds to the local currency. However, a functional currency other than the local currency can be retained for certain entities, if it represents the currency of the main transactions carried out by the entity and that it ensures faithful representation of its economic environment.

Translation adjustments are recorded in consolidated equity under “Translation reserve”.

Upon exit from the scope of consolidation, the cumulative translation reserve of a company whose functional currency is not the euro are recycled in the income statement and are part of the gain or loss on disposal.

The Group applies IAS 29 - *Financial Reporting in Hyperinflationary Economies* to the Group’s subsidiaries in countries with hyperinflationary economies (Argentina and Turkey). IAS 29 - *Financial Reporting in Hyperinflationary Economies* requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within “Other financial income and expenses”. In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate of the reporting period concerned, in accordance with IAS 21. In 2022, all the necessary conditions were met to consider Turkey as a hyperinflationary country within the meaning of IFRS. The Group has applied IAS 29 to Argentina in its financial statements from January 1, 2018 and to Turkey in its financial statements from January 1, 2022. The Group used the Consumer Price Index (CPI) for both Argentina and Turkey to remeasure its income statement items, cash flows and non-monetary assets and liabilities. This index was up 91% for Argentina and up 64% for Turkey compared with 2021.

1.7 – Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate in effect at the transaction date or at the hedging rate. At the balance sheet date, monetary items in foreign currency (e.g. payables, receivables, etc.) are translated into the functional currency of the entity at the closing rate or at the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under "Net financial income/ (loss)". Foreign currency hedging is described below, in Note 1.23.

However, certain long-term receivables and loans to subsidiaries are considered to be part of a net investment in a foreign operation, as defined by IAS 21 - *The Effects of Changes in Foreign Exchange Rates*. As such, the impact of exchange rate fluctuations is recorded in equity and recognized in the statement of income when the investment is sold or when the long-term receivable or loan is reimbursed.

1.8 – Intangible assets

Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the amortized cost model.

Intangible assets (mainly trademarks, technologies and customer relationships) acquired as part of business combinations are recognized in the balance sheet at fair value at the combination date, appraised externally for the most significant assets and internally for the rest, and that represents its historical cost in consolidation. The valuations are performed using generally accepted methods, based on future inflows.

Intangible assets are generally amortized on a straight-line basis over their useful life or, alternatively, over the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Amortization expenses and impairment losses on intangible assets acquired in a business combination are presented on a separate statement of income line item, "Amortization and impairment of purchase accounting intangible" assets.

Trademarks

The trademarks are recognized at fair value at the acquisition date. The trademarks fair value is determined using the relief from royalty method.

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group's strategy for integrating the trademark into its existing portfolio.

Indefinite-lived trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

Internally-generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred. Development costs for new projects are capitalized if, and only if:

- the project is clearly identified and the related costs are separately identified and reliably monitored;
- the project's technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Before the commercial launch, capitalized development projects are tested for impairment at least annually. From the date of the commercial launch, capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from three to ten years. The amortization expenses of such capitalized projects are included in the cost of the related products and classified into "Cost of sales" when the products are sold.

As for development-related assets which are in the amortization period, they are tested for impairment in case an impairment risk has been identified.

Software implementation

External and internal costs relating to the implementation of Enterprise Resource Planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications' useful lives.

1.9 – Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Each component of an item of property, plant and equipment with a useful life that differs from that of the whole item is depreciated separately on a straight-line basis. The main useful lives are as follows:

- buildings: 20 to 40 years;
- machinery and equipment: 3 to 10 years;
- other: 3 to 12 years.

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products' estimated life cycles.

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate. The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is expensed in the period and included in the production cost of inventory or the cost of internally-generated intangible assets. It is recognized in the statement of income under "Cost of sales", "Research and development costs" or "Selling, general and administrative expenses", as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may be impaired. Impairment losses are charged to the statement of income under "Other operating income and expenses".

Since 2019, property, plant and equipment also includes right-of-use assets, in accordance with the recommended treatment in IFRS 16 - Leases, and as described in the following note.

1.10 – Leases

Scope of the Group's contracts

The lease contracts identified within all the Group entities fall under the following categories:

- real estate: office buildings, factories, and warehouses;
- vehicles: cars and trucks;
- forklifts used mainly in factories or storage warehouses.

The Group has retained the exemption for low-value assets (i.e. assets with a cost lower than USD 5,000). Thus, the defined scope does not include small office or IT equipment, mobile phones or other small equipment, which all correspond to low-value equipment.

Short-term contracts (i.e. less than 12 months without purchase option) are also exempted under the standard. In this case, for example, for occasional vehicle or accommodation rentals.

Rental obligation

At the inception date of the lease, the Group recognizes the lease liabilities, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is calculated mainly using the marginal borrowing rate of the contracting entity's country, at the contract starting date.

Rental payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate initially measured using the index or rate as at the commencement date and amounts that should be paid under residual value guarantees. Besides, the simplification allowing not to split services components has not been elected by the Group. Therefore, only the rents are taken into account in the lease payments.

Lease payments also include, when applicable, the exercise price of a purchase option reasonably certain to be exercised by the Group and the payment of penalties for the termination of a lease, if the term of the lease takes into account the fact that the Group has exercised the termination option.

Variable lease payments that are not dependent on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

After the start date of the contract, the amount of rental obligations is increased to reflect the increase in interest and reduced for lease payments made.

In addition, the carrying amount of the lease liabilities is revalued in the event of a reassessment or modification in the lease (e.g. change in the term of the lease, change in lease payments, application of annual indexation, etc.).

The obligation is recorded under other current and other non-current liabilities.

Right-of-use assets

The Group accounts for the assets related to the right-of-use on the lease starting date (i.e. the date on which the underlying asset is available).

Assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for the revaluation of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities, initial direct costs incurred and lease payments made on or before the effective date, minus lease inducements received. They are recognized as tangible assets, in the Balance Sheet.

Unless the Group is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the recorded right-of-use assets are depreciated using the linear method over the shortest period of time between estimated life of the underlying asset and the duration of the lease. The assets related to the right-of-use are subject to depreciation.

Determining the duration of contracts

The duration of the Group's contracts varies according to geographies.

The real estate contracts have variable durations depending on the countries and local regulations. Vehicles and forklifts are generally contracted between 3 and 6 years.

In certain geographies, the Group's real estate contracts offer unilateral options for termination of contracts (particularly in France with contracts 3-6-9).

According to the recommendation of IFRIC, on a case-by-case analysis and based on Real Estate teams' expertise, experience strategy and projects, the Group is determining the most probable duration to perform our calculations.

In most of cases, the duration chosen is the enforceable duration of the real estate contracts, in particular on the most strategic buildings and factories.

1.11 – Impairment of assets

The Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified based on external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;
- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Value in use is determined by discounting future cash flows that will be generated by the tested assets. These future cash flows are based on Group management's economic assumptions and operating forecasts presented in business plans over a period generally not exceeding five years, and then extrapolated based on a perpetuity growth rate. The discount rate corresponds to the Group's Weighted Average Cost of Capital (WACC) at the measurement date. The WACC stood at 7.8% at December 31, 2022 (6.8% at December 31, 2021). This rate is based on (i) a long-term interest rate of 1.1%, corresponding to the average interest rate for 10-year OAT treasury bonds over the past year, (ii) the average premium applied to financing obtained by the Group in 2022, and is completed by, for Cash-Generating Unit (CGU) WACC only, (iii) the weighted country risk premium for the Group's businesses in the countries in question.

The perpetuity growth rate is 2.0%, unchanged from the previous financial year.

Impairment tests are performed at the level of the CGU to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The cash-generating units are *Low Voltage, Medium Voltage, Industrial Automation and Secure Powe*r. CGUs net assets were allocated to the CGUs at the lowest possible level on the basis of the CGU activities to which they belong; the assets belonging to several activities were allocated to each CGU (*Low Voltage, Medium Voltage and Industrial Automation* mainly).

The WACC used to determine the value in use of each CGU was 8.6% for Low Voltage, 8.9% for Medium Voltage, 8.7% for Secure Power, and 8.7% for *Industrial Automation*.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions.

When the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized for the excess of the book value over the recoverable value. The recoverable value is defined as the highest value between the value in use and the selling price less costs to sell. When the tested CGU comprises goodwill, any impairment losses are firstly deducted from goodwill.

1.12 – Non-current financial assets

Investments in non-consolidated companies are initially recorded at their cost of acquisition and subsequently measured at fair value. The fair value of investments listed in an active market may be determined reliably and corresponds to the listed price at balance sheet date (Level 1 from the fair value hierarchy as per IFRS 7).

IFRS 9 standard allows two accounting treatments for equity instruments:

- change in fair value is recognized through "Other Comprehensive Income" in the comprehensive income statement, and in equity under "Other reserves" in the balance sheet, with no subsequent recycling in the income statement even upon sale.
- change in fair value, as well as gain or loss in case of sale, are recognized in the income statement.

The election between those two methods is to be made from inception for each equity investment and is irrevocable. For significant investments not listed in an active market, the valuation is performed by external experts at least annually and whenever there is an indication that it may be impaired.

Venture capital (FCPR) / Mutual funds (SICAV) are recognized at fair value through income statement, in accordance with IFRS 9.

1.13 – Inventories and work in progress

Inventories and work in progress are measured at the lower of their initial recognition cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products. Inventory impairment losses are recognized in "Cost of sales".

The cost of work in progress, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all production overheads based on normal manufacturing capacity and the portion of development costs that are directly related to the manufacturing process (corresponding to the amortization of capitalized projects in production and product and range of products maintenance costs).

1.14 – Trade and other operating receivables

Trade and other receivables are measured at their transaction price upon initial recognition and then at amortized cost less any impairment losses based on expected credit losses model.

Trade and other operating receivables are depreciated according to the simplified IFRS 9 model. From inception, trade receivables are depreciated to the extent of the expected losses over their remaining maturity.

The credit risk of trade receivables is assessed on a collective basis country by country, as the geographical origin of receivables is considered representative of their risk profile. Countries are classified by risk profile using the assessment provided by an external agency. The provision for expected credit losses is evaluated using (i) the probabilities of default communicated by a credit agency, (ii) historical default rates, (iii) aging balance, (iv) as well as the Group's assessment of the credit risk considering actual guarantees and credit insurance.

Once it is known with certainty that a doubtful receivable will not be collected, the doubtful account and its related depreciation are written off through the income statement.

Accounts receivable are discounted in cases where they are due in over one year and the discounting impact is significant.

Assignment of receivables

When it can be demonstrated that the Group has transferred substantially all the risks and benefits related to assignment of receivables, particularly the credit risk, the items concerned are derecognized. Otherwise, the operation is considered as a financing operation, and the receivables remain in the balance sheet assets, with recognition of a corresponding financial liability.

1.15 – Assets held for sale and liabilities of discontinued operations

Assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the Group takes the decision to sell them and that the sale is considered highly probable.

The assets and liabilities held for sale are presented on different lines of the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

When a sale involving the loss of control of the subsidiary is considered highly probable, all the assets and liabilities of this subsidiary are classified as being held for sale, independently of whether or not the Group retains a residual interest in the entity after its sale.

Discontinued operation

A discontinued operation is a clearly identifiable component that the Group either has abandoned or that is classified as held for sale:

- representing a separate major line of business or geographical area of operations;
- being part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
- being a subsidiary acquired exclusively with a view to resale.

Once the criteria are met, the profit and loss and the cash flow from discontinued operations are presented separately in the consolidated income statement and the consolidated cash flow statement for each period.

1.16 – Taxes

Income tax expense

The tax rate is calculated on the basis of the fiscal regulations enacted or substantively enacted at the fiscal year closing date in each country where the Group's companies carry out their business. The Group's applicable tax rate corresponds to the average of the theoretical tax rates in force in each country, weighted according to profit obtained in each of these countries. The average effective tax rate is calculated as follows: (current and deferred income tax expense)/(net profit before tax less share of profit of associates, and net profit from discontinued operations).

Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base (excluding if it arises from the initial recognition of goodwill), the tax loss carryforwards and the unused tax credits.

Deferred taxes are based on tax rates and tax rules that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The effect of any change in the current and deferred taxes is recognized in P&L, except to the extent that it relates to items recognized on OCI or directly in equity. In this case, the tax is also recognized in OCI or equity.

When the Group decides not to distribute profits retained by the subsidiary within the foreseeable future, no deferred tax liability is recognized.

Future tax benefits arising from the utilization of tax loss carry forwards (including amounts available for carry forward without time limit) are recognized only when they can reasonably be expected to be realized. The carrying amount of deferred tax assets is tested for impairment at each balance sheet date and an impairment loss is recognized to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset.

Deferred tax assets and liabilities are not discounted and are recorded in the balance sheet under non-current assets and liabilities. Deferred tax assets and liabilities related to the same unit and which are expected to reverse in the same period are offset.

1.17 – Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets. Marketable securities are short-term, highly liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of bank deposits, commercial paper, mutual funds and equivalents. Considering their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.18 – Treasury shares

Schneider Electric SE shares held by the parent company or by fully consolidated companies are measured at acquisition cost and deducted from equity.

Gains/(losses) on the sale of own shares are canceled from consolidated reserves, net of tax.

1.19 – Pensions and other employee benefit obligations

Depending on local practices and laws, the Group' subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on factors such as seniority, compensation levels and payments into mandatory retirement programs.

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. As the Group is not committed beyond these contributions, no provision related to these plans has been booked.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

IFRIC decision - Attribution of benefits to periods of service IAS 19 – Employee Benefits

The Group has taken into account the impact of the IFRIC agenda decision issued in April 2021 when measuring employee benefit obligations. This decision, without any material impact for the Group, clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense.

Defined Benefit plans

Defined Benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating costs (for service costs rendered during the period) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, and net of plan assets. The valuation is performed by external actuaries.

When this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet as a separate component of equity in "Other reserves" and in comprehensive income as "Other comprehensive income/loss".

Past service cost is recorded in "Other operating income and expenses".

Other commitments

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for Defined Benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards for its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

1.20 – Share-based payments

The Group grants performance shares to senior executives and certain employees.

These equity instruments are measured at fair value, on the date of grant, using the market price discounted from the expected dividend yield during the vesting period and adjusted for market conditions achievement.

The Group is using the Monte Carlo method to estimate the achievement of Relative Total Shareholder Return (TSR) vs. CAC 40 and a Panel of peer companies (market conditions).

The number of equity instruments granted can be adjusted during the vesting period to reflect the Group best estimate of non-market conditions achievement.

Main non-market conditions are the following:

- Adjusted Earnings per Share (EPS) improvement rate;
- *Schneider Sustainability External and Relative Index* ("SSERI");
- Service conditions.

An employee benefits expense is recognized with a corresponding increase in equity on a straight-line basis over the vesting period, in general three years.

1.21 – Provisions and risk contingencies

A provision is recognized when it is probable that the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when the impact from discounting is significant.

Provisions are primarily set aside to cover:

- **economic risks:** these provisions relate to probable tax risks, other than income tax related, arising on positions taken by the Group or its subsidiaries. Each position is assessed individually and not offset, and reflects the best estimate of the risk at the end of the reporting period. Where applicable, it includes any late-payment interest and fines. In accordance with IFRIC 23 - Uncertainty over income tax treatments, provisions covering uncertainties over income tax treatment are presented under “Accrued taxes and payroll costs” since 1st of January 2019;
- **customer risks:** provisions for customer risks mainly integrate the provisions for losses at completion for some of long-term contracts. Provisions for expected losses are fully recognized as soon as they are identified;
- **product risks:** these provisions comprise
  - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance. The provisions are estimated with consideration of historical claim statistics and the warranty period;
  - provisions to cover disputes concerning defective products and recalls of clearly identified products.
- **environmental risks:** these provisions are primarily funded to cover clean-up costs. The estimation of the expected future outflows is based on reports from independent experts;
- **restructuring costs,** when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year. The estimation of the liability includes only direct expenditure arising from the restructuring.

1.22 – Financial liabilities

Financial liabilities primarily comprise bonds, commercial paper and short and long-term bank borrowings. These liabilities are initially recorded at fair value, from which any direct transaction costs are deducted. Subsequently, they are measured at amortized cost based on their effective interest rate.

1.23 – Financial instruments and derivatives

Risk hedging management is centralized. The Group’s policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group uses instruments such as foreign exchange forwards, foreign exchange options, cross currency swaps, interest rate swaps and commodities future, swaps or options, depending on the nature of the exposure to be hedged.

All derivatives are recorded in the balance sheet at fair value with changes in fair value recorded in the statement of income, except when they are qualified in a hedging relationship.

Cash flows from financial instruments are recognized in the consolidated statement of cash flows in a manner consistent with the underlying transactions.

Foreign currency hedges

The Group periodically enters into foreign exchange derivatives to hedge the currency risk associated with foreign currency transactions.

Whenever possible, monetary items (except specific financing items) denominated in foreign currency carried in the balance sheet of Group companies are hedged by rebalancing assets and liabilities per currency through foreign exchange spots realized with Corporate Treasury (natural hedge). The foreign exchange risk is thus aggregated at Group level and hedged with foreign exchange derivatives. When foreign exchange risk management cannot be centralized, the Group contracts foreign exchange forwards to hedge operating receivables and payables carried in the balance sheet of Group companies. In both cases, the Group does not apply hedge accounting because gains and losses generated on these foreign exchange derivatives naturally offset within “Net financial income/(loss)” with gains or losses resulting from the translation at end-of-year rates of payables and receivables denominated in foreign currency.

The Group also hedges future cash flows, including recurring future transactions and planned acquisitions or disposals of investments. In accordance with IFRS 9, these are treated as cash flow hedges. These hedging instruments are recognized at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under “Other reserves”, and then recognized in the income statement when the hedged item affects profit or loss.

The Group also hedges foreign exchange risk financing receivables or payables (including current accounts and loans with subsidiaries) using foreign exchange derivatives than can be documented either in Cash Flow Hedge or Fair Value Hedge depending on the nature of the derivative.

The Group may also designate foreign exchange derivatives or borrowings as hedging instruments of its investments in foreign operations (net investment hedge). Changes of value of those hedging instruments are accumulated in equity and recognized in the statement of income symmetrically to the hedged items.

The Group qualifies foreign exchange derivative based on the spot rate. The Group adopted the cost of hedging option offered by IFRS 9 to limit volatility in the statement of income related to forward points:

- For foreign exchange derivatives hedging an item on the balance sheet : forward points are amortized in statement of income on a straight-line basis. Forward points related to foreign exchange derivatives hedging financing transactions are included in "Finance costs, net";
- For foreign exchange derivatives hedging future transactions not yet recorded on the balance sheet: Forward points are recorded in the statement of income when the hedged transaction impacts the statement of income.

Interest rate hedges

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IFRS 9 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value on the balance sheet are recognized in equity (for Cash Flow Hedges) or in profit or loss (for Fair Value Hedges).

Borrowings hedged by an interest rate derivative in a fair value hedge are reevaluated at fair value for the portion of risk being hedged, with offsetting entry in the statement of income.

Cross-currency swaps may be presented as foreign exchange hedges or as interest rate hedges depending on the characteristics of the derivative.

Commodity hedges

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. According to IFRS 9, these qualify as cash flow hedges. These instruments are recognized in the balance sheet at fair value at the period-end (mark to market). The effective portion of the hedge is recognized separately in equity (under "Other reserves") and then recognized in income (gross margin) when the underlying hedge affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold.

1.24 – Revenue recognition

The Group's revenues primarily include transactional sales and revenues from services, system contracts (projects) and software.

Some contracts may include the supply to the customer of distinct goods and services (for instance contracts combining build followed by operation and maintenance). In such situations, the contract is analyzed and segmented into several components ("performance obligations"), each component being accounted for separately, with its own revenue recognition method and margin rate. The selling price is allocated to each performance obligation in proportion to the specific selling price of the underlying goods and services. This allocation should reflect the share of the price to which Schneider Electric expects to be entitled in exchange for the supply of these goods or services.

Revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e. when the control of the promised goods or services is transferred to the customer.

The following revenue recognition methods can be applied:

Recognition of revenue at a point of time

Revenue from sales is recognized at a point of time, when the control of the promised goods or services is transferred to the customer. This method is applicable for all transactional sales and for specific services such as spare parts deliveries, or on-demand services.

Recognition of revenue over time

To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- the goods sold have no alternative use, and
- enforceable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date exists, in the event of early termination for convenience by the customer.

When these criteria are fulfilled, revenue is recognized using the percentage-of-completion method, based on the percentage of costs incurred in relation to total estimated costs of the performance obligation. The cost incurred includes direct and indirect costs relating to the contracts.

Expected losses on contracts are fully recognized as soon as they are identified.

Penalties for late delivery or for the improper execution of a contract are recognized as a deduction from revenue.

This method is applicable for systems contracts (projects) as the constructed assets are highly customized, and thus the Group would incur significant economic losses to redirect the built solutions to other customers.

Revenue from most services contracts is recognized over time, as the customer simultaneously receives and consumes the benefits of the services provided. When costs incurred are stable over the contract's period, revenue is linearized over the contract's length.

Provisions for the discounts offered to distributors are accrued when the products are sold to the distributor and recognized as a deduction from revenue. Certain Group' subsidiaries also offer cash discounts to distributors. These discounts and rebates are deducted from sales.

Consolidated revenue is presented net of these discounts and rebates.

Recognition of software revenue

The group generates software-related revenue mainly through subscriptions, licenses, maintenance and services. Revenue is recognized upon transfer of control of the promised software or service to the customers.

- Subscriptions contracts are either:
  - SaaS (Software as a Service: remote access to a cloud software solution, hosting and services) contracts, which are recognized linearly over the contract term
  - On premise subscriptions: containing two separate performance obligations pertaining to on premise software license and maintenance, the revenue from such arrangements is recognized in line with revenue from arrangements with multiple performance obligations.
- Software license revenue represents fees earned from granting customers licenses to use the Group's software. It includes license revenue of perpetual and periodic license sales of software products and is recognized at a point in time when control is transferred to the client.
- Maintenance includes annual fees as well as separate support and maintenance contracts. Revenue is recognized over time on a straight-line basis over the period of the contract.
- Services include notably setup services, training services, customization services. Revenue from these services is recognized over time as the services are performed.

Backlog and balance sheet presentation

Backlog (as disclosed in Note3) corresponds to the amount of the selling price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at closing date and includes binding contracts only.

The cumulated amount of revenue accounted for, less progress payments and accounts receivable (presented on a dedicated line of the balance sheet) is determined on a contract-by-contract basis. If this amount is positive, the balance is recognized under "contract assets" in the balance sheet. If it is negative, the balance is recognized under "contract liabilities" (see Note 16). Reserves for onerous contracts (so called reserves for loss at completion) are excluded from contract assets and liabilities and presented among the "provisions for customer risks" item.

1.25 – Earnings per share

Earnings per share are calculated in accordance with IAS 33 - *Earnings Per Share*.

Diluted earnings per share are calculated by adjusting profit attributable to equity holders of the parent and the weighted average number of shares outstanding for the dilutive effect of performance shares outstanding at the balance sheet date. The dilutive effect of performance shares is determined by applying the "treasury stock" method.

1.26 – Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, net of bank overdrafts and facilities.

1.27 – Other operating income and expenses

Material non-recurring operations that could affect operating performance readability are classified under "Other operating income and expenses".

They notably include:

- gains or losses from the disposal of activities or groups of assets;
- costs in relation with acquisitions or separation (advisors' fee, costs from external experts involved in the due diligence process);
- costs in relation with integration (one-off costs expensed in the next three years after acquisition, in relation with upgrade or modification of existing IT systems, to reach the Group standards);
- significant provisions and impairment losses for property, plant and equipment and intangible assets;
- provisions or costs relating to significant legal risks or litigations;
- gain or loss related to the amendment, curtailment or settlement of a defined benefit plan.

1.28 – Other financial income and expense

Other financial income and expenses notably include:

- bank commissions
- Factoring fees

Note 2: Changes in the scope of consolidation

The list of main consolidated companies can be found in Note 29.

2.1 – Scope variations

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement, under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,704 million as of November 25, 2022 closing rate). The liability represents the commitment for the Group to purchase the 123,429,542 outstanding AVEVA shares not already owned as of November 25, 2022, and the 1,814,217 shares to be issued in the context of AVEVA's long term incentive plans. The recognition of this liability triggered an immediate reduction in non-controlling interests for EUR 2,865 million and in the group share of equity for EUR 1,839 million. In addition, the Group recognized transaction costs against equity.

The liability, presented under "Current purchase commitments over non-controlling interests", amounted to EUR 4,554 million as of December 31, 2022. In order to meet the certain funds requirements under UK regulation law (and guarantee the availability of funds at closing date), the Group held at December 31, 2022 an undrawn bridge facility to approximately GBP 2.4 billion (with a twelve months maturity), a term loan facility of GBP 1.5 billion (with a three-year maturity) and a EUR 423 million cash deposit held at Schneider Electric SE (classified in Cash and cash equivalents).

The acquisition of the remaining shares of AVEVA was hedged during the second semester 2022 by entering into FX options for a total of GBP 4,000 million. The EUR 12 million realized loss on the hedging instruments was recorded in "Costs of acquisitions and integrations" within "Other operating income and expenses" (in this context, hedge accounting is not possible under IFRS).

As of December 31, 2022, all regulatory conditions were met, however the Scheme remained to be sanctioned by the Court.

On January 16, 2023, AVEVA announced that the Court had sanctioned the Scheme to effect the acquisition.

On January 18, 2023, following the deliverance of the Court Order to the Registrar of Companies, the Scheme became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023. The transaction has been settled in cash in January 2023.

IFRS 5 application - *Non-current Assets Held for Sale and Discontinued Operations*

The following businesses have been reclassified as Held for Sale as of December 31, 2022:

Transformer plants in Poland and Turkey

On July 27, 2022, the Group signed an agreement for the disposal of its Transformer plants in Poland and in Turkey to Cahors Group, an international company specialized in energy distribution, headquartered in France. The businesses have around 800 employees and are currently reported within *Energy management* reporting segment.

In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities of the subsidiaries were classified respectively as assets and liabilities held for sale as of December 31, 2022 and measured at the lower of net carrying amount and fair value less costs to sell. A resulting impairment of EUR 75 million was recognized within Other Operating Income and Expenses.

The transaction was completed on January 6, 2023.

Industrial sensors business

On October 27, 2022, the Group announced the signing of a binding agreement with YAGEO to divest its industrial sensors business, Telemecanique Sensors. Telemecanique Sensors had revenue of around EUR 280 million in 2021, Telemecanique Sensors is reported within *Industrial Automation* reporting segment. The all-cash transaction values Telemecanique Sensors at EUR 723 million (Enterprise Value). The Group will grant YAGEO a license to use the Telemecanique Sensors trademark.

The completion of the proposed transaction is expected to occur in the coming months, subject to the receipt of required regulatory approvals and employee information consultation process. In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 653 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 474 million.

VinZero

On December 8, 2022 the Group entered into an agreement with a European corporate for the sale of RIB Software's VinZero business. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator and manufacturing organizations providing value-add services and consulting. The proposed transaction is subject to customary regulatory approvals and is expected to close in the first semester of 2023. The business is currently reported within *Energy Management* reporting segment.

In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 105 million and EUR 33 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 54 million.

Gutor

On December 23, 2022, the Group entered into an agreement with Latour Capital, a French private equity investor, for the sale of Gutor Electronics´ operations. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor sales in 2021 were approximately EUR 130 million, reported under *Energy Management*.

Subject to the satisfaction of certain conditions, including customary regulatory approvals, the transaction is expected to close in the first semester 2023. In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 106 million and EUR 49 million respectively. The assets are mainly working capital items for EUR 63 million and intangible assets (including goodwill) for EUR 34 million.

Acquisitions & disposals of the period

Acquisitions

IGE+XAO
On February 16, 2022, the boards of directors of Schneider Electric SE and of IGE+XAO SA approved the terms of the merger of IGE+XAO into Schneider Electric. This merger is in line with the intention to position IGE+XAO as an operational entity of Software Division within the *Energy Management* reporting segment. The annual general meetings of shareholders of IGE+XAO and Schneider Electric SE held respectively on May 4 and May 5, 2022, approved the merger of IGE+XAO into Schneider Electric, on the basis of an exchange ratio of 5 Schneider Electric shares for 3 IGE+XAO shares. The merger leading to the dissolution without liquidation of IGE+XAO was effective on May 5, 2022, with a retroactive effect for accounting and tax purposes as at January 1, 2022.

EV Connect Inc.
On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. which is fully consolidated as of December 31, 2022, and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over noncontrolling interests".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 254 million preliminary goodwill at acquisition date.

Autogrid
On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. Previously, Autogrid was consolidated under equity method and was treated as if it were disposed of and reacquired at fair value on the acquisition date, resulting in a non-cash gain in "Other operating income and expenses". Autogrid is now fully consolidated and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 8.2% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 184 million preliminary goodwill at acquisition date.

Disposals
In 2022, the Group recorded a total amount of EUR 108 million of losses on business disposals, mainly related to the following:

Russia

Since February 24, 2022 the Group has put on hold new investments in Russia and Belarus as well as international shipments of new orders destined for these countries. For full year 2021, the Group generated approximately 2% of its total sales from Russia, Belarus was insignificant.

The Group signed a binding agreement on July 3, 2022 to sell 100% of its shares in its main Russia and Belarus subsidiaries. The terms of the agreement include a call option exercisable by the Group four years after completion, based on fair value.

The transaction closed on September 27, 2022, resulting in a loss of control by the Group over the business.

The assets and liabilities transferred notably included EUR 81 million of cash and cash equivalents. This is in line with the Group's objective to set up a viable business and support employees throughout the process.

For operations not divested as part of this transaction, the Group engaged during the year an orderly shutdown or disposition. Notably, the group sold its investment in the Electroshield Samara joint venture. The joint venture was accounted for under equity method investment. The transaction had no material impact on Group financial statements.

In total, the Group incurred EUR 287 million losses from the withdrawal of its operation from Russia, of which EUR 92 million from impairment of working capital, mainly following customers contracts cancellation and renegotiations, and EUR 195 million from the deconsolidation of its subsidiaries in Russia and Belarus.

ASCO load banks

On September 30, 2022, the Group closed the transaction for the disposal of the load bank business of ASCO Power Technologies to Hidden Harbor, a U.S.-based private equity firm. Loadbank is a critical power testing device used to measure, test and improve the efficiency and effectiveness of power systems across a broad range of industries and applications, and was consolidated within *Energy Management* reporting segment.

Eurotherm

On October 31, 2022, the Group closed the transaction for the disposal of its Eurotherm business unit (a global provider of temperature and power control and measurement solutions) to Watlow Electric Manufacturing Company, a global producer of complete industrial thermal systems. The business was consolidated within *Industrial Automation* reporting segment.

Eberle

On November 30, 2022, the Group completed the sale of Eberle Controls GmbH (Eberle) to Eberle's management and Borromin Capital Fund IV. Eberle is a German provider of heating and air conditioning solutions for residential, commercial and public buildings. The business was consolidated within *Energy Management* reporting segment.

Follow-up on acquisitions and divestments occurred in 2021 with significant effect in 2022

Acquisitions

OSIsoft LLC.

As announced on March 19, 2021, Schneider Electric's majority-owned subsidiary, AVEVA Group Plc, completed the acquisition of OSIsoft, for a consideration of EUR 4.5 billion (USD 5.1 billion). OSIsoft has been fully consolidated since the acquisition date, and reports within the *Industrial Automation* reporting segment.

The purchase accounting as per IFRS 3R was not completed as of December 31, 2021, and led to the recognition of identifiable intangible assets (technology for EUR 998 million, customer relationship for EUR 288 million and trademark for EUR 150 million) and to a decrease in contract liabilities for EUR 71 million from remeasurement at fair value of deferred revenue. The preliminary goodwill recognized at acquisition date amounted to EUR 3,001 million.

The purchase accounting is complete as of December 31, 2022, which resulted in minor adjustments. The final goodwill recognized and converted into Euros using the exchange rate at the acquisition date amounts to EUR 2,988 million.

ETAP

On June 28, 2021, the Group completed the transaction to purchase a controlling stake in Operation Technology Inc. (“ETAP”). As of June 30, 2021, the Group has acquired 80% of the capital of ETAP for a consideration of USD 260 million (EUR 218 million at the acquisition date), fully paid in cash. ETAP is consolidated within the *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% minority interests in 2025. The related debt is recognized in “Non-current purchase commitments over non-controlling interests”.

The purchase accounting as per IFRS 3R is complete as of December 31, 2022. ETAP carrying value at acquisition date for net identifiable assets is EUR 13 million. The net adjustment of the acquired balance sheet is EUR 26 million, resulting mainly from the booking of an amount of identifiable intangible assets (technology, customer relationship and trademark).

The goodwill recognized amounts to USD 310 million (EUR 261 million at the acquisition date) and includes the forward agreement for the acquisition of the remaining 20% minority interests in 2025.

Qmerit

On December 20, 2021, the Group acquired 85.85% of the capital of Qmerit, fully consolidated in the *Energy Management* reporting segment. Qmerit is accelerating the shift away from traditional fossil fuel-powered systems, toward more sustainable, resilient electric technologies. The Group holds an agreement to acquire the remaining 14.15% minority interests in 2026. The related debt has been recognized in “Non-current purchase commitments over non-controlling interests”.

The purchase accounting as per IFRS 3R is completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of an amount of identifiable intangible assets (customer relationship and trademark), led to the recognition of a EUR 269 million goodwill at acquisition date.

2.2 – Impact of changes in the scope of consolidation on the Group cash flow

Changes in the scope of consolidation at December 31, 2022, decreased the Group’s cash position by a net EUR 297 million outflow, as described below:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Acquisitions	(559)	(4,577)
of which OSIsoft LLC	-	*(3,534)*
of which Uplight	-	*(398)*
of which ETAP	-	*(205)*
of which others	*(559)*	*(440)*
Disposals	262	346
FINANCIAL INVESTMENTS NET OF DISPOSALS	**(297)**	**(4,231)**

In 2022, cash outflows mainly relate to the acquisitions of EV Connect and Autogrid as well as other individually not significant acquisitions. Cash inflows mainly relates to the disposals of Eurotherm and of the load bank business of ASCO Power Technologies, as well as other individually not significant disposals. The main acquisitions and disposals of the period are described in Note 2.1.

In 2021, OSIsoft acquisition resulted in a net cash outflow for EUR 3,534 million including EUR 3,709 million cash paid and a EUR 175 million net cash acquired for full year 2021. The remaining cash outflows were due to Qmerit and other individually not significant acquisitions.

Note 3: Segment information

The Group is organized into two reporting segments as follows:

Energy Management leverages a complete end-to-end technology offering enabled by EcoStruxure. The Group's go-to-market is oriented to address customer needs across its four end-markets of Buildings, Data Centers, Industry and Infrastructure, supported by a worldwide partner network.

Industrial Automation includes *Industrial Automation* and Industrial Control activities, across discrete, process & hybrid industries.

Expenses concerning General Management that cannot be allocated to a particular segment are presented under "Central functions & digital costs".

Operating and reporting segment data is identical to that presented to the Chief Executive Officer, which has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance and decisions on the allocation of resources are assessed by the Chief Executive Officer and are mainly based on Adjusted EBITA.

Share-based payment is presented under "Central functions & digital costs".

The Chief Executive Officer does not review assets and liabilities by business.

The same accounting principles governing the consolidated financial statements apply to segment data.

Details are provided in the Management Report.

Due to the substantial number of customers served by the Group, to their significant diversity in multiple sectors and to their wide geographical dispersion, the Group's largest customer does not exceed 10% of Schneider Electric's revenue.

3.1 – Information by reporting segment

Full Year 2022

(in millions of euros)	**Energy Management**	**Industrial Automation**	**Central functions & digital costs**	**Total**
Backlog	13,156	3,334	-	**16,490**
Revenue	26,442	7,734	-	**34,176**
Adjusted EBITA	5,392	1,458	(833)	**6,017**
Adjusted EBITA (%)	20.4%	18.9%		**17.6%**

On December 31, 2022, the total backlog to be executed in more than a year amounted to EUR 643 million.

Full Year 2021

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	**Total**
Backlog	9,088	2,688	-	**11,776**
Revenue	22,179	6,726	-	**28,905**
Adjusted EBITA	4,501	1,242	(756)	**4,987**
Adjusted EBITA (%)	20.3%	18.5%		**17.3%**

On December 31, 2021, the total backlog to be executed in more than a year amounted to EUR 640 million.

3.2 – Information by region

The geographic regions covered by the Group are:

- Western Europe;
- North America (including Mexico);
- Asia-Pacific;
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

Non-current assets include net goodwill, net intangible assets and net property, plant and equipment.

(in millions of euros)	Western Europe	of which France	Asia-Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	8,304	*1,986*	10,341	*5,154*	10,986	*9,526*	4,545	**34,176**
Non-current assets as of Dec. 31, 2022	12,383	*2,579*	5,540	*1,170*	16,564	*16,203*	957	**35,444**

(in millions of euros)	Western Europe	of which France	Asia-Pacific	of which China	North America	of which USA	Rest of the World	Total
Revenue by country market	7,382	*1,749*	8,995	*4,701*	8,267	*7,148*	4,261	**28,905**
Non-current assets as of Dec. 31, 2021	12,779	*2,604*	5,866	*1,154*	15,094	*12,721*	1,296	**35,035**

Moreover, the Group follows the share of new economies in revenue:

(in millions of euros)	Full Year 2022		Full Year 2021	
Revenue - Mature countries	20,243	59%	16,590	57%
Revenue - New economies	13,933	41%	12,315	43%
TOTAL	**34,176**	**100%**	**28,905**	**100%**

Mature countries gather mainly Western Europe and North American countries.

Note 4: Research and development expenditures

Research and development expenditures are as follows:

(in millions of euros)	Full Year 2022	Full Year 2021
Research and development expenditures in costs of sales	(448)	(377)
Research and development expenditures in R&D costs *	(1,040)	(855)
Capitalized development costs	(357)	(307)
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURES **	**(1,845)**	**(1,539)**

* Including EUR 51 million of research and development tax credit in full year 2022 and EUR 44 million in full year 2021
** Excluding amortization of R&D costs capitalized

In addition to the R&D expenditures, amortization expenses of capitalized development booked in the cost of sales, amounted to EUR 242 million in 2022 and EUR 239 million in 2021.

Note 5: Impairment losses, depreciation and amortization expenses

(in millions of euros)	Full Year 2022	Full Year 2021
Depreciation and amortization included in cost of sales	(555)	(539)
Depreciation and amortization included in selling, general and administrative expenses	(504)	(486)
Amortization expenses of purchase accounting intangible assets	(423)	(389)
Impairment losses of purchase accounting intangible assets	(1)	(21)
IMPAIRMENT LOSSES, DEPRECIATION AND AMORTIZATION EXPENSES	**(1,483)**	**(1,435)**

The impairment booked in 2021 is mainly related to intangible assets (developed technology and customer relationships) associated with the announcement from AVEVA to retire its steel fabrication software in July 2021.

Note 6: Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Gains/(losses) on assets disposals	5	(11)
Gains/(losses) on business disposals	(108)	196
Impairment of assets	(117)	(21)
Costs of acquisitions and integrations	(180)	(166)
Others	(33)	(19)
OTHER OPERATING INCOME AND EXPENSES	**(433)**	**(21)**

In 2022, the losses on business disposals mainly relate to the 2022 divestments described in Note 2. Impairment of assets mainly relates to Transformers disposal as described in Note 2. The costs of acquisitions and integrations are mainly related to the recent and ongoing acquisitions of the year. In 2022, it also includes EUR 28 million of share-based payments, corresponding to the acceleration of multiple AVEVA plans, in line with the terms of AVEVA's transaction.

In 2021, the gains on business disposals mainly relate to the divestments of Cable Support, IMServ and USMotion. The costs of acquisitions and integrations are mainly related to the acquisitions of OSIsoft LLC., ETAP, Uplight and Qmerit.

Note 7: Other financial income and expenses

(in millions of euros)	**Full Year 2022**	Full Year 2021
Exchange gains and losses, net	(27)	(8)
Net monetary gain/(loss) (IAS 29 Hyperinflation)	1	-
Financial component of defined benefit plan costs	(37)	(39)
Dividends received	3	3
Fair value adjustment of financial assets	2	8
Financial interests - IFRS16	(34)	(38)
Effect of discounting & undiscounting	18	(1)
Other financial expenses, net	(35)	(6)
OTHER FINANCIAL INCOME AND EXPENSES	**(109)**	**(81)**

Note 8: Income tax expenses

Wherever the regulatory environment allows it, the Group entities file consolidated tax returns. Schneider Electric SE files a consolidated tax return with its French subsidiaries held directly or indirectly through Schneider Electric Industries SAS.

8.1 – Analysis of income tax expense

(in millions of euros)	**Full Year 2022**	Full Year 2021
Current taxes	(1,195)	(861)
Deferred taxes	(16)	(105)
INCOME TAX EXPENSE	**(1,211)**	**(966)**

8.2 – Tax reconciliation

(in millions of euros)	**Full Year 2022**	Full Year 2021
Profit attributable to owners of the parent	**3,477**	**3,204**
Income tax expense	(1,211)	(966)
Non-controlling interests	(59)	(69)
Share of profit of associates	29	84
Profit before tax	**4,718**	**4,155**
Geographical weighted average Group tax rate	23.3%	23.1%
Theoretical income tax expense	**(1,101)**	**(959)**
Reconciling items:		
Tax credits and other tax reductions	107	102
Impact of tax losses	24	33
Withholding taxes	(79)	(70)
Other elements without tax bases (current or deferred)	(80)	(48)
Other permanent differences	(82)	(24)
INCOME TAX EXPENSE	**(1,211)**	**(966)**
EFFECTIVE TAX RATE	**25.7%**	**23.2%**
EFFECTIVE TAX RATE WITHOUT RUSSIA DECONSOLIDATION	**24.6%**	

The Company's consolidated income from continuing operations being predominantly generated outside of France, theoretical tax expense from continuing operations is reconciled above from the Company's weighted-average global tax rate (rather than from the French domestic statutory tax rate).

Restating the EUR 195 million Russia and Belarus deconsolidation impact from the profit before tax (no tax impact attached), the effective tax rate would be 24.6%.

Note 9: Goodwill

9.1 – Main items of goodwill

Group goodwill is broken down by Cash Generating Units (CGUs) as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Energy Management:	**14,570**	**13,944**
Low Voltage	*9,060*	*8,496*
Medium Voltage	*2,243*	*2,245*
Secure Power	*3,267*	*3,203*
Industrial Automation	**10,566**	**10,779**
TOTAL GOODWILL	**25,136**	**24,723**

The Group performed the annual impairment test of all the CGUs using the same methodology as the one used on previous periods and described in Note 1.11.

Impairment tests performed in 2022 did not trigger any impairment losses on the CGUs' assets.

The sensitivity analysis on the test hypothesis shows that no impairment losses would be recognized in each of the following scenarios, for each CGU:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the margin rate.

Given the volatility environment of interest rates and its impact on discount rates, the Group increased the sensitivity analysis up to 1.0 point increase of the discount rate. It shows that no impairment losses would be recognized for each CGU in such a case.

9.2 – Movements during the year

The main movements during the year are summarized as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Net goodwill at opening	**24,723**	**19,956**
Acquisitions	387	3,717
Disposals	(119)	(118)
Reclassifications	(536)	-
Translation adjustment	681	1,168
NET GOODWILL AT END OF YEAR	**25,136**	**24,723**
including cumulative impairment losses	*(367)*	*(367)*

Acquisitions & Disposals

Movements from acquisitions and disposals are described in Note 2.

Other changes

Reclassifications mainly relates to Assets held for sale described in Note 2.

Translation adjustments mainly concern goodwill denominated in US dollar and UK pound sterling.

Note 10: Intangible assets

10.1 – Change in intangible assets

Gross value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2020	**2,495**	**964**	**3,478**	**3,292**	**166**	**10,395**
Acquisitions	–	22	307	4	–	**333**
Translation adjustments	162	17	61	338	18	**596**
Reclassifications	41	19	(14)	(101)	28	**(27)**
Changes in scope of consolidation and other	163	19	(9)	1,253	4	**1,430**
Dec. 31, 2021	**2,861**	**1,041**	**3,823**	**4,786**	**216**	**12,727**
Acquisitions	–	26	357	1	2	**386**
Translation adjustments	107	3	37	129	21	**297**
Reclassifications	1	14	(107)	(53)	55	**(90)**
Reclassifications to assets held for sale	–	(6)	(39)	(17)	(1)	**(63)**
Changes in scope of consolidation and other	24	(3)	6	13	7	**47**
Dec. 31, 2022	**2,993**	**1,075**	**4,077**	**4,859**	**300**	**13,304**

Amortization and impairment

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2020	**(424)**	**(834)**	**(2,292)**	**(1,649)**	**(163)**	**(5,362)**
Amortization	(30)	(59)	(241)	(353)	(5)	**(688)**
Impairment	–	–	(3)	(20)	–	**(23)**
Translation adjustments	(3)	(13)	(45)	(143)	(8)	**(212)**
Reclassifications	(29)	38	(74)	90	2	**27**
Changes in scope of consolidation and other	–	10	1	6	–	**17**
Dec. 31, 2021	**(486)**	**(858)**	**(2,654)**	**(2,069)**	**(174)**	**(6,241)**
Amortization	(40)	(70)	(244)	(372)	(6)	**(732)**
Impairment	(9)	–	(4)	(29)	3	**(39)**
Translation adjustments	(10)	(2)	(26)	(45)	(5)	**(88)**
Reclassifications	(1)	31	49	41	(30)	**90**
Reclassifications to assets held for sale	–	5	25	7	–	**37**
Changes in scope of consolidation and other	–	3	13	27	(1)	**42**
Dec. 31, 2022	**(546)**	**(891)**	**(2,841)**	**(2,440)**	**(213)**	**(6,931)**

Net value

(in millions of euros)	Trademarks	Software	Development Projects (R&D)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2020	**2,071**	**130**	**1,186**	**1,643**	**3**	**5,033**
Dec. 31, 2021	**2,375**	**183**	**1,169**	**2,717**	**42**	**6,486**
Dec. 31, 2022	**2,447**	**184**	**1,236**	**2,419**	**87**	**6,373**

The amortization expenses and impairment losses of intangible assets other than goodwill restated in statutory cash flow are as follows:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Amortization expenses of intangibles assets other than goodwill	732	688
Impairment losses of intangible assets other than goodwill	39	23
TOTAL *	**771**	**711**

* Includes amortization & impairment of intangible assets from purchase price allocation for EUR 424 million for the year 2022 (EUR 410 million in 2021)

10.2 – Trademarks

On December 31, 2022, the main trademarks recognized were as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
APC (Secure Power)	1,724	1,637
Clipsal (Low Voltage)	162	163
OSIsoft (*Industrial Automation*)	133	146
Asco (Low Voltage)	117	110
Aveva (*Industrial Automation*)	86	91
Invensys - Triconex and Foxboro (*Industrial Automation*)	52	49
L&T (Low Voltage / Medium Voltage / *Industrial Automation*)	50	65
Digital (*Industrial Automation*)	39	42
Other	84	72
TRADEMARKS NET BOOK VALUE	**2,447**	**2,375**

Indefinite-lived brands are tested on a yearly basis for impairment.

In 2022, the Group reviewed the value of the main trademarks in accordance with valuation model describe in Note 1.8. Particularly, APC brand was tested using the royalty relief method. The future cash flows used are based on Group management's economic assumptions and operating forecasts presented in Secure Power's business plan, and then extrapolated based on a perpetuity growth rate of 2%.

Impairment tests carried out on indefinite-lived brands in 2022 did not show any impairment risk.

The sensitivity analysis on the test hypothesis shows that no material impairment losses would be recognized in the following scenarios:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the royalty rate.

Given the volatility environment of interest rates and its impact on discount rates, the Group increased the sensitivity analysis up to 1.0 point increase of the discount rate. It shows that no material impairment losses would be recognized for each brand in such a case.

Note 11: Property, plant and equipment

Changes in property, plant and equipment in 2022 are mainly related to the scope changes mentioned in the Note 2 and include the impacts of IFRS 16 - Leases.

Gross value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2020	**181**	**1,990**	**4,597**	**1,146**	**1,619**	**9,533**
Acquisitions	1	32	102	401	349	**885**
Disposals	(3)	(81)	(198)	(109)	(113)	**(504)**
Translation adjustments	7	64	170	52	61	**354**
Reclassifications	4	48	150	(234)	–	**(32)**
Changes in scope of consolidation and other	9	(10)	(26)	(3)	53	**23**
Dec. 31, 2021	**199**	**2,043**	**4,795**	**1,253**	**1,969**	**10,259**
Acquisitions	3	28	127	563	356	**1,077**
Disposals	(26)	(94)	(186)	(95)	(68)	**(469)**
Translation adjustments	–	28	59	26	22	**135**
Reclassifications	(4)	79	211	(295)	–	**(9)**
Reclassifications to assets held for sale	(6)	(47)	(124)	(19)	(10)	**(206)**
Changes in scope of consolidation and other	(1)	(36)	(77)	(19)	(2)	**(135)**
Dec. 31, 2022	**165**	**2,001**	**4,805**	**1,414**	**2,267**	**10,652**

Amortization and impairment

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2020	**(23)**	**(1,122)**	**(3,593)**	**(592)**	**(584)**	**(5,914)**
Depreciation and impairment	(7)	(93)	(255)	(79)	(310)	**(744)**
Reversals	1	67	178	77	18	**341**
Translation adjustments	(1)	(35)	(125)	(23)	(14)	**(198)**
Reclassifications	1	2	26	(2)	–	**27**
Changes in scope of consolidation and other	1	14	30	11	(1)	**55**
Dec. 31, 2021	**(28)**	**(1,167)**	**(3,739)**	**(608)**	**(891)**	**(6,433)**
Depreciation and impairment	(1)	(94)	(274)	(78)	(308)	**(755)**
Reversals	13	75	174	70	8	**340**
Translation adjustments	(1)	(15)	(49)	(12)	(4)	**(81)**
Reclassifications	–	–	–	–	–	**–**
Reclassifications to assets held for sale	–	26	105	9	3	**143**
Changes in scope of consolidation and other	–	21	61	5	(18)	**69**
Dec. 31, 2022	**(17)**	**(1,154)**	**(3,722)**	**(614)**	**(1,210)**	**(6,717)**

Net value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2020	**158**	**868**	**1,004**	**554**	**1,035**	**3,619**
Dec. 31, 2021	**171**	**876**	**1,056**	**645**	**1,078**	**3,826**
Dec. 31, 2022	**148**	**847**	**1,083**	**800**	**1,057**	**3,935**

Reclassifications primarily correspond to assets put into use.

The cash impact of purchases of property, plant and equipment in 2022 was as follows:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Increase in property, plant and equipment	(1,077)	(885)
Of which non-cash impact related to IFRS 16	356	349
Changes in receivables and liabilities on property, plant and equipment	14	(7)
TOTAL	**(707)**	**(543)**

The depreciation and impairment of property, plant and equipment restated in the statement of cash flows were as follows:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Depreciation of property, plant and equipment	750	726
Impairment of property, plant and equipment	5	18
TOTAL	**755**	**744**

IFRS 16 debt by maturity:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
2022	–	248
2023	282	235
2024	224	181
2025	167	132
2026	133	102
2027	90	72
2028	59	50
2029	50	58
2030 and beyond	106	54
TOTAL	**1,111**	**1,132**

Note 12: Investments in associates and joint ventures

Investments in associates and joint ventures can be analyzed as follows:

(in millions of euros)	Delixi Sub-Group	Uplight	Planon	Fuji Electrics	Electroshield Samara	Sunten Electric Equipments	Other	Total
% of interest								
Dec. 31, 2021	50.0%	29.4%	25.0%	36.8%	60.0%	25.0%		
Dec. 31, 2022	50.0%	29.4%	25.0%	36.8%	0%	25.0%		
CLOSING VALUE DEC. 31, 2020	**367**	**–**	**–**	**140**	**10**	**44**	**37**	**598**
Net Income/(loss)	81	(7)	(1)	13	(4)	2	–	**84**
Dividends distribution	(22)	–	–	(2)	–	(2)	(3)	**(29)**
Perimeter changes	–	398	113	–	–	–	–	**511**
Translation impacts & others	38	(1)	–	–	1	(6)	38	**70**
CLOSING VALUE DEC. 31, 2021	**464**	**390**	**112**	**151**	**7**	**38**	**72**	**1,234**
Net Income/(loss)	52	(28)	(2)	24	(9)	2	(10)	**29**
Dividends distribution	(25)	–	–	(14)	–	–	(2)	**(41)**
Perimeter changes	–	1	–	–	–	–	(14)	**(13)**
Translation impacts & others	(10)	51	–	(6)	2	(4)	(1)	**32**
CLOSING VALUE DEC. 31, 2022	**481**	**414**	**110**	**155**	**–**	**36**	**45**	**1,241**

Electroshield Samara was disposed on November 2, 2022.

12.1 – Main entities consolidated under the equity method

Delixi Electric Ltd.

In 2007, Schneider Electric joined Delixi Group to establish a win-win partnership in a joint-venture, Delixi Electric Ltd., aka “Delixi Electric”. Delixi Electric, based in China, is specialist in manufacturing, retail and distribution of low voltage products.

The key financial indicators for the Delixi Electric subgroup (on a 100% basis) are as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Non-current assets	814	895
Current assets	502	677
TOTAL ASSETS	**1,316**	**1,573**
Equity	619	586
Non-current liabilities	102	168
Current liabilities	595	819
TOTAL EQUITY AND LIABILITIES	**1,316**	**1,573**
Revenue	1,354	1,418
Adjusted EBITA	137	201
PROFIT FOR THE YEAR	**105**	**162**
Dividends paid	50	45

Note 13: Non-current financial assets

Non-current financial assets, primarily comprising investments, are detailed below:

		Dec. 31, 2022					Dec. 31, 2021
(in millions of euros)	% of interest	Acquisitions disposals	Fair value through P&L	Fair value through Equity	FX & others	Fair value	Fair value
LISTED FINANCIAL ASSETS:							
Gold Peak Industries Holding Ltd	3.2%	–	–	–	–	2	2
Others (Unit gross value lower than EUR *3* million)		–	–	–	(1)	12	13
TOTAL LISTED FINANCIAL ASSETS		**–**	**–**	**–**	**(1)**	**14**	**15**
UNLISTED FINANCIAL ASSETS:							
Funds							
SE Ventures Funds of Funds in Portfolio		8	(3)	–	12	96	79
FCPR Aster II (part A, B, C and D)	32.1%	(10)	(4)	–	(1)	18	33
Sensetime & Stalagnate Fund China	29.9%	13	7	–	(2)	62	44
FCPR SEV1	100.0%	–	–	–	1	7	6
SICAV SESS	63.1%	–	(1)	–	–	10	11
FCPI Energy Access Ventures Fund SICAV	28.6%	1	3	–	–	18	14
Livehoods Fund SIF	19.9%	1	–	–	–	4	3
Direct investments							
SE Ventures - Claroty	5.8%	47	–	–	3	61	11
SE Ventures - Sense	8.3%	28	0	7	1	46	10
SE Ventures - Augury	3.0%	–	–	6	2	34	26
SE Ventures - Scandit	2.4%	6	–	3	1	19	9
SE Ventures - AnyVision	9.4%	–	–	1	–	14	13
SE Ventures - Verkor	12.2%	2	–	6	1	13	4
SE Ventures - Titan Advanced Energy Solutions	19.2%	–	–	1	–	12	11
SE Ventures (Unit fair value lower than EUR *10* million)		34	–	(32)	(5)	112	115
Star Charge	1.3%	–	–	–	–	29	29
Others (Unit fair value lower than EUR *10* million)		22	–	–	4	42	16
TOTAL UNLISTED FINANCIAL ASSETS		**152**	**2**	**(8)**	**17**	**597**	**434**
PENSIONS ASSETS		**38**	**2**	**(119)**	**(11)**	**280**	**370**
OTHER		**(29)**	**–**	**–**	**48**	**234**	**215**
TOTAL NON-CURRENT FINANCIAL ASSETS		**161**	**4**	**(127)**	**53**	**1,125**	**1,034**

The fair value of investments listed in an active market corresponds to the stock price on the balance sheet date.

“Others” include mainly security deposits and contributions to US employee deferred compensation trusts (“rabbi trusts”).

SE Ventures” is a corporate venture capital fund created in partnership with Schneider Electric. SE Ventures current portfolio is composed of direct investments in various start-up companies and funds of funds.

Note 14: Deferred taxes by nature

Deferred taxes by type can be analyzed as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Tax loss carryforwards (net)	724	689
Provisions for pensions and other post-retirement benefit obligations (net)	197	240
Non-deductible provisions and accruals (net)	466	515
Differences between tax and accounting depreciation on tangible assets (net)	(4)	10
Differences between tax and accounting amortization on intangible assets (net)	(957)	(1,040)
Differences on working capital (net)	164	187
Other deferred tax assets/(liabilities) (net)	141	222
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	**731**	**823**
of which total deferred tax assets	*1,616*	*1,820*
of which total deferred tax liabilities	*885*	*997*

Deferred tax assets recorded in respect of tax losses carried forward on December 31, 2022 essentially concern France (EUR 468 million). These deficits can be carried forward indefinitely, and have been activated using the rate of 25.83%, in accordance with the applicable rate in the expected consumption horizon of 7 years. Unrecognized deferred tax losses amount EUR 156 million as of December 31, 2022 and are mainly related to Spain.

Note 15: Inventories and work in progress

Inventories and work in progress changed as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
COST:		
Raw materials	2,021	1,832
Production work in progress	367	295
Semi-finished and finished products	1,519	1,323
Finished goods	681	696
Solution work in progress	200	199
INVENTORIES AND WORK IN PROGRESS AT COST	**4,788**	**4,345**
IMPAIRMENT:		
Raw materials	(232)	(187)
Production work in progress	(9)	(9)
Semi-finished and finished products	(189)	(165)
Finished goods	(8)	(8)
Solution work in progress	(4)	(5)
IMPAIRMENT LOSSES	**(442)**	**(374)**
NET:		
Raw materials	1,789	1,645
Production work in progress	358	286
Semi-finished and finished products	1,330	1,158
Finished goods	673	688
Solution work in progress	196	194
INVENTORIES AND WORK IN PROGRESS, NET	**4,346**	**3,971**

Note 16: Trade and other operating receivables

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Accounts receivable	5,675	5,141
Unbilled revenue	1,662	1,500
Notes receivable	389	510
Advances to suppliers	276	176
Accounts receivable at cost	**8,002**	**7,327**
Impairment	(489)	(498)
ACCOUNTS RECEIVABLE, NET	**7,514**	**6,829**
On time	6,537	6,091
Less than one month past due	*438*	*324*
One to two months past due	*174*	*163*
Two to three months past due	*102*	*79*
Three to four months past due	*119*	*100*
More than four months past due	*144*	*72*

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. Consequently, the Group believes that there is no significant concentration of credit risk.

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

Changes in provisions for impairment of short and long-term trade accounts receivable were as follows:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Provisions for impairment on January 1	**(498)**	**(510)**
Additions	(133)	(82)
Utilizations	58	30
Reversal of surplus provisions	70	67
Translation adjustments	4	(25)
Changes in scope of consolidation and other	10	22
PROVISIONS FOR IMPAIRMENT ON DECEMBER 31	**(489)**	**(498)**

The contracts assets and liabilities, respectively reported within the "Trade and other operating receivables" and "Trade and other operating payables", are as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Unbilled revenue (contract assets)	1,662	1,500
Contract liabilities	(1,840)	(1,570)
NET CONTRACT ASSETS	**(178)**	**(70)**

Note 17: Other receivables and prepaid expenses

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Other receivables	423	550
VAT receivables	713	687
Current income tax receivables	596	478
Other tax receivables	41	62
Derivative instruments	79	48
Prepaid expenses	303	173
OTHER RECEIVABLES AND PREPAID EXPENSES	**2,155**	**1,998**

Note 18: Cash and cash equivalents

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Marketable securities	1,716	551
Negotiable debt securities and short-term deposits	693	438
Cash	1,577	1,633
Total cash and cash equivalents	**3,986**	**2,622**
Bank overdrafts	(123)	(159)
NET CASH AND CASH EQUIVALENTS	**3,863**	**2,463**

Non-recourse factorings of trade receivables were realized in 2022 for a total amount of EUR 264 million, compared with EUR 50 million in 2021. Substantially all risks and rewards have been transferred.

Note 19: Shareholders’ equity

19.1 – Capital

Share capital

The company’s share capital at December 31, 2022 amounted to EUR 2,284,371,684 represented by 571,092,921 shares with a par value of EUR 4, all fully paid up.

On December 31, 2022, a total of 598,336,796 voting rights were attached to the 571,092,921 issued shares. Schneider Electric’s capital management strategy is designed to:

- ensure Group liquidity;
- optimize its financial structure;
- optimize the weighted average cost of capital.

The strategy must also ensure the Group has access to different capital markets under the best possible conditions. Factors taken into account for decision-making purposes include objectives expressed in terms of earnings per share, ratings or balance sheet stability. Finally, decisions may be implemented depending on specific market conditions.

Changes in share capital and cumulative number of shares

Changes in share capital since December 31, 2020 were as follows:

(in number of shares and in euros)	Cumulative number of shares	Share capital
SHARE CAPITAL AT DEC. 31, 2020	**567,068,555**	**2,268,274,220**
Cancellation of own shares	–	–
Capital increase	1,964,887	7,859,548
SHARE CAPITAL AT DEC. 31, 2021	**569,033,442**	**2,276,133,768**
Cancellation of own shares	–	–
Capital increase	2,059,479	8,237,916
SHARE CAPITAL AT DEC. 31, 2022	**571,092,921**	**2,284,371,684**

In 2022, the share premium account increased by EUR 204 million following the increases in capital.

19.2 – Earnings per share

(in thousands of shares and in euros per share)	**Full Year 2022** Basic	**Full Year 2022** Diluted	Full Year 2021 Basic	Full Year 2021 Diluted
Issued shares (Net of treasury shares)	558,129	558,129	556,432	556,432
Performance shares	–	3,348	–	4,566
Bonds convertible into shares	–	3,684	–	3,684
AVERAGE WEIGHTED NUMBER OF SHARES	**558,129**	**565,161**	**556,432**	**564,682**
Earnings per share before tax	8.45	8.35	7.47	7.36
EARNINGS PER SHARE	**6.23**	**6.15**	**5.76**	**5.67**

19.3 – Dividends paid and proposed

In 2022, the Group paid out the 2021 dividend of EUR 2.90 per share, for a total of EUR 1,618 million.

At the Shareholders' Meeting of May 5, 2023, shareholders will be asked to approve a dividend of EUR 3.15 per share for fiscal year 2022. On December 31, 2022 Schneider-Electric SE had distributable reserves in an amount of EUR 2,941 million (versus EUR 2,856 million at December 31, 2021, not including profit for the year).

19.4 – Share-based payments

Nature and extent of existing share-based payments

The Board of Directors of Schneider Electric SE and later the Management Board have set up performance shares plans for senior executives and certain employees of the Group.

Rules governing the performance shares plans are as follows:

- to receive the shares, the grantee must generally be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria;
- the vesting period is three to four years;
- the lock-up period is zero or one year.

The main characteristics of these plans were as follow at December 31, 2022:

	LTIP 2019	LTIP 2020	LTIP 2021	LTIP 2022	TOTAL
Plan no.	*Plan 32* *Plan 33* *Plan 34* *Plan 35*	*Plan 36* *Plan 37* *Plan 37bis* *Plan 37ter*	*Plan 38* *Plan 39* *Plan 39bis* *Plan 39ter*	*Plan 40* *Plan 41* *Plan 41bis* *Plan 41ter*	
Date of Annual Shareholders' Meeting	Apr. 25, 2016 Apr. 25, 2016 Apr. 25, 2016 Apr. 25, 2016	Apr. 25, 2017 Apr. 25, 2017 Apr. 25, 2017 Apr. 25, 2017	Apr. 25, 2018 Apr. 25, 2018 Apr. 25, 2018 Apr. 25, 2018	Apr. 25, 2019 Apr. 25, 2019 May 5, 2022 May 5, 2022	
Date of the grant by the Board	Mar. 26, 2019 Mar. 26, 2019 Jul. 24, 2019 Oct. 23, 2019	Mar. 24, 2020 Mar. 24, 2020 Oct. 21, 2020 Oct. 21, 2020	Mar. 25, 2021 Mar. 25, 2021 July 29, 2021 Oct. 26, 2021	Mar. 24, 2022 Mar. 24, 2022 July 27, 2022 Oct. 26, 2022	
Vesting date	Mar. 28, 2022 Mar. 28, 2022 Jul. 25, 2022 Oct. 24, 2022	Mar. 24, 2023 Mar. 24, 2023 Oct. 23, 2023 Oct. 23, 2023	Mar. 25, 2024 Mar. 25, 2024 July 29, 2024 Oct. 26, 2024	Mar. 24, 2025 Mar. 24, 2025 July 27, 2025 Oct. 26, 2025	
End of holding period	Mar. 27, 2023 for Plan 32	Mar. 24, 2024 for Plan 36	Mar. 25, 2025 for Plan 38	Mar. 24, 2026 for Plan 40	
Number of performance shares					
Outstanding as of Dec. 31, 2021	**2,208,429**	**2,113,541**	**1,541,917**	**–**	**5,863,887**
Granted in 2022	–	–	–	1,423,558	1,423,558
Delivered in 2022	(2,138,217)	(1,500)	(1,129)	(331)	(2,141,177)
Canceled in 2022	(70,212)	(98,538)	(61,069)	(20,903)	(250,722)
Outstanding as of Dec. 31, 2022	**–**	**2,013,503**	**1,479,719**	**1,402,324**	**4,895,546**

Schneider Electric SE has not created shares in 2022 to deliver vested plans but used existing treasury shares.

Determination of fair values

In accordance with the accounting policies described in Note 1.20, the below fair value was calculated for each plan:

	Plan no.	Fair Value per share (in euros)
LTIP 2019		
	Plan 32	57.3
	Plan 33 – ExCom	59.0
	Plan 33 – Other	59.9
	Plan 34	64.6
	Plan 35	71.3
LTIP 2020		
	Plan 36	52.9
	Plan 37 – ExCom	55.2
	Plan 37 – Other	57.8
	Plan 37bis	90.7
	Plan 37ter – ExCom	85.3
	Plan 37ter – Other	89.3
LTIP 2021		
	Plan 38	93.4
	Plan 39 – ExCom	97.3
	Plan 39 – Other	102.9
	Plan 39bis	116.6
	Plan 39ter	117.5
LTIP 2022		
	Plan 40	119.0
	Plan 41 – ExCom	123.0
	Plan 41 – Other	128.8
	Plan 41bis	107.8
	Plan 41ter	111.0

IFRS 2 expense

The expense recorded under “Selling, general and administrative expenses” breaks down as follows:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Group LTIP	114	118
Aveva	34	36
Other	18	7
TOTAL	**166**	**161**

In 2022, in relation with the terms of AVEVA’s transaction, a EUR 28 million share-based payments was recognized in “Other income and expenses” corresponding to the acceleration of multiple AVEVA plans.

Worldwide Employee Stock Purchase Plan

Every year, Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. In countries that meet legal and fiscal requirements, the classic plan has been proposed to employees.

Under the classic plan, employees may purchase Schneider Electric shares at a 15% discount to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law. The share-based payment expense recorded in accordance with IFRS 2 is measured by reference to the fair value of the discount on the locked-up shares.

On May 10, 2022 the Group gave its employees the opportunity to purchase shares at a price of EUR 117.51 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 138.26 calculated as the average opening price quoted for the share during the 20 days preceding the Chief Executive Officer’s decision to launch the employee share issue.

Altogether, 1.8 million shares were subscribed, increasing the capital by EUR 209 million as of July 6, 2022. The value of the lock-up cost is higher than the discount cost. Therefore, the Group did not recognize any cost related to the transaction.

19.5 – Schneider Electric SE treasury shares

On December 31, 2022, the Group held 11,978,255 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

The Group has repurchased 1,659,933 shares for a total amount of EUR 219 million in 2022.

19.6 – Income tax recorded in equity

Total income tax recorded in equity amounts to EUR 107 million as of December 31, 2022 and can be analyzed as follows:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021	Change in tax
Cash-Flow hedges	19	23	(4)
Available-for-sale financial assets	(13)	(15)	2
Actuarial gains/(losses) on defined benefits obligations	100	125	(25)
Other	(3)	(3)	–
TOTAL	**103**	**130**	**(27)**

19.7 – Non-controlling interests

In 2022, the Group recognized a current financial liability which represents the commitment to purchase the outstanding AVEVA shares not already owned and the shares to be issued in the context of AVEVA's long term incentive plans. The recognition of this liability triggered an immediate reduction in non-controlling interests for EUR 2,865 million (Note 2).

Note 20: Pensions and other post-employment benefit obligations

The Group has set up various post-employment benefit plans for employees covering pensions, termination benefits, healthcare, life insurance and other benefits, as well as long-term benefit plans for active employees.

Defined Benefit Pension Plans

The Group's main Defined Benefit pension plans are located in the United Kingdom (UK) and the United States (US). They respectively represent 57% (2021: 62%) and 24% (2021: 22%) of the Group's total Defined Benefit Obligations (DBO) on pensions. The majority of benefit obligations under these plans, which represent 92% of the Group's total commitment at December 31, 2022, are partially or fully funded through payments to external funds. These funds are never invested in Group assets.

United Kingdom

The Group companies operate several Defined Benefit pension plans in the UK. The main one is related to the Invensys Pension Scheme. Pensions payable to employees depend on average final salary and length of service within the Group. These plans are registered schemes under UK tax law and managed by independent Boards of Trustees. They are closed to new entrants, and for most of them, the vested rights were frozen as they have been replaced by Defined Contributions plans.

These plans are funded by employer contributions, which are negotiated every three years based on plan valuations carried out by independent actuaries, so that the long-term financing services are ensured.

In relation to risk management and asset allocation, the Board of Trustees' aims of each plan are to ensure that it can meet its obligations to the plan's beneficiaries both in the short and long-term. The Board of Trustees is responsible for the plan's long-term investment strategy and defines and manages long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

Following the agreement reached with the Trustee of the Invensys Pension Scheme on February 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the Scheme, up to a maximum amount of GBP 1.75 billion. At December 31, 2022, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

Schneider UK pension plans contain provisions of pension called Guaranteed Minimum Pension ("GMP"). GMPs were accrued for individuals who subscribed to the State Second Pension prior to April 6, 1997. Historically, there was an inequality in the benefits between male and female members concerning GMP.

A High Court case concluded on October 26, 2018, confirmed that all UK pension plans must equalize "GMPs" between men and women. In the light of these events and new information, the Group updated the related assumptions, leading to a net experience adjustment in "Other Comprehensive Income" of EUR 56 million. Following a further High Court ruling in November 2020, an additional net experience adjustment of EUR 7 million was recognized in other comprehensive income in 2020.

United States

The United States' subsidiaries operate several Defined Benefit pension plans. These plans are closed to new entrants, frozen to future accruals and have been replaced by Defined Contributions plans. Pensions payable to employees depend on the average final salary and the length of service within the Group.

Each year, the Group companies contribute a certain amount to the Defined Benefit pension plans. This amount is determined actuarially and is comprised of service costs, administrative expenses and payments toward any existing deficits. Since the plans are closed and frozen, there is generally no service cost component.

The companies delegate various responsibilities to Pension Committees. These committees define and manage long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change, resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

In October 2022, a contract was purchased from an insurer for USD 518 million covering all current retirees and a portion of non-retirees of Invensys pension plan. The buy-in contract was purchased using assets from the pension trust and is accounted for at fair value as an investment of the trust. This transaction resulted in an additional net experience adjustment of USD 24 million recognized in other comprehensive income in 2022.

Assumptions

Actuarial valuations are generally performed each year. The assumptions used vary according to the economic conditions prevailing in the country concerned, as follows:

	Group weighted average rate		Of which United Kingdom		Of which United States	
	Dec. 31, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Discount rate	4.82%	2.12%	4.85%	2.05%	5.35%	2.77%
Rate of compensation increases	2.58%	2.60%	3.63%	3.64%	n.a.	n.a.

The discount rate is determined based on the interest rate for investment-grade (AA) corporate bonds or, if a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation. In the United States, the average discount rate is determined based on a yield curve for AA and AAA investment-grade corporate bonds.

In the Euro zone, the 2022 discount rate is 3.75%.

The rate of compensation increases includes both the salary increase and inflation rate if relevant.

Weighted average duration of defined benefit obligations plans:

	Total		Of which United Kingdom		Of which United States	
	Dec. 31, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Weighted average duration in years	9.9	12.3	9.7	12.4	9.4	11.2

20.1 – Changes in provisions for pensions and other post-employment benefit obligations

Annual changes in obligations, the market value of plan assets and the corresponding assets and provisions recognized in the financial statements can be analyzed as follows:

(in millions of euros)	Defined benefit obligations	Plan assets	Asset ceiling	Net Liability
Dec 31, 2020	**(10,016)**	**8,521**	**(67)**	**(1,562)**
Service cost	(66)	–	–	(66)
Past service cost	2	–	–	2
Curtailments and settlements	25	(1)	–	24
Interest cost	(159)	–	(1)	(160)
Interest income	–	121	–	121
Net impact in P&L, (expense)/profit	**(198)**	**120**	**(1)**	**(79)**
of which UK	*(94)*	*86*	*(1)*	*(9)*
of which US	*(52)*	*30*	–	*(22)*
Benefits paid	532	(478)	–	54
Plan participants' contributions	(6)	6	–	–
Employer contributions	–	136	–	136
Changes in the scope of consolidation	9	–	–	9
Actuarial gains/(losses) recognized in equity	701	(117)	(133)	451
Translation adjustment	(631)	606	(9)	(34)
Other changes	(77)	77	–	–
Dec. 31, 2021	**(9,686)**	**8,871**	**(210)**	**(1,025)**
of which UK	*(6,017)*	*6,524*	*(184)*	*323*
of which US	*(2,170)*	*1,692*	-	*(478)*
Service cost	(121)			(121)
Past service cost	(2)			(2)
Curtailments and settlements	84	(79)		5
Interest cost	(203)		(4)	(207)
Interest income		170		170
Net impact in P&L, (expense)/profit	**(242)**	**91**	**(4)**	**(155)**
of which UK	*(131)*	*121*	*(4)*	*(14)*
of which US	*(117)*	*41*	–	*(76)*
Benefits paid	537	(473)		64
Plan participants' contributions	(6)	6		–
Employer contributions		130		130
Changes in the scope of consolidation	10	(2)		8
Actuarial gains/(losses) recognized in equity	2,395	(2,284)	26	137
Translation adjustment	102	(143)	8	(33)
Other changes	(32)			(32)
Dec. 31, 2022	**(6,922)**	**6,196**	**(180)**	**(906)**
of which UK	*(3,977)*	*4,339*	*(140)*	*222*
of which US	*(1,663)*	*1,287*		*(376)*

The Group defined benefit obligations of EUR 6,922 million (2021: EUR 9,686 million) are broken down as EUR 6,678 million (2021: EUR 9,470 million) for post-employment benefits and EUR 244 million (2021: EUR 216 million) for other post-employment and long-term benefits.

The total present value of Defined Benefit Obligations breaks down as follows between wholly or partly funded plans and wholly unfunded plans:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Present value of wholly or partly funded benefit obligation	(6,334)	(9,052)
Fair value on plan assets	6,196	8,871
Effect of assets ceiling	(180)	(210)
Net position of wholly or partly funded benefit obligation	**(318)**	**(391)**
Present value of wholly or partly unfunded benefit obligation	**(588)**	**(634)**
NET LIABILITY FROM FUNDED AND UNFUNDED PLANS	**(906)**	**(1,025)**
Balance Sheet impact:		
*surplus of plans recognized as assets**	*280*	*370*
provisions recognized as liabilities	*(1,186)*	*(1,395)*

* The surplus of plans recognized as assets represents the assets in excess of the liabilities, generally assumed to be recoverable, and after applying any asset ceiling

Changes in gross items recognized in equity were as follows:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Actuarial (gains)/losses on Defined Benefit Obligations arising from demographic assumptions	(81)	(121)
Actuarial (gains)/losses on Defined Benefit Obligations arising from financial assumptions	(2,490)	(522)
Actuarial (gains)/losses on Defined Benefit Obligations from experience effects	176	(58)
Actuarial (gains)/losses on plan assets	2,284	117
Effect of asset ceiling	(26)	133
TOTAL RECOGNIZED IN EQUITY DURING THE PERIOD	**(137)**	**(451)**
of which UK	*(146)*	*259*
of which US	*110*	*116*

The table below shows the expected timing of benefit payments under pension and other post-employment benefit plans for the next 3 years:

(in millions of euros)	United Kingdom	United States	Rest of the World	Total
2023	315	102	72	489
2024	309	88	65	463
2025	306	88	69	463

Plans asset allocation:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Equity	5%	6%
Bonds	73%	80%
Others	22%	14%
TOTAL	**100%**	**100%**

20.2 – Sensitivity analysis

The effect of a ± 0.5% change in the discount rate and in the rate of compensation increases on the 2022 Defined Benefit Obligations is as follows:

	United Kingdom		**United States**		**Rest of the World**		**Total**	
(in millions of euros)	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**
Discount rate	(197)	214	(73)	79	(60)	65	(330)	358
Rate of compensation increases	81	(78)	–	–	46	(33)	127	(111)

Note 21: Provisions for contingencies and charges

(in millions of euros)	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	**Provisions**
Dec. 31, 2020	**275**	**154**	**630**	**259**	**250**	**362**	**1,930**
of which long-term portion	*161*	*103*	*137*	*226*	*15*	*288*	***930***
Additions	52	12	206	8	130	126	**534**
Utilizations	(48)	(21)	(150)	(13)	(194)	(100)	**(526)**
Reversals of surplus provisions	(6)	–	(39)	–	(26)	(15)	**(86)**
Translation adjustments	13	9	31	23	5	21	**102**
Changes in the scope of consolidation and other	(16)	(7)	(3)	73	(5)	28	**70**
Dec. 31, 2021	**270**	**147**	**675**	**350**	**160**	**422**	**2,024**
of which long-term portion	*169*	*104*	*150*	*315*	*12*	*341*	***1,091***
Additions	40	36	240	39	144	162	**661**
Utilizations	(63)	(50)	(233)	(71)	(113)	(116)	**(646)**
Reversals of surplus provisions	–	(1)	(23)	(1)	(7)	(42)	**(74)**
Translation adjustments	9	7	–	12	(1)	14	**41**
Changes in the scope of consolidation and other	(50)	10	25	(10)	(12)	61	**24**
Dec. 31, 2022	**206**	**149**	**684**	**319**	**171**	**501**	**2,030**
of which long-term portion	*130*	*97*	*155*	*278*	*8*	*326*	***994***

Provisions are recognized following the principles described in Note 1.21.

Reconciliation with cash flow statement:

(in millions of euros)	**Full Year 2022**	Full Year 2021
Increase of provision	661	534
Utilization of provision	(646)	(526)
Reversal of surplus provision	(74)	(86)
Provision variance excluding employee benefit obligation	**(59)**	**(78)**
Employee benefit obligation net variance contribution to plan assets	91	24
INCREASE/(DECREASE) IN PROVISIONS IN CASH-FLOW STATEMENT	**32**	**(54)**

Note 22: Total current and non-current financial liabilities

The breakdown of net debt is as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Bonds	8,627	8,234
Other bank borrowings	42	51
Short-term portion of bonds	(1,299)	(706)
Short-term portion of long-term debt	(40)	(25)
NON-CURRENT FINANCIAL LIABILITIES	**7,330**	**7,554**
Commercial paper	1,491	950
Accrued interest	39	38
Other short-term borrowings	141	317
Bank overdrafts	123	159
Short-term portion of convertible and non-convertible bonds	1,299	706
Short-term portion of long-term debt	40	25
SHORT-TERM DEBT	**3,133**	**2,195**
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**10,463**	**9,749**
CASH AND CASH EQUIVALENTS	**(3,986)**	**(2,622)**
NET FINANCIAL DEBT excl. purchase commitments over non-controlling interests	**6,477**	**7,127**
Non-current purchase commitments over non-controlling interests	194	176
Current purchase commitments over non-controlling interests	4,554	–
NET FINANCIAL DEBT incl. purchase commitments over non-controlling interests	**11,225**	**7,303**

22.1 – Breakdown by maturity

	Dec. 31, 2022		Dec. 31, 2021
(in millions of euros)	Nominal	Interests	Nominal
2022	–	–	2,195
2023	3,133	109	1,325
2024	1,000	86	996
2025	1,047	78	1,045
2026	1,397	72	1,397
2027	1,741	54	1,240
2028	756	23	757
2029 and beyond	1,389	81	794
TOTAL	**10,463**	**503**	**9,749**

22.2 – Breakdown by currency

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Euro	10,236	8,803
US Dollar	41	737
Brazilian Real	16	13
Indian Rupee	77	84
Algerian Dinar	13	22
Other	80	90
TOTAL	**10,463**	**9,749**

22.3 – Bonds

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021	Interest rate	Maturity
Schneider Electric SE 2022	–	706	2.950% fixed	September 2022
Schneider Electric SE 2023	500	499	0.000% fixed	June 2023
Schneider Electric SE 2023	799	798	1.500% fixed	September 2023
Schneider Electric SE 2024	998	997	0.250% fixed	September 2024
Schneider Electric SE 2025	747	746	0.875% fixed	March 2025
Schneider Electric SE 2025	300	300	1.841% fixed	October 2025
Schneider Electric SE 2026 (OCEANEs)	651	651	0.000% fixed	June 2026
Schneider Electric SE 2026	747	746	0.875% fixed	December 2026
Schneider Electric SE 2027	497	497	1.000% fixed	April 2027
Schneider Electric SE 2027	745	744	1.375% fixed	June 2027
Schneider Electric SE 2027	498	–	3.250% fixed	November 2027
Schneider Electric SE 2028	756	757	1.500% fixed	January 2028
Schneider Electric SE 2029	795	793	0.250% fixed	March 2029
Schneider Electric SE 2032	594	–	3.500% fixed	November 2032
TOTAL	**8,627**	**8,234**		

Schneider Electric SE has issued bonds on different markets:

- as part of its Euro Medium Term Notes (EMTN) program, bonds traded on the Paris stock exchange. Issues that had not yet matured as of December 31, 2022 are as follows:
  - EUR 500 million worth of bonds issued in June 2020, at a rate of 0.0%, maturing in June 2023;
  - EUR 800 million worth of bonds issued in September 2015 at a rate of 1.50%, maturing in September 2023;
  - EUR 800 million worth of bonds issued in September 2016, at a rate of 0.25%, maturing in September 2024;
  - EUR 200 million worth of bonds issued in July 2019, at a rate of 0.25%, maturing in September 2024;
  - EUR 750 million worth of bonds issued in March 2015, at a rate of 0.875%, maturing in March 2025;
  - EUR 200 million and EUR 100 million worth of Climate bonds issued successively in October and December 2015, at a rate of 1.841%, maturing in October 2025;
  - EUR 750 million worth of bonds issued in December 2017, at a rate of 0.875%, maturing in December 2026;
  - EUR 500 million worth of bonds issued in April 2020, at a rate of 1.00%, maturing in April 2027;
  - EUR 750 million worth of bonds issued in June 2018, at a rate of 1.375%, maturing in June 2027;
  - EUR 500 million worth of bonds issued in November 2022, at a rate of 3.25%, maturing in November 2027;
  - EUR 500 million worth of bonds issued in January 2019 and EUR 250 million worth of bonds issued in May 2019, at a rate of 1.50%, maturing in January 2028;
  - EUR 800 million worth of bonds issued in March 2020, at a rate of 0.25%, maturing in March 2029;
  - EUR 600 million worth of bonds issued in November 2022, at a rate of 3.50%, maturing in November 2032.

In addition, the Group has issued a bond that is convertible into or exchangeable for a new or existing shares (OCEANEs) for EUR 650 million at a rate of 0.00%, maturing in June 2026. The OCEANE has a debt component, assessed on inception date on the basis of the market interest rate applied to an equivalent non-convertible bond, is recognized in non-current financial debts and an optional component recognized in equity. At end of December 2022, the debt component recorded at net book value amounts to EUR 651 million and the optional component to EUR 42 million.

The initial conversion and/or exchange ratio of the Bonds was one share per Bond with a nominal value set at EUR 176.44 and has been adjusted to 1.003 shares per bond in May 2022. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:

- Climate: Deliver 800 megatons of saved and avoided CO_2 emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.

For all those transactions, issue premium and issue costs are amortized per the effective interest rate method.

22.4 – Cash flow statement impact

(in millions of euros)	Dec. 31, 2021	Cash variations	Non-cash variations: Scope impacts	Non-cash variations: Forex` and others	Dec. 31, 2022
Bonds	8,234	263	–	130	8,627
Other borrowings	1,356	384	(1)	(26)	1,713
Bank overdrafts	159	(70)	–	34	123
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**9,749**	**577**	**(1)**	**138**	**10,463**

22.5 – Purchase commitments over non-controlling interests

(in millions of euros)	Maturity	Dec. 31, 2022	Dec. 31, 2021
Current portion	2023	4,554	–
Non-current portion	2025–2026	194	176
TOTAL PURCHASE COMMITMENTS OVER NON-CONTROLLING INTEREST		**4,748**	**176**

Current portion corresponds to the commitment over AVEVA's non-controlling interests following the transaction described in note 2. Non-current portion corresponds to the commitments over non-controlling interests of notably ETAP, Qmerit, EV Connect, Energy Sage & Autogrid.

Note 23: Classification of financial instruments

The Group uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and metal prices.

Financial assets and liabilities can be classified at the fair value following the hierarchy levels below:

1. Level 1: market value (non-adjusted) on active markets, for similar assets and liabilities, which the company can obtain on a given valuation date;
2. Level 2: data other than the market rate available for level 1, which are directly or indirectly observable on the market;
3. Level 3: data on the asset or liability that are not observable on the market.

23.1 – Balance sheet exposure and fair value hierarchy

	Dec. 31, 2022					
(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/ liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	14	14	–	–	14	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	119	119	–	–	119	Level 3
Other unlisted financial assets	478	96	382	–	478	Level 3
Other non-current financial assets	514	–	280	234	514	Level 2
TOTAL NON-CURRENT ASSETS	**1,125**	**229**	**662**	**234**	**1,125**	
Trade accounts receivables	7,514	–	–	7,514	7,514	Level 2
Current financial assets	1	–	1	–	1	Level 2
Marketable securities	1,716	1,716	–	–	1,716	Level 1
Negotiable debt securities and short-term deposits	693	693	–	–	693	Level 2
Cash	1,577	1,577	–	–	1,577	Level 2
Derivative instruments - foreign currencies	62	62	–	–	62	Level 2
Derivative instruments - interest rates	–	–	–	–	–	Level 2
Derivative instruments - commodities	11	–	11	–	11	Level 2
Derivative instruments - shares	–	–	–	–	–	Level 2
TOTAL CURRENT ASSETS	**11,574**	**4,048**	**12**	**7,514**	**11,574**	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(6,677)	–	–	(6,677)	(6,210)	Level 1
Long-term portions of convertible bonds *	(651)	–	–	(651)	(577)	Level 2
Non-current purchase commitments over non-controlling interests	(194)	–	(194)	–	(194)	Level 2
Other long-term debt	(2)	–		(2)	(2)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(7,524)**	**–**	**(194)**	**(7,330)**	**(6,983)**	
Short-term portion of bonds *	(1,299)	–	–	(1,299)	(1,288)	Level 1
Short-term debt	(1,834)	–	–	(1,834)	(1,834)	Level 2
Trade accounts payable	(6,254)	–	–	(6,254)	(6,254)	Level 2
Current purchase commitments over non-controlling interests	(4,554)	–	(4,554)	–	(4,554)	Level 2
Other	(174)	–	–	(174)	(174)	Level 2
Derivative instruments - foreign currencies	(264)	(182)	(82)	–	(264)	Level 2
Derivative instruments - interest rates	(3)	(3)	–	–	(3)	Level 2
Derivative instruments - commodities	–	–	–	–	–	Level 2
Derivative instruments - shares	–	–	–	–	–	Level 2
TOTAL CURRENT LIABILITIES	**(14,382)**	**(185)**	**(4,636)**	**(9,561)**	**(14,371)**	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,627 million compared to EUR 8,075 million at fair value.

(in millions of euros)	Dec. 31, 2021 Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	15	–	15	–	15	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	111	111	–	–	111	Level 3
Other unlisted financial assets	323	79	244	–	323	Level 3
Other non-current financial assets	585	–	370	215	585	Level 2
TOTAL NON-CURRENT ASSETS	**1,034**	**190**	**629**	**215**	**1,034**	
Trade accounts receivables	6,829	–	–	6,829	6,829	Level 2
Current financial assets	4	–	4	–	4	Level 2
Marketable securities	551	551	–	–	551	Level 1
Negotiable debt securities and short-term deposits	438	438	–	–	438	Level 2
Cash	1,633	1,633	–	–	1,633	Level 2
Derivative instruments - foreign currencies	41	40	1	–	41	Level 2
Derivative instruments - interest rates	–	–		–	–	Level 2
Derivative instruments - commodities	7	–	7	–	7	Level 2
Derivative instruments - shares	–	–	–	–	–	Level 2
TOTAL CURRENT ASSETS	**9,503**	**2,662**	**12**	**6,829**	**9,503**	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(6,877)	–	–	(6,877)	(7,126)	Level 1
Long-term portions of convertible bonds *	(651)	–	–	(651)	(636)	Level 2
Other long-term debt	(26)	–	–	(26)	(26)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(7,554)**	**–**	**–**	**(7,554)**	**(7,788)**	
Short-term portion of bonds*	(706)	–	–	(706)	(719)	Level 1
Short-term debt	(1,489)	–	–	(1,489)	(1,489)	Level 2
Trade accounts payable	(5,715)	–	–	(5,715)	(5,715)	Level 2
Other	(63)	–	–	(63)	(63)	Level 2
Derivative instruments - foreign currencies	(104)	(55)	(49)	–	(104)	Level 2
Derivative instruments - interest rates	–	–	–	–	–	Level 2
Derivative instruments - commodities	–	–	–	–	–	Level 2
Derivative instruments - shares	–	–	–	–	–	Level 2
TOTAL CURRENT LIABILITIES	**(8,077)**	**(55)**	**(49)**	**(7,973)**	**(8,090)**	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,234 million compared to EUR 8,481 million at fair value.

23.2 – Derivative instruments

(in millions of euros)	Dec. 31, 2022 Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Of which carrying amounts in OCI
Forwards contracts	CFH	< 1 year	579	(316)	–	14	(14)	–
Forwards contracts	CFH	< 2 years	31	(19)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	12	(19)	–	1	(1)	–
Forwards contracts	FVH	< 1 year	1,762	(5,493)	(118)	37	(155)	(3)
Forwards contracts	NIH	< 1 year	420	–	2	2	–	2
Forwards contracts	Trading	< 1 year	221	(1,811)	1	6	(5)	–
Cross currency swaps	CFH	< 1 year	75	(46)	–	1	(1)	4
Cross currency swaps	NIH	< 1 year	797	–	(87)	–	(87)	(85)
TOTAL FOREIGN CHANGE DERIVATIVES			**3,897**	**(7,704)**	**(202)**	**62**	**(264)**	**(82)**
Forwards contracts	CFH	< 1 year	–	(419)	11	11	–	11
Commodities derivatives			–	**(419)**	**11**	**11**	–	**11**
Interest Rate Swap	FVH	> 2 years	250	(250)	(3)	–	(3)	–
Interest Rate Derivatives			**250**	**(250)**	**(3)**	–	**(3)**	–
Options	CFH	< 1 year	–	–	–	–	–	–
Shares derivatives			–	–	–	–	–	–
TOTAL			**4,147**	**(8,373)**	**(194)**	**73**	**(267)**	**(71)**

(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Carrying amounts in OCI
	Dec. 31, 2021							
Forwards contracts	CFH	< 1 years	393	(305)	2	12	(10)	–
Forwards contracts	CFH	< 2 years	55	(24)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	3	(3)	–	–	–	–
Forwards contracts	FVH	< 1 year	1,005	(539)	(22)	12	(34)	–
Forwards contracts	NIH	< 1 year	410	–	(10)	–	(10)	(10)
Forwards contracts	Trading	< 1 year	456	(2,402)	11	14	(3)	–
Cross currency swaps	CFH	< 1 year	88	(39)	(3)	2	(5)	1
Cross currency swaps	NIH	< 2 years	750	–	(41)	–	(41)	(39)
TOTAL FX DERIVATIVES			**3,160**	**(3,312)**	**(63)**	**41**	**(104)**	**(48)**
Forwards contracts	CFH	< 1 year	–	(400)	7	7	–	7
Commodities derivatives			**–**	**(400)**	**7**	**7**	**–**	**7**
Options	CFH	< 1 year	–	–	–	–	–	–
Shares derivatives			**–**	**–**	**–**	**–**	**–**	**–**
TOTAL			**3,160**	**(3,712)**	**(56)**	**48**	**(104)**	**(41)**

23.3 – Foreign currency hedges

Since a significant proportion of affiliates' transactions are denominated in currencies other than the affiliate's functional currency, the Group is exposed to currency risks. If the Group is not able to hedge these risks, fluctuations in exchange rates between the functional currency and other currencies can have a significant impact on its results and distort year-on-year performance comparisons. As a result, the Group uses derivative instruments to hedge its exposure to exchange rates mainly through FX forwards and natural hedges. Furthermore, some long-term loans and borrowings granted to the affiliates are considered as net investment in foreign operations according to IAS 21.

Schneider Electric's currency hedging policy is to protect its subsidiaries against risks on transactions denominated in a currency other than their functional currency. Hedging approaches are detailed in Note 1.23.

The breakdown of the nominal of foreign change derivatives related to operating and financing activities is as follows:

(in millions of euros)	Dec. 31, 2022 Sales	Purchases	Net
US Dollar	2,261	(970)	1,291
Chinese Yuan	97	(132)	(35)
Danish Crown	1	(30)	(29)
Singapore Dollar	330	(340)	(10)
Swedish Crown	5	(15)	(10)
Japanese Yen	2	(3)	(1)
Swiss Franc	55	(197)	(142)
UAE Dirham	13	(36)	(23)
Brazilian real	104	(59)	45
Canadian Dollar	27	(9)	18
Australian Dollar	95	(73)	22
Saudi Riyal	-	(11)	(11)
Norwegian Krone	4	(8)	(4)
British Pound	638	(5,555)	(4,917)
South African Rand	2	-	2
Hong Kong Dollar	41	(46)	(5)
Others	222	(220)	2
TOTAL	**3,897**	**(7,704)**	**(3,807)**

23.4 – Interest rate hedges

Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions to optimize overall borrowing costs. The Group uses derivative instruments to hedge its exposure to interest rates through swaps or cross-currency swaps. Cross-currency swaps may be presented both as foreign exchange hedges and interest rate hedges depending on the characteristics of the derivative.

During the fiscal year 2022, the Group has set up EUR 250 million interest rate swaps to hedge its exposure.

	Dec. 31, 2022			Dec. 31, 2021		
(in millions of euros)	**Fixed Rates**	**Floating rates**	**Total**	Fixed Rates	Floating rates	Total
Total current and non-current financial liabilities	8,627	1,836	**10,463**	8,234	1,515	**9,749**
Cash and cash equivalent		(3,986)	**(3,986)**	-	(2,622)	**(2,622)**
NET DEBT BEFORE HEDGING	**8,627**	**(2,150)**	**6,477**	**8,234**	**(1,107)**	**7,127**
Impact of Hedges	(250)	250	**-**	-	-	**-**
NET DEBT AFTER HEDGING	**8,377**	**(1,900)**	**6,477**	**8,234**	**(1,107)**	**7,127**

23.5 – Commodity hedges

The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. If the Group is not able to hedge, compensate for or pass on to customers any such increased costs, this could have an adverse impact on its results. The Group has, however, implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

All commodities instruments are futures and options designated as cash flow hedge under IFRS standards, of which:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Fair value	11	7
Nominal amount	(419)	(400)

23.6 – Financial assets and liabilities subject to netting

In accordance with IFRS 7 standards, this section discloses financial instruments that are subject to netting agreements.

	Dec. 31, 2022				
(in millions of euros)	**Gross amounts**	**Gross amounts offset in the statement of financial position**	**Net amounts presented in the statement of financial position**	**Related amounts not offset in the statement of financial position**	**Net amounts as per IFRS 7**
Financial assets	73	-	73	-	73
Financial liabilities	(264)	-	(264)	-	(264)

	Dec. 31, 2021				
(in millions of euros)	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	48	-	48	17	31
Financial liabilities	104	-	104	17	87

The Group trades over-the-counter derivatives with tier-one banks under agreements which provide for the offsetting of amounts payable and receivable in the event of default by one of the contracting parties. These conditional offsetting agreements do not meet the eligibility criteria within the meaning of IAS 32 for offsetting derivative instruments recorded under assets and liabilities. However, they do fall within the scope of disclosures under IFRS 7 on offsetting.

23.7 – Counterparty risk

Financial transactions are entered with carefully selected counterparties. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency.

Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules. In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

23.8 – Liquidity risk

As of December 31, 2022, the Group had confirmed credit lines of EUR 2.950 million, all unused with EUR 2.850 million maturing after December 2023. Among them, EUR 2.700 million are sustainable-linked credit line with margin indexed on the annual performance of the Schneider Sustainability Impact (SSI).

With EUR 2.9 billion available committed facility and EUR 4.0 billion cash & cash equivalent, the liquidity of the Group amounts to EUR 6.9 billion end of the year. In the next 12 months, the total short term and bond maturity amounts to EUR 3.1 billion.

In addition, to secure the funding of the minority interest of Aveva and to meet certain funds requirement under UK regulation, the Group held undrawn bridge facility and term loan for a total amount of approximately EUR 3.9 billion.

Loan Agreement and committed credit lines do not include any financial covenants or credit rating triggers in case of rating downgrade.

23.9 – Financial risk management

Foreign currency risk arises from the Group undertaking a significant number of foreign currency transactions in the course of operations. These exposures arise from sales in currencies other than the Group's presentational currency of Euro.

The main exposure of the Group in terms of currency exchange risk is related to the US dollar, Chinese Yuan and currencies linked to the US dollar. In 2022, revenue in foreign currencies amounted to EUR 27.3 billion (EUR 23.0 billion in 2021), including around EUR 9.9 billion in US dollars and EUR 4.8 billion in Chinese yuan (respectively EUR 7.4 and EUR 4.4 billion in 2021).

The Group manages its exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates. The financial instruments used to hedge the Group's exposure to fluctuations in exchange rates are described above.

The table below shows the impact of a 10% change in the US dollar and the Chinese Yuan against the Euro on Revenue and Adjusted EBITA. It includes the impact from the translation of financial statements into the Group's presentation currency and assumes no scope impact.

	Dec. 31, 2022		
(in millions of euros)	**Increase/ (decrease) in average rate**	**Revenue**	**Adj. EBITA**
US Dollar	10%	990	162
	(10)%	(900)	(147)
Chinese Yuan	10%	478	121
	(10)%	(434)	(110)

	Dec. 31, 2021		
(in millions of euros)	Increase/ (decrease) in average rate	Revenue	Adj. EBITA
US Dollar	10%	743	106
	(10)%	(676)	(97)
Chinese Yuan	10%	438	109
	(10)%	(398)	(99)

Note 24: Employees

24.1 – Employees

The Group average number of permanent and temporary employees is as follows:

(number of employees)	**Full Year 2022**	Full Year 2021
Production	81,506	91,519
Administration	80,833	74,506
TOTAL AVERAGE WORKFORCE	**162,339**	**166,025**
of which Europe, Middle East, Africa and South America	65,455	66,214
of which North America	37,839	34,427
of which Asia-Pacific	59,045	65,384

24.2 – Employee benefit expense

(in millions of euros)	**Full Year 2022**	Full Year 2021
Payroll costs	(8,764)	(8,207)
Profit-sharing and incentive bonuses	(62)	(66)
Stock options and performance shares	(184)	(161)
EMPLOYEE BENEFITS EXPENSE	**(9,010)**	**(8,434)**

24.3 – Benefits granted to senior executives

In 2022, the Group granted EUR 2.2 million in attendance fees to the members of its Board of directors. The total amount of gross remuneration, including benefits in kind, paid in 2022 by the Group to the members of Senior Management, excluding executive directors, totaled EUR 33.9 million, of which EUR 11.4 million corresponded to the variable portion.

During the last three financial years, 506,774 performance shares have been allocated, excluding Corporate Officers. No stock options have been granted during the last three financial years. In 2022, performance shares were allocated under the 2022 long-term incentive plan 40. Since December 16, 2011, 100% of performance shares are conditional on the achievement of performance criteria for members of the Executive Committee.

Please refer to Chapter 4 of the Universal Registration Document for more information regarding the members of Senior Management.

Note 25: Related party transactions

25.1 – Transactions with associates

Companies over which the Group has significant influence are accounted through the equity method. Transactions with these related parties are carried out on arm's length terms.

Related party transactions were not material in 2022.

25.2 – Transactions with key management personnel

No transactions were carried out during the year with members of the supervisory board or management board. Compensation and benefits paid to the Group's top senior executives are described in Note 24.

Note 26: Commitments and contingent liabilities

26.1 – Guarantees and similar undertakings

The following table discloses the maximum exposure on guarantees given and received:

(in millions of euros)	**Dec. 31, 2022**	Dec. 31, 2021
Market counter guarantees *	3,543	3,702
Pledges, mortgages and sureties **	181	81
Other commitments given	435	314
GUARANTEES GIVEN	**4,159**	**4,097**
Endorsements and guarantees received	80	64
GUARANTEES RECEIVED	**80**	**64**

* On certain contracts, customers require some commitments to guarantee that the contract will be fully executed by the subsidiaries of the Group. The risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated. Market counter guarantees also include the guaranteed obligations towards pension schemes.

** Some loans are secured by property, plant and equipment and securities lodged as collateral.

26.2 – Contingent liabilities

As previously disclosed, investigations were conducted in September 2018 by the French judicial authority and French Competition Authority ("Autorité de la concurrence") at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections (notification de griefs) from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules.

Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority on October 4, 2022.

Concurrently on October 7, 2022 Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of €20 million and a cash guarantee of €80 million which was paid mid-January 2023. As at December 31, 2022, this cash guarantee was recognized as "Other current liabilities" against "Non-current financial assets". Those actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to vigorously and fully defend itself. Should the French Competition Authority deny Schneider Electric's arguments and conclude, after examining the substance of the matter, that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fines it may impose in accordance with the principles of proportionality and individuality. In light of the difficulty in assessing the extent to which the French Competition Authority takes into account the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no provision has been made at this stage of the investigation.

Schneider Electric has other contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Group or its subsidiaries were reviewed at the date on which the consolidated financial statements were approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

Note 27: Subsequent events

27.1 – Disposal of transformer plants in Poland and Turkey

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and in Turkey to Groupe Cahors, an international company specialized in energy distribution, headquartered in France.

27.2 – Issuance of bonds

On January 13, 2023, the Group has issued two bonds, for EUR 600 million at a rate of 3.125% maturing in October 2029 and for EUR 600 million at a rate of 3.375% maturing in April 2034.

27.3 – Acquisition of AVEVA's non-controlling interests

On January 16, 2023, AVEVA announced that the Court had sanctioned the Scheme to effect the acquisition.

On January 18, 2023, following the deliverance of the Court Order to the Registrar of Companies, the Scheme became effective. AVEVA shares were unlisted from the London Stock Exchange of January 19, 2023.

The transaction has been settled in cash in January 2023 along with the payment of UK Stamp Duty Reserve Tax.

Note 28: Statutory Auditors' fees

Fees paid by the Group to the Statutory Auditors and their networks:

	Full Year 2022				
(in thousands of euros)	**PwC**	**%**	**Mazars**	**%**	**Total**
Statutory auditors, certification, examination of the parent company and consolidated accounts	11,271	92%	9,819	95%	**21,090**
o/w Schneider Electric SE	*1,291*		*971*		**2,262**
o/w subsidiaries	*9,980*		*8,848*		**18,828**
Services other than statutory audit - Audit-related services ("SACC") *	996	8%	522	5%	**1,518**
o/w Schneider Electric SE	348		-		**348**
o/w subsidiaries	648		522		**1,170**
TOTAL FEES	**12,267**	**100%**	**10,341**	**100%**	**22,608**

* Audit-related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.

	Full Year 2021				
(in thousands of euros)	**EY**	**%**	**Mazars**	**%**	**Total**
Statutory auditors, certification, examination of the parent company and consolidated accounts	12,290	90%	9,602	96%	**21,892**
o/w Schneider Electric SE	*1,166*		*988*		**2,154**
o/w subsidiaries	*11,124*		*8,614*		**19,738**
Services other than statutory audit - Audit-related services ("SACC") *	1,368	10%	439	4%	**1,807**
o/w Schneider Electric SE	317		-		**317**
o/w subsidiaries	1,051		439		**1,490**
TOTAL FEES	**13,658**	**100%**	**10,041**	**100%**	**23,699**

* Audit related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.

Note 29: Consolidated companies

The main companies included in the Schneider Electric Group scope of consolidation are listed below:

(in % of interest)		**Dec. 31, 2022**	Dec. 31,2021
Europe			
Fully consolidated			
Nxtcontrol GmbH	Austria	100	100
Schneider Electric "Austria" Ges. M.B.H.	Austria	100	100
Schneider Electric Power Drives GmbH	Austria	100	100
Schneider Electric Systems Austria GmbH	Austria	100	100
Schneider Electric Bel LLC	Belarus	-	100
Schneider Electric Energy Belgium SA	Belgium	100	100
Schneider Electric ESS BV	Belgium	100	100
Schneider Electric NV SA	Belgium	100	100
Schneider Electric Services International	Belgium	100	100
Schneider Electric Systems Belgium NV/SA	Belgium	100	100
Proleit Bulgaria OOD	Bulgaria	100	100
Schneider Electric Bulgaria EOOD	Bulgaria	100	100
Schneider Electric d.o.o	Croatia	100	100
Schneider Electric A.S.	Czech Republic	98.3	98.3
Schneider Electric CZ S.R.O.	Czech Republic	100	100
Schneider Electric Systems Czech Republic S.R.O.	Czech Republic	100	100
Orbaekvej 280 A/S	Denmark	100	100
Schneider Electric Danmark A/S	Denmark	100	100
Schneider Electric IT Denmark ApS	Denmark	100	100
Schneider Electric Eesti AS	Estonia	100	100
Schneider Electric Finland Oy	Finland	100	100
Schneider Electric Fire & Security OY	Finland	100	100
Schneider Electric Vamp Oy	Finland	100	100
Applications Logiciels Pour Ingenierie ALPI	France	100	100
Behar-Securite	France	100	100
Boissiere Finance	France	100	100
Construction Electrique du Vivarais	France	100	100
Dinel	France	100	100
Eckardt SAS	France	100	100
Eurotherm Automation	France	-	100
France Transfo	France	100	100
IGE+XAO SA (sub-group)	France	-	84.2
Invensys Holding France SAS	France	100	100
Merlin Gerin Ales	France	100	100
Merlin Gerin Loire	France	100	100
Muller & Cie	France	100	100
Newlog	France	100	100
Rectiphase SAS	France	100	100
Sarel - Appareillage Electrique	France	100	100
Scanelec	France	100	100
Schneider Electric Alpes	France	100	100
Schneider Electric Energy France	France	100	100
Schneider Electric France	France	100	100
Schneider Electric Industries SAS	France	100	100
Schneider Electric International	France	100	100
Schneider Electric IT France	France	100	100
Schneider Electric Manufacturing Bourguebus	France	100	100
Schneider Electric SE	France	100	100
Schneider Electric Solar France	France	100	100
Schneider Electric Systems France	France	100	100
Schneider Electric Telecontrol	France	100	100
Schneider Toshiba Inverter Europe SAS	France	60	60
Schneider Toshiba Inverter SAS	France	60	60
Societe D'Appareillage Electrique Gardy	France	-	100
Societe D'Application Et D'Ingenierie Industrielle Et Informatique - SA3I	France	100	100
Societe Electrique d'Aubenas	France	100	100
Societe Francaise de Constructions Mecaniques Et Electriques	France	100	100
Societe Francaise Gardy	France	100	100
Systemes Equipements Tableaux Basse Tension, SETBT	France	100	100
Transfo Services	France	100	100
Transformateurs SAS	France	100	100
ABN GmbH	Germany	100	100
Eberle Controls GmbH	Germany	-	100

(in % of interest)		Dec. 31, 2022	Dec. 31,2021
J&K Regeltechnik GmbH	Germany	100	-
Merten GmbH	Germany	100	100
Proleit GmbH	Germany	100	100
RIB GmbH (Sub-Group)	Germany	100	100
Schneider Electric Automation GmbH	Germany	100	100
Schneider Electric GmbH	Germany	100	100
Schneider Electric Holding Germany GmbH	Germany	100	100
Schneider Electric Investment AG	Germany	100	100
Schneider Electric Operations Consulting GmbH	Germany	100	100
Schneider Electric Real Estate GmbH	Germany	100	100
Schneider Electric Sachsenwerk GmbH	Germany	100	100
Schneider Electric Systems Germany GmbH	Germany	100	100
Schneider Electric AEBE	Greece	100	100
Schneider Electric Energy Hungary Ltd	Hungary	-	100
Schneider Electric Hungaria Villamossagi ZRT	Hungary	100	100
SE - CEE Schneider Electric Közep-Kelet Europai Korlatolt Felelösségü Tarsasag	Hungary	100	100
Schneider Electric Ireland Limited	Ireland	100	100
Schneider Electric IT Limited	Ireland	100	100
Schneider Electric IT Logistics Europe Limited	Ireland	100	100
Validation Technologies (Europe) Ltd Eliwell Controls S.r.l.	Ireland	100	100
Eliwell Controls S.r.l.	Italy	100	100
Eurotherm S.r.l.	Italy	100	100
Schneider Electric Industrie Italia S.p.a.	Italy	100	100
Schneider Electric S.p.a.	Italy	100	100
Schneider Electric Systems Italia S.p.a.	Italy	100	100
Uniflair S.p.a.	Italy	100	100
Lexel Fabrika, SIA	Latvia	100	100
Schneider Electric Baltic Distribution Center	Latvia	100	100
Schneider Electric Latvija SIA	Latvia	100	100
UAB Schneider Electric Lietuva	Lithuania	100	100
Industrielle De Reassurance S.A.	Luxembourg	100	100
Schneider Electric Holding Luxembourg	Luxembourg	100	100
American Power Conversion Corporation (A.P.C.) B.V.	Netherlands	100	100
APC International Corporation B.V.	Netherlands	100	100
BTR (European Holdings) Bv	Netherlands	100	100
Clovis Systems B.V.	Netherlands	70	70
Proleit B.V.	Netherlands	100	100
Schneider Electric Ecommerce Europe B.V.	Netherlands	100	-
Schneider Electric Logistic Centre B.V.	Netherlands	100	100
Schneider Electric Systems Netherlands N.V.	Netherlands	100	100
Schneider Electric The Netherlands B.V.	Netherlands	100	100
ELKO AS (Elektrokontakt AS)	Norway	100	100
Eurotherm AS	Norway	100	100
Lexel Holding Norge AS	Norway	100	100
Schneider Electric Norge AS	Norway	100	100
Eurotherm Poland Sp. Z.o.o.	Poland	-	100
Schneider Electric Elda S.A.	Poland	100	100
Schneider Electric Industries Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Systems Poland Sp. Z o.o.	Poland	100	100
Schneider Electric Transformers Poland SpZoo	Poland	100	100
Schneider Electric Portugal, LDA	Portugal	100	100
Schneider Electric Romania, SRL	Romania	100	100
AO Schneider Electric	Russia	-	100
Din Elektro Kraft OOO	Russia	-	100
FLISR LLC	Russia	-	100
OOO Potential	Russia	-	100
OOO Schneider Electric Zavod Electromonoblock	Russia	-	100
Schneider Electric Innovation center LLC	Russia	-	100
Schneider Electric Systems LLC	Russia	100	100
Schneider Electric LLC Novi Sad	Serbia	100	100
Schneider Electric Srbija doo Beograd	Serbia	100	100
Schneider Electric Slovakia, Spol SRO	Slovenia	100	100
Schneider Electric Systems Slovakia S.R.O.	Slovakia	100	100
Schneider Electric d.o.o.	Slovakia	100	100
Manufacturas Electricas S.A.U.	Spain	100	100
Proleit Iberia Slu	Spain	100	100
Schneider Electric Espana, S.A.U.	Spain	100	100
Schneider Electric IT Spain, S.L.	Spain	100	100

(in % of interest)		**Dec. 31, 2022**	Dec. 31,2021
Schneider Electric Solar Spain, S.A.	Spain	100	100
Schneider Electric Systems Iberica S.L.	Spain	100	100
Telemantenimiento De Alta Tension, S.L.	Spain	100	100
AB Crahftere 1	Sweden	100	100
Elektriska Aktiebolaget Delta	Sweden	100	100
Elko AB	Sweden	100	100
Eurotherm AB	Sweden	-	100
Lexel AB	Sweden	100	100
Schneider Electric Buildings AB	Sweden	100	100
Schneider Electric Distribution Centre AB	Sweden	100	100
Schneider Electric Sverige AB	Sweden	-	100
Telvent Sweden AB	Sweden	100	100
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	100	100
Schneider Electric (Suisse) SA	Switzerland	100	100
Proleit Automation Ooo	Ukraine	100	100
Schneider Electric Ukraine	Ukraine	100	100
Ascot Acquisition Holdings Limited	United Kingdom	100	-
Aveva Group plc (sub-group)	United Kingdom	59.2	59
Avtron Loadbank Worldwide Co., Limited	United Kingdom	-	100
BTR Industries Ltd	United Kingdom	100	100
BTR Property Holdings Ltd	United Kingdom	100	100
CBS Group Ltd	United Kingdom	-	100
Eurotherm Ltd	United Kingdom	-	100
Invensys Group Holdings Ltd	United Kingdom	100	100
Invensys Group Ltd	United Kingdom	100	100
Invensys Holdings Ltd	United Kingdom	100	100
Invensys International Holdings Ltd	United Kingdom	100	100
Invensys Ltd	United Kingdom	100	100
M&C Energy Group Limited	United Kingdom	100	100
N.J. Froment & Co. Limited	United Kingdom	-	100
Samos Acquisition Company Limited	United Kingdom	100	100
Schneider Electric (UK) Limited	United Kingdom	100	100
Schneider Electric Buildings UK Limited	United Kingdom	100	100
Schneider Electric Controls UK Limited	United Kingdom	100	100
Schneider Electric Invensys (UK) Ltd	United Kingdom	100	100
Schneider Electric IT UK Ltd	United Kingdom	100	100
Schneider Electric Limited	United Kingdom	100	100
Schneider Electric Systems UK Limited	United Kingdom	100	100
Tac Products Limited	United Kingdom	100	100
Yorkshire Switchgear Group Limited	United Kingdom	100	100
Accounted for by equity method			
Aveltys	France	-	51
Delta Dore Finance SA (sub-group)	France	20	20
Energy Pool Development	France	-	25
Schneider Lucibel Managed Services SAS	France	50	50
Planon Beheer BV	Netherlands	25	25
AO Gruppa Kompaniy “Electroshield” - TM Samara	Russia	-	60
Carros Sensors Topco Ltd	United Kingdom	30	30
North America			
Fully consolidated			
Power Measurement Ltd	Canada	100	100
Schneider Electric Canada Inc.	Canada	100	100
Schneider Electric Solar Inc.	Canada	100	100
Schneider Electric Systems Canada Inc.	Canada	100	100
Viconics Technologies Inc.	Canada	-	100
Electronica Reynosa S. de R.L. de C.V.	Mexico	100	100
Industrias Electronicas Pacifico, S.A. de C.V.	Mexico	100	100
Proleit S. De R. L.	Mexico	66.67	66.7
Schneider Electric Mexico S.A. de C.V.	Mexico	100	100
Schneider Electric Systems Mexico, S.A. de C.V.	Mexico	100	100
Schneider Industrial Tlaxcala S.A. de C.V.	Mexico	100	100
Schneider Mexico S.A. de C.V.	Mexico	100	100
Schneider R&D, S.A. de C.V.	Mexico	100	100
Square D Company Mexico, S.A. de C.V.	Mexico	100	100
Telvent Mexico, S.A. de C.V.	Mexico	100	100
American Power Conversion Holdings Inc.	United States	100	100
ASCO Power Services, Inc.	United States	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31,2021
ASCO Power Technologies, L.P.	United States	100	100
Autogrid Systems, Inc. BTR, LLC	United States	91.81	-
BTR, LLC	United States	100	100
Charge Holdings, LLC	United States	85.25	85.9
Echo HoldCo LLC	United States	90.84	90.8
ETAP Automation Inc. (sub-group)	United States	80	80
EV Connect, LLC	United States	95.52	-
Foxboro Controles S.A.	United States	100	100
GPI Interim Inc.	United States	100	100
H.S. Investments, LLC	United States	100	100
Invensys LLC	United States	100	100
Osisoft (sub-group)	United States	59.2	59
Pro-Face America, LLC	United States	100	100
Proleit Corp.	United States	100	100
Ranco Incorporated of Delaware	United States	100	100
Schneider Electric Buildings Americas, Inc.	United States	100	100
Schneider Electric Buildings Critical Systems, Inc.	United States	-	100
Schneider Electric Buildings, LLC	United States	100	100
Schneider Electric Digital, Inc.	United States	100	100
Schneider Electric Engineering Services, LLC	United States	100	100
Schneider Electric Foundries LLC	United States	100	100
Schneider Electric Grid Automation, Inc.	United States	100	100
Schneider Electric Holdings, Inc.	United States	100	100
Schneider Electric IT Corporation	United States	100	100
Schneider Electric IT Mission Critical Services, Inc.	United States	100	100
Schneider Electric Solar Inverters USA, Inc.	United States	100	100
Schneider Electric Systems USA, Inc.	United States	100	100
Schneider Electric USA, Inc.	United States	100	100
SE Vermont Ltd	United States	100	100
Siebe Inc.	United States	100	100
SNA Holdings Inc.	United States	100	100
Square D Investment Company	United States	100	100
Stewart Warner Corp.	United States	100	100
Summit Energy Services, Inc.	United States	100	100
Veris Industries LLC	United States	100	100
Accounted for by equity method			
Uplight Inc.	United States	29.4	29
Asia-Pacific			
Fully consolidated			
Citect Corporation Limited	Australia	100	100
Clipsal Technologies Australia Pty Ltd	Australia	100	100
Nu-Lec Industries Pty Ltd	Australia	100	100
Scada Group Pty Limited	Australia	100	100
Schneider Electric (Australia) Pty Limited	Australia	100	100
Schneider Electric Australia Holdings Pty Ltd	Australia	100	100
Schneider Electric Buildings Australia Pty Ltd	Australia	100	100
Schneider Electric IT Australia Pty Ltd	Australia	100	100
Schneider Electric Solar Australia Pty Ltd	Australia	100	100
Schneider Electric Sustainability Business Australia Pty Ltd	Australia	100	100
Schneider Electric Systems Australia Pty Ltd	Australia	100	100
Serck Controls Pty Limited	Australia	100	100
Tamco Electrical Industries Australia Pty Limited	Australia	65	65
Beijing Leader Harvest Electric Technologies Co., Ltd	China	100	100
Beijing Leader Harvest Energy Efficiency Investment Co., Ltd	China	100	100
FSL Electric (Dongguan) Limited	China	54	54
Jingxin Hongde (Beijing) Technology Co., Ltd.	China	12.34	51
Pro-Face China International Trading (Shanghai) Co., Ltd	China	100	100
Proleit Automation Systems (Shanghai) Co.,	China	100	100
Schneider (Beijing) Low Voltage Co., Ltd.	China	95	95
Schneider (Beijing) Medium Voltage Co., Ltd	China	100	95
Schneider (Shaanxi) Baoguang Electrical Apparatus Co., Ltd	China	70	70
Schneider (Suzhou) Transformers Co.,	China	100	100
Schneider (Wuxi) Drives Co., Ltd.	China	90	90
Schneider Automation & Controls Systems (Shanghai) Co., Ltd	China	-	100
Schneider Busway (Guangzhou) Limited	China	95	95
Schneider Electric (China) Company Limited	China	100	100
Schneider Electric (Xiamen) Switchgear Co., Ltd	China	100	100
Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd	China	100	100

5.5 Notes to the consolidated financial statements

(in % of interest)		Dec. 31, 2022	Dec. 31,2021
Schneider Electric Equipment and Engineering (Xi'An) Co., Ltd	China	100	100
Schneider Electric IT (China) Co., Ltd	China	100	100
Schneider Electric IT (Xiamen) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Chongqing) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Wuhan) Co., Ltd	China	100	100
Schneider Great Wall Engineering (Beijing) Co., Ltd	China	100	100
Schneider Merlin Gerin Low Voltage (Tianjin) Co.,Ltd.	China	75	75
Schneider Shanghai Apparatus Parts Manufacturing Co.,	China	100	100
Ltd Schneider Shanghai Industrial Control Co., Ltd	China	80	80
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd	China	75	75
Schneider Shanghai Power Distribution Electrical Apparatus Co.,	China	80	80
Ltd Schneider Smart Technology Co., Ltd.	China	100	100
Schneider South China Smart Technology (Guangdong) Co. Ltd.	China	100	100
Schneider Switchgear (Suzhou) Co., Ltd	China	58	58
Schneider Wingoal (Tianjin) Electric Equipment Co.,	China	100	100
Ltd Shanghai ASCO Electric Technology Co., Ltd.	China	100	100
Shanghai Foxboro Co., Ltd	China	100	100
Shanghai Invensys Process System Co., Ltd	China	100	100
Shanghai Schneider Electric Power Automation Co., Ltd	China	100	100
Shanghai Tayee Electric Co., LTD	China	67.05	74.5
Shenzhen Easydrive Electric Co., Ltd	China	51	51
Tianjin Wingoal Electric Equipment Co., Ltd.	China	100	100
Uniflair (Zhuhai) Electrical Appliance Manufacturing Co., Ltd	China	100	100
Wuxi Pro-Face Co., Ltd	China	100	100
Zircon Investment (Shanghai) Co., Ltd	China	74.5	74.5
Clipsal Asia Holdings Limited	Hong Kong	100	100
Fed-Supremetech Limited	Hong Kong	54	54
Himel Hong Kong Limited	Hong Kong	100	100
Schneider Electric (Hong Kong) Limited	Hong Kong	100	100
Schneider Electric Asia Pacific Limited	Hong Kong	100	100
Schneider Electric IT Hong Kong Limited	Hong Kong	100	100
Eurotherm India Private Ltd	India	-	100
Luminous Power Technologies Private Limited	India	100	100
Schneider Electric India Private Limited	India	65	65
Schneider Electric Infrastructure Limited	India	75	75
Schneider Electric IT Business India Private Limited	India	100	100
Schneider Electric President Systems Limited	India	80.49	80.49
Schneider Electric Private Limited	India	100	100
Schneider Electric Solar India Pte Ltd	India	100	100
Schneider Electric Systems India Private Limited	India	100	100
PT Schneider Electric Indonesia	Indonesia	100	100
PT Schneider Electric IT Indonesia	Indonesia	100	100
PT Schneider Electric Manufacturing Batam	Indonesia	100	100
PT Schneider Electric Systems Indonesia	Indonesia	95	95
PT Schneider Indonesia	Indonesia	95	95
PT Tamco Indonesia	Indonesia	65	65
Ranco Japan Ltd	Japan	100	100
Schneider Electric Japan Holdings Ltd	Japan	100	100
Schneider Electric Japan, Inc.	Japan	100	100
Schneider Electric Solar Japan Inc.	Japan	100	100
Schneider Electric Systems Japan Inc.	Japan	100	100
Toshiba Schneider Inverter Corporation	Japan	60	60
Eurotherm Korea Co., Ltd.	Korea	-	100
Schneider Electric Korea Limited	Korea	100	100
Schneider Electric Systems Korea Ltd	Korea	100	100
Clipsal Manufacturing (M) Sdn. Bhd.	Malaysia	-	100
Desea Sdn. Bhd.	Malaysia	100	100
Gutor Electronic Asia Pacific Sdn. Bhd.	Malaysia	100	100
Henikwon Corporation Sdn. Bhd.	Malaysia	65	65
Schneider Electric (Malaysia) Sdn. Bhd.	Malaysia	30	30
Schneider Electric Industries (M) Sdn. Bhd.	Malaysia	100	100
Schneider Electric IT Malaysia Sdn. Bhd.	Malaysia	100	100
Schneider Electric Systems (Malaysia) Sdn. Bhd.	Malaysia	100	100
Tamco Switchgear (Malaysia) Sdn. Bhd.	Malaysia	65	65
Schneider Electric (NZ) Limited	New Zealand	100	100
Schneider Electric Systems New Zealand Limited	New Zealand	100	100
Schneider Electric (Philippines), Inc.	Philippines	100	100
Schneider Electric IT Philippines Inc.	Philippines	100	100
Schneider Electric Asia Pte. Ltd.	Singapore	100	100

(in % of interest)		Dec. 31, 2022	Dec. 31,2021
Schneider Electric Export Services Pte Ltd	Singapore	100	100
Schneider Electric IT Logistics Asia Pacific Pte Ltd	Singapore	100	100
Schneider Electric IT Singapore Pte Ltd	Singapore	100	100
Schneider Electric JV Holdings 2 Pte. Ltd.	Singapore	65	65
Schneider Electric Overseas Asia Pte Ltd	Singapore	100	100
Schneider Electric Singapore Pte Ltd	Singapore	100	100
Schneider Electric South East Asia (HQ) Pte Ltd	Singapore	100	100
Schneider Electric Systems Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric Lanka (Private) Limited	Sri Lanka	65	65
Schneider Electric Systems Taiwan Corp.	Taiwan	100	100
Schneider Electric Taiwan Co., Ltd	Taiwan	100	100
Schneider (Thailand) Limited	Thailand	100	100
Schneider Electric CPCS (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Solar (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Systems (Thailand) Co., Ltd	Thailand	100	100
Clipsal Vietnam Co., Ltd	Viet Nam	100	100
Invensys Vietnam Ltd	Viet Nam	100	100
Schneider Electric IT Vietnam Limited	Viet Nam	100	100
Schneider Electric Manufacturing Vietnam Company Limited	Viet Nam	100	100
Schneider Electric Vietnam Limited	Viet Nam	100	100
Accounted for by equity method			
Delixi Electric Limited (sub-group)	China	50	50
Sunten Electric Equipment Co., Ltd	China	25	25
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	36.8	36.8
Foxboro (Malaysia) Sdn. Bhd.	Malaysia	49	49
Rest of the World			
Fully consolidated			
Himel Algerie	Algeria	100	100
Schneider Electric Algerie	Algeria	100	100
Schneider Electric Argentina S.A.	Argentina	100	100
Schneider Electric Systems Argentina S.A.	Argentina	100	100
Eurotherm Ltda	Brazil	-	100
Proleit Automaçao Ltda	Brazil	100	100
Schneider Electric Brasil Automação de Processos Ltda	Brazil	100	100
Schneider Electric Brasil Ltda	Brazil	100	100
Schneider Electric IT Brasil Industria E Comercio De Equipamentos Eletronicos Ltda	Brazil	100	100
Steck Da Amazonia Industria Elétrica Ltda	Brazil	100	100
Steck Industria Eletrica Ltda	Brazil	100	100
Telseb Serviços de Engenharia E Comércio de Equipamentos Eletrônicos e Telecomunicações Ltda	Brazil	100	100
Inversiones Schneider Electric Uno Limitada	Chile	-	100
Marisio S.P.A	Chile	100	100
Schneider Electric Chile S.P.A	Chile	100	100
Schneider Electric Systems Chile Limitada	Chile	100	100
Schneider Electric de Colombia S.A.S	Colombia	100	100
Schneider Electric Systems Colombia Ltda	Colombia	100	100
Schneider Electric Centroamerica Limitada	Costa Rica	100	100
Schneider Electric Ecuador Sociedad Anonima	Ecuador	100	100
Invensys Engineering & Service S.A.E.	Egypt	51	51
Schneider Electric Distribution Company	Egypt	91.99	87.4
Schneider Electric Egypt S.A.E.	Egypt	92	91.9
Schneider Electric Engineering And Services - Free Zone S.A.E	Egypt	51	51
Schneider Electric Systems Egypt S.A.E	Egypt	60	60
Schneider Electric LLP	Kazakhstan	100	100
KMG Automation Limited Liability Partnership	Kazakhstan	51	51
Schneider Electric (Kenya) Limited	Kenya	100	100
Kana Controls General Trading & Contracting Company WLL	Kuwait	31.9	31.9
Schneider Electric Services Kuwait	Kuwait	49	49
Schneider Electric Israël Ltd	Israel	100	100
Schneider Electric East Mediterranean SAL	Lebanon	100	96
Schneider Electric CFC	Morocco	100	100
Schneider Electric Maroc	Morocco	100	100
Schneider Electric Free Zone Enterprise	Nigeria	100	100
Schneider Electric Nigeria Limited	Nigeria	100	100
Schneider Electric Systems Limited	Nigeria	100	100
Schneider Electric O.M LLC	Oman	100	100
Schneider Solutions And Services (Private) Limited	Pakistan	100	100
Schneider Electric Peru S.A.	Peru	100	100

5.5 Notes to the consolidated financial statements

(in % of interest)		**Dec. 31, 2022**	Dec. 31,2021
Schneider Electric Systems del Peru S.A.	Peru	100	100
Schneider Electric Services LLC	Qatar	49	49
Electrical & Automation Saudi Arabian Manufacturing Company (LLC)	Saudi Arabia	65	65
Schneider Electric Saudi Arabia Limited	Saudi Arabia	100	100
Schneider Electric Systems Saudi Arabia Co. LTD.	Saudi Arabia	100	100
Invensys SA (Pty) Ltd	South Africa	100	100
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Gunsan Elektrik Malzemelerï Sanayï Ve Ticaret Anonïm Sïrketi	Turkey	100	100
Himel Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	100	100
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100	100
Schneider Enerji Endüstrisi Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Cimac FZCO	United Arab Emirates	100	100
L&T Electrical And Automation FZE	United Arab Emirates	65	65
Schneider Electric DC MEA FZCO	United Arab Emirates	100	100
Schneider Electric FZE	United Arab Emirates	100	100
Schneider Electric Systems Middle East FZE	United Arab Emirates	100	100
Schneider Electric Systems de Venezuela, C.A.	Venezuela	100	100
Schneider Electric Venezuela S.A.	Venezuela	93.56	93.6

5.6 Statutory Auditors' report on the consolidated financial statements

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Schneider Electric S.E. for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risks Committee.

Basis for opinion

Audit framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence
We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill and trademarks with indefinite useful lives

Notes 1.3, 1.8, 1.11, 5 and 9 to the consolidated financial statements

Description of risk	As of December 31, 2022, the carrying amount of goodwill and trademarks with indefinite useful lives was €25,136 million and €2,447 million respectively, representing 47% of the Group's total assets. As described in Notes 1.8 "Intangible assets" and 1.11 "Impairment of assets" to the consolidated financial statements, trademarks with indefinite useful lives and Cash Generating Units (CGUs) to which goodwill has been allocated are tested for impairment at least once a year and whenever there is an indication of impairment. The Group's CGUs are Low Voltage, Medium Voltage, Industrial Automation and Secure Power, and correspond to the smallest identifiable groups of assets generating cash inflows that are largely independent from the cash inflows generated by other assets or groups of assets. The recoverable amount of a CGU is defined as the higher between its value in use and its fair value less costs to sell. The value in use of a CGU is determined by discounting future cash flows that will be generated by its underlying assets and which are based on the Group management's economic assumptions and operating forecasts. The recoverable amount of trademarks with an indefinite useful life is measured using the royalty method. An impairment loss is recognized whenever the recoverable amount of a CGU or a trademark is less than its carrying amount, to the extent that its carrying amount exceeds its recoverable amount. When the tested CGU comprises goodwill, the impairment loss is primarily deducted therefrom. The valuation of goodwill and trademarks with indefinite useful lives is a key audit matter due to their significance in the Group's consolidated balance sheet and the level of judgment required by management to: • define the CGUs, as improper mapping could lead the Group to not recognize, or to underestimate, the impairment of goodwill; • determine the assumptions used for the impairment tests of goodwill, particularly the discount rate, perpetuity growth rate and the expected margin rates or royalty rates.
How our audit addressed this risk	Our audit work consisted in: • reviewing the Group's method for defining the CGUs; • comparing the carrying amount of assets tested with the accounting data; • assessing the procedures implemented by the Group to evaluate the discounted future cash flows underlying the determination of the value in use of each CGU and checking their consistency with the business plans/cash flow projections approved by the Group's Board of Directors; • for the main trademarks with indefinite useful lives, assessing the procedures implemented to model the revenue projections attached to the trademarks; • assessing the reasonableness of the business forecasts underlying the future cash flows, in particular with respect to past performance; • with the assistance of our valuation experts, assessing the assumptions used such as the discount rate, perpetuity growth rate and expected margin rates, as well as the sensitivity of impairment test results to changes in these key assumptions; • corroborate the royalty rates used with respect to (i) the theoretical royalty rates determined at the acquisition date of the trademark and (ii) the performance achieved; • reconciling the sensitivity analyses performed by the Group with our sensitivity calculations; • verifying the arithmetical accuracy of the impairment tests. Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Uncertain tax positions and recognition and recoverability of deferred tax assets recognized for tax loss carryforwards
Notes 1.3, 1.16 and 14 to the consolidated financial statements

Description of risk	The Group operates in several different tax jurisdictions around the world. As a result, the company and its subsidiaries may be subject to audits or questions from local tax authorities. Situations where cash outflows are considered probable give rise to liabilities, measured on the basis of the known facts in the jurisdiction concerned. In accordance with IFRIC 23 – Uncertainty over Income Tax Treatments, provisions covering uncertainties over tax treatments are presented under “Accrued taxes and payroll costs”, as specified in Note 1.21 to the consolidated financial statements. In addition, the Group recognizes deferred tax assets in several countries based on its ability to recover them in future years. As of December 31, 2022, deferred tax assets in respect of tax loss carryforwards recognized in the consolidated balance sheet amounted to €724 million, mainly in France for an amount of €468 million. As described in Note 1.16 to the consolidated financial statements, the Group only recognizes future tax relief arising from the use of tax loss carryforwards when it can be reasonably anticipated that such relief will be granted, including when such amounts can be carried forward indefinitely. The Group’s ability to recover deferred tax assets on tax loss carryforwards is assessed by management at the end of each reporting period. The recognition and correct valuation of these deferred tax assets are subject to the quality of the forecasts made by the Group. The recognition and recoverability of deferred tax assets relating to tax loss carryforwards and the recognition of liabilities for uncertain tax positions are key audit matters, given the judgment required from the Group to (i) assess the recoverability of the deferred taxes and (ii) estimate the likely outflow of resources in a constantly changing international environment.
How our audit assessed this risk	We held meetings with management, gained an understanding of the internal control procedures implemented by the Group to identify tax risks, and, where appropriate, to recognize any tax loss. With the assistance of our tax specialists, we also assessed the judgments made by management as part of our estimate of the income tax likely to be payable and the amount of any potential exposure, and, by extension, the reasonableness of the estimates as regards tax liabilities. With regard to the recognition and recoverability of deferred tax assets relating to tax loss carryforwards, our audit approach consisted in assessing the Group’s likelihood of benefiting from future tax relief arising from the use of tax loss carryforwards, in particular with regard to: • plans for the consumption of the tax loss carryforwards of the subsidiaries or tax consolidation groups concerned; • the main data and assumptions underlying the plans for the consumption of tax loss carryforwards underlying the recognition and measurement of the corresponding deferred tax assets by the Group. We also verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors’ management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial performance statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors’ procedures for annual and consolidated financial statements presented according to the single European electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer’s responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

5.6 Statutory auditors' report on the consolidated financial statements

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

In addition, it is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Schneider Electric S.E. by the Annual General Meetings held on May 6, 2004 for Mazars and on May 5, 2022 for PricewaterhouseCoopers Audit.

At December 31, 2022, Mazars was in the nineteenth consecutive year of their engagement and PricewaterhouseCoopers in their first year.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risks Committee.

March 6, 2023
The Statutory Auditors

PricewaterhouseCoopers Audit		**Mazars**	
Séverine Scheer	Jean-Christophe Georghiou	Juliette Decoux Guillemot	Mathieu Mougard

5.7 Extract of the management report for the year ended December 31, 2022

Consolidated financial statements

Business and Statement of Income highlights

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement, under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,704 million as of November 25, 2022 closing rate). The liability represents the commitment for the Group to purchase the 123,429,542 outstanding AVEVA shares not already owned as of November 25, 2022, and the 1,814,217 shares to be issued in the context of AVEVA's long term incentive plans. The recognition of this liability triggered an immediate reduction in non-controlling interests for EUR 2,865 million and in the group share of equity for EUR 1,839 million. In addition, the Group recognized transaction costs against equity.

The liability, presented under "Current purchase commitments over non-controlling interests", amounted to EUR 4,554 million as of December 31, 2022. In order to meet the certain funds requirements under UK regulation law (and guarantee the availability of funds at closing date), the Group held at December 31, 2022 an undrawn bridge facility to approximately GBP 2.4 billion (with a twelve months maturity), a term loan facility of GBP 1.5 billion (with a three-year maturity) and a EUR 423 million cash deposit held at Schneider Electric SE (classified in Cash and cash equivalents).

The acquisition of the remaining shares of AVEVA was hedged during the second semester 2022 by entering into FX options for a total of GBP 4,000 million. The EUR 12 million realized loss on the hedging instruments was recorded in "Costs of acquisitions and integrations" within "Other operating income and expenses" (in this context, hedge accounting is not possible under IFRS).

As of December 31, 2022, all regulatory conditions were met, however the Scheme remained to be sanctioned by the Court.

On January 16, 2023, AVEVA announced that the Court had sanctioned the Scheme to effect the acquisition.

On January 18, 2023, following the deliverance of the Court Order to the Registrar of Companies, the Scheme became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023. The transaction has been settled in cash in January 2023.

IFRS 5 application - Non-current Assets Held for Sale and Discontinued Operations

The following businesses have been reclassified as Held for Sale as of December 31, 2022:

Transformer plants in Poland and Turkey

On July 27, 2022, the Group signed an agreement for the disposal of its Transformer plants in Poland and in Turkey to Cahors Group, an international company specialized in energy distribution, headquartered in France. The businesses have around 800 employees and are currently reported within *Energy management* reporting segment.

In accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, assets and liabilities of the subsidiaries were classified respectively as assets and liabilities held for sale as of December 31, 2022 and measured at the lower of net carrying amount and fair value less costs to sell. A resulting impairment of EUR 75 million was recognized within Other Operating Income and Expenses.

The transaction was completed on January 6, 2023.

Industrial sensors business

On October 27, 2022, the Group announced the signing of a binding agreement with YAGEO to divest its industrial sensors business, Telemecanique Sensors. Telemecanique Sensors had revenue of around EUR 280 million in 2021, Telemecanique Sensors is reported within *Industrial Automation* reporting segment. The all-cash transaction values Telemecanique Sensors at EUR 723 million (Enterprise Value). The Group will grant YAGEO a license to use the Telemecanique Sensors trademark.

The completion of the proposed transaction is expected to occur in the coming months, subject to the receipt of required regulatory approvals and employee information consultation process. In accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities have been classified as “Assets held for sale” and “Liabilities held for sale”, for EUR 653 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 474 million.

VinZero

On December 8, 2022 the Group entered into an agreement with a European corporate for the sale of RIB Software’s VinZero business. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator and manufacturing organizations providing value-add services and consulting. The proposed transaction is subject to customary regulatory approvals and is expected to close in the first semester of 2023. The business is currently reported within *Energy Management* reporting segment.

In accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities have been classified as “Assets held for sale” and “Liabilities held for sale”, for EUR 105 million and EUR 33 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 54 million.

Gutor

On December 23, 2022, the Group entered into an agreement with Latour Capital, a French private equity investor, for the sale of Gutor Electronics´ operations. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor sales in 2021 were approximately EUR 130 million, reported under *Energy Management*.

Subject to the satisfaction of certain conditions, including customary regulatory approvals, the transaction is expected to close in the first semester 2023. In accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities have been classified as “Assets held for sale” and “Liabilities held for sale”, for EUR 106 million and EUR 49 million respectively. The assets are mainly working capital items for EUR 63 million and intangible assets (including goodwill) for EUR 34 million.

Acquisitions & disposals of the period

Acquisitions

IGE+XAO
On February 16, 2022, the boards of directors of Schneider Electric SE and of IGE+XAO SA approved the terms of the merger of IGE+XAO into Schneider Electric. This merger is in line with the intention to position IGE+XAO as an operational entity of Software Division within the *Energy Management* reporting segment. The annual general meetings of shareholders of IGE+XAO and Schneider Electric SE held respectively on May 4 and May 5, 2022, approved the merger of IGE+XAO into Schneider Electric, on the basis of an exchange ratio of 5 Schneider Electric shares for 3 IGE+XAO shares. The merger leading to the dissolution without liquidation of IGE+XAO was effective on May 5, 2022, with a retroactive effect for accounting and tax purposes as at January 1, 2022.

EV Connect Inc.
On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. which is fully consolidated as of December 31, 2022, and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in “Non-current purchase commitments over noncontrolling interests”.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 254 million preliminary goodwill at acquisition date.

Autogrid
On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. Previously, Autogrid was consolidated under equity method and was treated as if it were disposed of and reacquired at fair value on the acquisition date, resulting in a non-cash gain in “Other operating income and expenses”. Autogrid is now fully consolidated and reports within *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 8.2% of non-controlling interests in 2027. The related debt has been recognized in “Non-current purchase commitments over non-controlling interests”.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of a preliminary amount of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 184 million preliminary goodwill at acquisition date.

Disposals
In 2022, the Group recorded a total amount of EUR 108 million of losses on business disposals, mainly related to the following:

Russia
Since February 24, 2022 the Group has put on hold new investments in Russia and Belarus as well as international shipments of new orders destined for these countries. For full year 2021, the Group generated approximately 2% of its total sales from Russia, Belarus was insignificant.

The Group signed a binding agreement on July 3, 2022 to sell 100% of its shares in its main Russia and Belarus subsidiaries. The terms of the agreement include a call option exercisable by the Group four years after completion, based on fair value.

The transaction closed on September 27, 2022, resulting in a loss of control by the Group over the business.

The assets and liabilities transferred notably included EUR 81 million of cash and cash equivalents. This is in line with the Group's objective to set up a viable business and support employees throughout the process.

For operations not divested as part of this transaction, the Group engaged during the year an orderly shutdown or disposition. Notably, the group sold its investment in the Electroshield Samara joint venture. The joint venture was accounted for under equity method investment. The transaction had no material impact on Group financial statements.

In total, the Group incurred EUR 287 million losses from the withdrawal of its operation from Russia, of which EUR 92 million from impairment of working capital, mainly following customers contracts cancellation and renegotiations, and EUR 195 million from the deconsolidation of its subsidiaries in Russia and Belarus.

ASCO load banks
On September 30, 2022, the Group closed the transaction for the disposal of the load bank business of ASCO Power Technologies to Hidden Harbor, a U.S.-based private equity firm. Loadbank is a critical power testing device used to measure, test and improve the efficiency and effectiveness of power systems across a broad range of industries and applications, and was consolidated within *Energy Management* reporting segment.

Eurotherm
On October 31, 2022, the Group closed the transaction for the disposal of its Eurotherm business unit (a global provider of temperature and power control and measurement solutions) to Watlow Electric Manufacturing Company, a global producer of complete industrial thermal systems. The business was consolidated within *Industrial Automation* reporting segment.

Eberle
On November 30, 2022, the Group completed the sale of Eberle Controls GmbH (Eberle) to Eberle's management and Borromin Capital Fund IV. Eberle is a German provider of heating and air conditioning solutions for residential, commercial and public buildings. The business was consolidated within *Energy Management* reporting segment.

Follow-up on acquisitions and divestments occurred in 2021 with significant effect in 2022

Acquisitions

OSIsoft LLC.
As announced on March 19, 2021, Schneider Electric's majority-owned subsidiary, AVEVA Group Plc, completed the acquisition of OSIsoft, for a consideration of EUR 4.5 billion (USD 5.1 billion). OSIsoft has been fully consolidated since the acquisition date, and reports within the *Industrial Automation* reporting segment.

The purchase accounting as per IFRS 3R was not completed as of December 31, 2021, and led to the recognition of identifiable intangible assets (technology for EUR 998 million, customer relationship for EUR 288 million and trademark for EUR 150 million) and to a decrease in contract liabilities for EUR 71 million from remeasurement at fair value of deferred revenue. The preliminary goodwill recognized at acquisition date amounted to EUR 3,001 million.

The purchase accounting is complete as of December 31, 2022, which resulted in minor adjustments. The final goodwill recognized and converted into Euros using the exchange rate at the acquisition date amounts to EUR 2,988 million.

ETAP
On June 28, 2021, the Group completed the transaction to purchase a controlling stake in Operation Technology Inc. ("ETAP"). As of June 30, 2021, the Group has acquired 80% of the capital of ETAP for a consideration of USD 260 million (EUR 218 million at the acquisition date), fully paid in cash. ETAP is consolidated within the *Energy Management* reporting segment. The Group holds an agreement to acquire the remaining 20% minority interests in 2025. The related debt is recognized in "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is complete as of December 31, 2022. ETAP carrying value at acquisition date for net identifiable assets is EUR 13 million. The net adjustment of the acquired balance sheet is EUR 26 million, resulting mainly from the booking of an amount of identifiable intangible assets (technology, customer relationship and trademark).

The goodwill recognized amounts to USD 310 million (EUR 261 million at the acquisition date) and includes the forward agreement for the acquisition of the remaining 20% minority interests in 2025.

Qmerit
On December 20, 2021, the Group acquired 85.85% of the capital of Qmerit, fully consolidated in the *Energy Management* reporting segment. Qmerit is accelerating the shift away from traditional fossil fuel-powered systems, toward more sustainable, resilient electric technologies. The Group holds an agreement to acquire the remaining 14.15% minority interests in 2026. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

The purchase accounting as per IFRS 3R is completed as of December 31, 2022. The net adjustment of the opening balance sheet, resulting mainly from the booking of an amount of identifiable intangible assets (customer relationship and trademark), led to the recognition of a EUR 269 million goodwill at acquisition date.

Exchange rate changes

Fluctuations in the euro exchange rate had a positive impact in 2022, increasing consolidated revenue by EUR 1,641 million due mainly to the evolution observed in US Dollar and in Chinese Yuan compared to the Euro and a positive impact increasing adjusted EBITA by EUR 333 million.

Results of Operations

The following table sets forth our results of operations for 2022 and 2021:

(in millions of euros except for earnings per share)	Full Year 2022	Full Year 2021	Variance
Revenue	**34,176**	**28,905**	**18.2%**
Cost of sales	(20,300)	(17,062)	19.0%
Gross profit	**13,876**	**11,843**	**17.2%**
% Gross profit	**40.6%**	**41.0%**	
Research and development	(1,040)	(855)	21.6%
Selling, general and administrative expenses	(6,819)	(6,001)	13.6%
EBITA adjusted *	**6,017**	**4,987**	**20.7%**
% EBITA adjusted	**17.6%**	**17.3%**	
Other operating income and expenses	(433)	(21)	1,961.9%
Restructuring costs	(227)	(225)	0.9%
EBITA **	**5,357**	**4,741**	**13.0%**
% EBITA	**15.7%**	**16.4%**	
Amortization and impairment of purchase accounting intangibles	(424)	(410)	3.4%
Operating income	**4,933**	**4,331**	**13.9%**
% Operating income	**14.4%**	**15.0%**	
Interest income	24	4	500.0%
Interest expense	(130)	(99)	31.3%
Finance costs, net	**(106)**	**(95)**	**11.6%**
Other financial income and expense	(109)	(81)	34.6%
Net financial income/(loss)	**(215)**	**(176)**	**22.2%**
Profit from continuing operations before income tax	**4,718**	**4,155**	**13.5%**
Income tax expense	(1,211)	(966)	25.4%
Share of profit/(loss) of associates	29	84	(65.5)%
PROFIT FOR THE YEAR	**3,536**	**3,273**	**8.0%**
attributable to owners of the parent	*3,477*	*3,204*	*8.5%*
attributable to non-controlling interests	*59*	*69*	*(14.5)%*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	6.23	5.76	8.2%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	6.15	5.67	8.5%

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

Revenue

Consolidated revenue totaled EUR 34,176 million for the period ended December 31, 2022, up +12.2% organic and up +18.2% on a reported basis. Organic growth was driven by a continuation of strong and dynamic market demand in the majority of end-markets and segments served by the Group, supported by accelerating energy transition trends and recovery in late-cycle segments. Consumer-linked segments saw softness in some geographies in the second half of the year. The Group saw good volume expansion year-on-year, with price actions also contributing strongly to growth. Supply chain pressures were evident throughout the year, with progressive easing through the second half, though some tightness related to the supply of electronic components remains. Growth was impacted by the Group's withdrawal from Russia and the effects of COVID-19 infections and related lockdowns in China. Forex impact were +5.7% primarily due to the strengthening of the USD against the EUR, while there was a net negative impact of (0.2)% from acquisitions and disposals.

5.7 Extract of the management report for the year ended December 31, 2022

Evolution of revenue by reporting segment

The following table sets forth our revenue by business segment for years ended December 31, 2022 and 2021:

(in millions of euros)	Energy Management	Industrial Automation	Total
Full Year 2022	26,442	7,734	**34,176**
Full Year 2021	22,179	6,726	**28,905**

Energy Management generated revenues of EUR 26,442 million, equivalent to 77% of the Group's revenues and was up +12.9% organically. North America grew +18% organic with strong demand across all end-markets, including residential buildings. Western Europe was up +13% organic with double-digit growth in each of the five main economies of the region with continued good traction in Data Center & non-residential Buildings, though residential markets were impacted by pressures on consumer-spending. Asia-Pacific grew +9% organic impacted by the resurgence of COVID-19 and softer residential markets in China, but with strong growth across the rest of the region, notably in India. Rest of the World was up +10% organic with strong project execution in resource driven economies and despite headwinds from Russia prior to the Group's exit.

Industrial Automation generated revenues of EUR 7,734 million, equivalent to 23% of the Group's revenues and was up +9.5% organically. Growth was led by Discrete automation markets while sales into Process & Hybrid markets grew strongly, benefiting from recovery in resource driven economies. North America grew +10% organic led by performance in Discrete automation markets, while strong growth in Process & Hybrid markets was supported by execution on a project in Mexico. Western Europe was up +14% organic, with strong growth in Discrete automation markets, particularly in Italy, Spain and France. Asia-Pacific was up +7% organic, impacted by the resurgence of COVID-19 in China, but with strong growth across the rest of the region, including in India and Japan. Rest of the World was up +8% organic despite headwinds from Russia prior to the Group's exit.

Gross profit

Gross profit was up +10.8% organic with Gross margin down -50bps organic, reaching 40.6% in 2022. The decline in margin was mainly driven by lower productivity due to inflationary pressures in the supply chain.

Support Function costs: Research and development and selling, general and administrative expenses

Research and development expenses, net of capitalized development costs and excluding research and development costs booked in costs of sales, increased by 21.6% from EUR 855 million for 2021 to EUR 1,040 million for 2022. As a percentage of revenues, the net cost of research and development remain stable, at 3.0%.

Total research and development expense, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by 19.9% from EUR 1,539 million for 2021 to EUR 1,845 million for 2022. As a percentage of revenues, total research and development expenses increased slightly to 5.4% for 2022 (5.3% for 2021).

In 2022, the net effect of capitalized development costs and amortization of capitalized development costs amounts to EUR 115 million on operating income (EUR 68 million in 2021).

Selling, general and administrative expenses increased by 13.6% to EUR 6,819 million for 2022 (EUR 6,001 million for 2021). As a percentage of revenues, selling, general and administrative expenses decreased slightly to 20.0% for 2022 (20.8% for 2021).

Combined, total support function costs, that is, research and development expenses together with selling, general and administrative costs, totaled EUR 7,859 million for 2022 compared to EUR 6,856 million for 2021, an increase of 14.6%. Support functions costs to sales ratio decreases from 23.7% in 2021, to 23.0% in 2022.

Other operating income and expenses

For 2022, other operating income and expenses amounted to a net expense of EUR 433 million. The gains and losses on disposal of business for EUR (108) million are mainly due to the termination of activities and disposal of the main subsidiaries in Russia and Belarus, partially compensated by the gains from the disposal of Eurotherm, Asco Load Banks as well as Eberle activities. The impairment of assets mainly relates to the impairment of assets held for Sale in relation with the disposal of Transformers plants in Poland and Turkey. The costs of acquisition and integration slightly increase versus 2021, reaching EUR 180 million, mainly due to the EUR 28 million share-based payments, corresponding to the acceleration of multiple AVEVA plans, in line with the terms of the transaction.

Restructuring costs

For 2022, restructuring costs remain stable at EUR 227 million, and are linked to the Group's initiatives to decrease support function costs.

EBITA and Adjusted EBITA

EBITA is defined as earnings before interest, taxes and amortization of purchase accounting intangibles. EBITA comprises operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment. Adjusted EBITA is adjusted as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs.

Adjusted EBITA amounted to EUR 6,017 million for 2022, compared to EUR 4,987 million for 2021, an organic increase of 14.4%. As a percentage of revenues, adjusted EBITA increased at 17.6% with margin improving 40 bps organically.

EBITA increased from EUR 4,741 million for 2021 to EUR 5,357 million in 2022. As a percentage of revenues, EBITA decreases at 15.7% in 2022 (16.4% for 2021).

Adjusted EBITA by business segment

The following table sets out EBITA and adjusted EBITA by business segment:

	Full Year 2022			
(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	13,156	3,334	-	16,490
Revenue	26,442	7,734	-	34,176
Adjusted EBITA	5,392	1,458	(833)	6,017
Adjusted EBITA (%)	20.4%	18.9%		17.6%

On December 31, 2022, the total backlog to be executed in more than a year amounts to EUR 643 million.

	Full Year 2021			
(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	9,088	2,688	-	11,776
Revenue	22,179	6,726	-	28,905
Adjusted EBITA	4,501	1,242	(756)	4,987
Adjusted EBITA (%)	20.3%	18.5%		17.3%

On December 31, 2021, the total backlog to be executed in more than a year amounted to EUR 640 million.

Energy Management reporting segment generated an adjusted EBITA of EUR 5,392 million, or 20.4% of revenues, up c. +40 bps organic (up +10 bps on a reported basis), due mainly to a combination of good volumes and strong pricing, an improvement of gross margin in the systems business, and good control of Support Function Costs more than offsetting the inflationary pressures in the supply chain.

Industrial Automation reporting segment generated an adjusted EBITA of EUR 1,458 million, or 18.9% of revenues, up c. +30 bps organic (up +40 bps on a reported basis), due mainly to a combination of good volumes and strong pricing, more than offsetting the inflationary pressures in the supply chain and a negative mix impact from lower sales at AVEVA.

Central functions & digital costs in 2022 amounted to EUR 833 million (EUR 756 million in 2021), reducing slightly as a proportion of revenue to 2.4%. Investment in the Group's strategic priorities continued, while the Corporate cost element continued to be an area of focus and remained under tight control, remaining at around 0.7% of Group revenues in 2022.

Amortization and impairment of purchase accounting intangibles

The amortization and impairment of purchase accounting intangibles amounted to EUR 424 million compared with EUR 410 million last year. The increase is mostly driven by additional amortization linked with acquisitions completed in the second semester 2021 (ETAP) and the second semester 2022 (EV Connect and Autogrid).

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 4,331 million for 2021 to 4,933 million for 2022, an increase of 13.9%, as EBITA.

Net financial income/loss

Net financial loss amounted to EUR 215 million for 2022, compared to EUR 176 million for 2021, mainly due to the slight increase in cost of debt (from EUR 95 million in 2021 to EUR 106 million in 2022), following the increase in interest rates observed in the fourth quarter of 2022, as well as an increased negative impact from foreign exchange fluctuations (from EUR 8 million in 2021 to EUR 27 million in 2022).

Income tax expense

The effective tax rate was 25.7% for 2022, and 23.2% for 2021. Restating the EUR 195 million Russia and Belarus deconsolidation impact from the profit before tax (no tax impact attached), the effective tax rate would be of 24.6%. The corresponding income tax expense increased from EUR 966 million for 2021 to EUR 1,211 million for 2022.

5.7 Extract of the management report for the year ended December 31, 2022

Share of profit/(loss) of associates

The share of associates was a EUR 29 million profit for 2022, compared to EUR 84 million profit for 2021, mainly from the lower positive contribution from Delixi versus last year, and increased losses from Uplight.

Non-controlling interests

Non-controlling interests in net income for 2022 totaled EUR 59 million, compared to EUR 69 million for 2021. This represents the share in net income attributable to the non-controlling interests, mainly coming from the Group Chinese and Indian subsidiaries and AVEVA subgroup.

Profit for the year (attributable to owners of the parent)

Profit for the year attributable to the equity holders of our parent company amounted to EUR 3,477 million for 2022, compared to EUR 3,204 million profit for 2021.

Earnings per share

Basic Earnings per share amounted to EUR 6.23 per share for 2022 and EUR 5.76 per share for 2021.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for 2022 and 2021:

(in millions of euros)	Note	Full Year 2022	Full Year 2021
Profit for the year		**3,536**	**3,273**
Share of (profit)/losses of associates		(29)	(84)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	750	726
Amortization of intangible assets other than goodwill	10	732	688
Impairment losses on non-current assets		61	34
Increase/(decrease) in provisions	21	32	(54)
Losses/(gains) on disposals of business and assets		70	(184)
Difference between tax paid and tax expense		139	(38)
Other non-cash adjustments		102	108
Net cash provided by operating activities		**5,393**	**4,469**
Decrease/(increase) in accounts receivables		(305)	(577)
Decrease/(increase) in inventories and work in progress		(553)	(955)
(Decrease)/increase in accounts payable		73	418
Decrease/(increase) in other current assets and liabilities		(254)	261
Change in working capital requirement		**(1,039)**	**(853)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**4,354**	**3,616**
Purchases of property, plant and equipment	11	(707)	(543)
Proceeds from disposals of property, plant and equipment		69	59
Purchases of intangible assets	10	(386)	(333)
Net cash used by investment in operating assets		**(1,024)**	**(817)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	(297)	(4,231)
Other long-term investments		40	16
Increase in long-term pension assets		(130)	(136)
Sub-total		**(387)**	**(4,351)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(1,411)**	**(5,168)**
Issuance of bonds	22	1,092	-
Repayment of bonds	22	(829)	(600)
Sale/(purchase) of treasury shares		(219)	(262)
Increase/(decrease) in other financial debt		143	(444)
Increase/(decrease) of share capital	19	208	216
Transaction with non-controlling interests *	2	(73)	(418)
Dividends paid to Schneider Electric's shareholders	19	(1,618)	(1,447)
Dividends paid to non-controlling interests		(157)	(138)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(1,453)**	**(3,093)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**(70)**	**346**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(20)**	**-**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**1,400**	**(4,299)**
Net cash and cash equivalents, beginning of the year	18	2,463	6,762
Increase/(decrease) in cash and cash equivalents		1,400	(4,299)
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	**18**	**3,863**	**2,463**

* In 2021, transactions with non-controlling interests mainly relates to RIB.

The accompanying notes are an integral part of the consolidated financial statements.

Operating Activities

Net cash from operating activities before changes in working capital requirement reached EUR 5,393 million for 2022, increasing compared to EUR 4,469 million for 2021. It represented 15.8% of revenues for 2022 (15.5% of revenues from 2021).

Change in working capital requirement consumed EUR 1,039 million in cash in 2022, compared to a consumption of EUR 853 million in 2021.

In all, net cash from operating activities increased from EUR 3,616 million in 2021 to EUR 4,354 million in 2022.

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased, at EUR 1,024 million for 2022, compared to EUR 817 million for 2021, and representing 3.0% of sales in 2022 compared to 2.8% in 2021.

Free cash-flow (cash from operating activities net of net capital expenditure) amounted to EUR 3,330 million in 2022 versus EUR 2,799 million in 2021.

Cash conversion rate (free cash-flow over net income attributable to the equity holders of the parent company on continuing operations) was 96% in 2022 versus 87% in 2021.

The acquisitions net of disposals represented a cash out of EUR 297 million (net of acquired cash) for 2022, compared with EUR 4,231 million for 2021. Those amounts correspond mainly to the acquisitions and disposals described in Notes 2.1 and 2.2 of the Consolidated Financial Statements (Chapter 5).

Financing Activities

Net cash outflow from financing activities amounted to EUR 1,453 million during the year 2022, compared to cash outflow of EUR 3,093 million during the year 2021. The variance is mainly due to the bond issuances in 2022 for EUR 1.1 billion (no bonds issuance in 2021), as well as a year-on-year net increase in commercial papers and short-term debt of EUR 0.5 billion.

The dividend paid by Schneider Electric was EUR 1,618 million in 2022, compared with EUR 1,447 million in 2021.

6 Parent company financial statements

6.1 Balance Sheet

Assets

(in thousands of euros)	Notes	Gross	A. & D. or Prov.	**31/12/2022 Net**	31/12/2021 Net
NON-CURRENT ASSETS					
Intangible assets	1.1				
Intangible rights		27,429	(27,429)	–	–
Property, plant and equipment	1.2				
Land		2,784	–	2,784	2,784
Buildings		48	(48)	–	–
Other		1,221	–	1,221	1,221
Total intangible assets and property, plant and equipment		**31,482**	**(27,477)**	**4,005**	**4,005**
Financial investments					
Shares in subsidiaries and affiliates	2.1	5,377,099	(19,468)	5,357,631	5,357,631
Other investment securities	2.2	763,201	–	763,201	637,409
Advances to subsidiaries and affiliates	2.3	2,513,350	–	2,513,350	3,218,096
Other		81,172	–	81,172	10
Total financial investments		**8,734,822**	**(19,468)**	**8,715,354**	**9,213,146**
Total non-current assets		**8,766,304**	**(46,945)**	**8,719,359**	**9,217,153**
CURRENT ASSETS					
Accounts receivable					
Accounts receivable – trade	3	392,646	–	392,646	351,799
Other	3	232,756	–	232,756	136,480
Total accounts receivable		**625,402**	**–**	**625,402**	**488,279**
Marketable securities and cash					
Marketable securities	4	734,726	–	734,726	348,250
Advances to the Group cash pool	5	8,175,864	–	8,175,864	6,878,822
Other		1,393	–	1,393	306
Total marketable securities and cash		**8,911,984**	**–**	**8,911,984**	**7,227,378**
Total current assets		**9,537,386**	**–**	**9,537,386**	**7,715,657**
PREPAYMENTS AND OTHER ASSETS					
Prepaid expenses	6.1	574	–	574	1,151
Deferred expenses	6.2	15,883	–	15,883	17,021
Call premiums	6.3	20,153	–	20,153	21,246
Translation losses	9	–	–	–	84,928
TOTAL ASSETS		**18,340,300**	**(46,945)**	**18,292,355**	**17,057,156**

The notes form an integral part of these parent company financial statements.

Equity and liabilities

(in thousands of euros)	Notes	**31/12/2022**	31/12/2021
EQUITY	7		
Share capital	7.1	2,284,372	2,276,134
Additional paid-in capital	7.2	2,616,090	2,411,613
Reserves			
Legal reserve		243,027	243,027
Retained earnings	7.3	325,407	444,780
Net income for the financial year		1,744,408	1,498,235
Untaxed provisions		2	2
Total equity		**7,213,305**	**6,873,791**
PROVISIONS FOR CONTINGENCIES:	8		
Provisions for contingencies		316,327	350,596
Total provisions for contingencies and expenses		**316,327**	**350,596**
LIABILITIES:			
Convertible bond	9	650,000	650,000
Bonds	9	8,094,325	7,700,665
Other borrowings	10	39,096	80,249
Debts related to investments	11	42,000	–
Borrowings and financial liabilities	12	1,491,000	1,150,000
Accounts payable – trade		79,789	31
Accrued taxes and payroll costs		237,057	109,426
Other		80,378	5,998
Total liabilities		**10,713,646**	**9,696,369**
Deferred revenue		–	–
Call premiums	6.3	40,199	51,472
Translation gains		9,877	84,928
TOTAL EQUITY AND LIABILITIES		**18,293,355**	**17,057,156**

The notes form an integral part of these parent company financial statements.

6.2 Statement of income

(in thousands of euros)	Note	2022	2021
Sales of services and other		79	–
Reversals of provisions, depreciation and amortization and expense transfers		11	–
Other	15	412,303	–
Operating revenues		**412,393**	**–**
Purchase and external expenses	16	(171,810)	(11,317)
Taxes other than on income		(5,114)	(2,014)
Payroll expenses		(2,367)	(1,922)
Depreciation and provision expense		(1,928)	(4,943)
Other operating expenses and joint-venture losses		(2,223)	(2,127)
Operating expenses		**(183,442)**	**(22,322)**
Operating profit/(loss)		**228,952**	**(22,322)**
Dividend income		1,500,580	1,500,363
Interest income		89,438	41,008
Reversals of impairment provisions for long-term receivables and other		–	–
Financial income		**1,590,018**	**1,541,371**
Interest expense		(111,111)	(87,130)
Provision expense		1,396	5,358
Financial expenses		**(109,716)**	**(81,772)**
Net financial income/(loss)	17	**1,480,303**	**1,459,598**
Current result before tax		**1,709,254**	**1,437,276**
Proceeds from fixed asset disposals		312,074	267
Reinvoicing performance share		93,678	82,245
Provision reversals and expense transfers		145,098	149,627
Other		1,034	154
Non-recurring income		**551,884**	**232,293**
Carrying amount of fixed asset disposals		(272,321)	(1)
Provisions, depreciation and amortization		(108,827)	(97,153)
Other		(154,206)	(126,522)
Non-recurring expenses		**(535,354)**	**(223,676)**
Net non-recurring income/(loss)	18	**16,531**	**8,617**
Net income tax benefit	19	**18,623**	**52,342**
NET INCOME		**1,744,408**	**1,498,235**

The notes form an integral part of these parent company financial statements.

6.3 Notes to the financial statements

(All amounts are in thousands of euros unless otherwise indicated)

6.3.1 Significant events of the financial year

- Schneider Electric announced by press release dated November 29, 2021, its planned merger by absorption of the company IGE+XAO (subsidiary of the group since February 2018). This merger, dated May 5, 2022, took place in several stages and impacted the accounts of Schneider Electric SE:

1) Schneider Electric Industries S.A.S. (SEISAS) sold its shares in IGE+XAO to Schneider Electric S.E. (SESE) before the implementation of the Merger Plan, for 293 million euros.
2) At the same time, the company IGE+XAO merged within the entity Schneider Electric S.E (retroactive effect from January 1, 2022)
3) SESE subsequently sold its SEEMSF shares to SEI SAS, for 311 million euros.

- Investigations were conducted in September 2018 by the French judicial authority and French Competition Authority (Autorité de la concurrence) at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France. On July 4, 2022, Schneider Electric received a statement of objections (notification de griefs) from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules. Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority on October 4, 2022. Concurrently on October 7, 2022 Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of 20 million euros and a cash guarantee of 80 million euros which was paid mid-January 2023. As at December 31, 2022, this cash guarantee was recognized as "Other liabilities" against "Financial assets". These actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to defend itself fully and vigorously. Should the French Competition Authority deny Schneider Electric's arguments and conclude, after examining the substance of the matter, that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fines it may impose in accordance with the principles of proportionality and individuality. In light of the difficulty in assessing the extent to which the French Competition Authority takes into account the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no provision has been made at this stage of the investigation.
- In September 2022, as part of the operation to acquire minority interests in AVEVA by its indirect subsidiary Ascot Acquisition Holdings Limited and to comply with UK regulations on public offers, Schneider Electric SE implemented placed a 4.1 billion british pounds bridging line of credit for 12 months with the possibility of requesting two successive 6-month extensions. This line of credit was then partially refinanced by a 3-year loan line of 1.5 billion British Pounds and cash deposited in a segregated account. At closing, the amount of the bridging line of credit was 2.4 billion British Pounds and was supplemented by the loan line for 1.5 billion British Pounds and a cash deposit of 423 million Euros invested in Money market SICAVs meeting the criteria for registration as cash.
- On November 9, 2022, SESE carried out a bond issue in two tranches of respectively 500 million euros at a rate of 3.25% and maturing in November 2027 and 600 million euros at a rate of 3.5% and maturing in November 2032. These two transactions implemented as part of the financing of the acquisition of AVEVA's minority interests included a reimbursement clause allowing the company to reimburse them in the event that the acquisition did not take place.
- Since January 1, 2022, Schneider Electric SE has held full ownership of the Schneider Electric brand and has managed it. As such, it collects the royalties invoiced to all the companies in the Group and bears the related costs. In May 2022, the 2021 dividend was paid in the amount of 1,619 million euros. The company bought back 1.6 million of its own shares for 219 million euros.
- As of December 31, 2022, the company decided to fund some of its current action plans on existing shares and to re-invoice the related expense to the various Group companies. As a result of these movements, the provision for charges was adjusted to 312 million euros.

6.3.2 Accounting principles

As in the prior financial year, the financial statements for the financial year ended December 31, 2022 have been prepared in accordance with French generally accepted accounting principles and with the ANC no. 2014-03.

Accounting principles for the preparation of the financial statements of the parent company were applied, in accordance with precautionary principle and based on the following fundamental assumptions:
- going concern,
- consistency of accounting methods from one period to the next,
- accrual basis

Assets and liabilities are measured according to the historical cost convention.

Only significant information is disclosed.

Non-current assets

Non-current assets of all types are stated at historical cost.

Historical costs include purchase price include import duties and non-refundable taxes, as well as any expenses directly attributable to the preparation of the asset for use (registration fees, salaries related to the installation, set-up costs, testing…)

The company uses the component approach as defined by CRC regulation 2002-10. The analysis and investigations carried out by the company and the Schneider Electric Group have allowed to ensure the current split of non-current asset met this principle: components with distinct useful life are indeed accounted for separately, according their own amortization plan.

Intangible assets

Intangible rights are amortized over a maximum of 5 years.

Property, plant and equipment

Amortizable items of property, plant and equipment are depreciated on a straight- line basis over their estimated useful lives, ranging from 3 to 10 years. Lands are not depreciated.

Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are recorded at acquisition cost, plus directly attributable costs (including acquisition costs related to these transactions).

Provisions for depreciation may be made if the book value is higher than the value in use estimated at the end of the financial year. This estimate is determined mainly by reference to the net book value of the investment.

Equity investments are valued at their value in use each year.

Own shares

Treasury stocks are assessed by category (shares in subsidiaries and affiliates, marketable securities), according to the FIFO method "first-in, first-out".

The accounting classification of treasury stocks depends on the purpose for which they are held:
- own shares are classified in marketable securities if they are the object of an explicit or implicit allocation to cover performance share distribution plans or if they are bought to regulate the share price of the Group.
- own shares are classified in long-term investments if they are not the object of an explicit allocation to cover a performance share or if they are bought with the aim of their use within the context of a liquidity contract by an investment services provider, or of their later cancellation within the framework of a capital reduction.

The accounting of an impairment of own shares depends on the purpose for which they are held:
- when own shares are allocated to cover of performance share distribution plans, there is no reason to record a provision for impairment.
- in other cases, it is necessary to book an impairment if the average stock market price of the month before the closing is lower than the weighted average cost.

A provision for risks and charges is recognized when the treasury shares are subject to an explicit or implicit allocation to cover performance share plans.

Receivables and debts

Receivables and debts are valued at their face value (historical cost). Receivables are, where applicable, depreciated by means of a provision to take account of the risk of non-recovery.

At the end of the period, receivables and debts in foreign currencies are revalued at the rate at the end of the period.

The foreign exchange risk borne by the company is managed centrally at the level of Boissière Finance SNC.

The Schneider Electric group organizes a foreign exchange risk hedging policy (“Fair Value Natural Hedge”, hereinafter “FVNH”) aimed at comprehensively managing the monetary assets and liabilities in foreign currencies recorded on the balance sheets of the subsidiaries.

The monetary assets and liabilities included in the company’s FVNH position (customer invoices, supplier invoices, banks, current accounts) are consolidated and balanced on a daily basis through spot foreign exchange transactions carried out in current accounts with Boissière Finance SNC. Foreign exchange gains and losses related to the revaluation at the closing ECB fixing rate of monetary assets and liabilities in foreign currencies offset each other within the foreign exchange position.

Provisions for depreciation of bad debts are recorded when it becomes probable that the debt will not be collected, and it is possible to reasonably estimate the amount of the loss. The identification of doubtful debts as well as the amount of the corresponding provisions are based on the historical experience of definitive losses on debts, the analysis by age of the specific accounts as well as the related credit risks. When the certainty is acquired that a doubtful debt will not be recovered, it is, as well as its constituted provision, canceled by the income statement.

Other exploitation products

Royalties from the Schneider brand have been recognized in this item of the income statement

Non-recurring income

Income and expenses for the financial year are classified in the income statement in such a way as to show by difference the items of current profit and the items of extraordinary profit, including: the achievement is not related to the day-to-day operation of the business which are not likely to be recurring over which the company has only limited control

Pension obligations

The present value of termination benefits is determined using the projected unit credit method. Provisions are funded for the supplementary pension benefits provided by the company on the basis of the contractual terms of top-hat agreements, granting a level of benefits exceeding the general regimes. The company applies the corridor method to actuarial gains and losses arising from changes in estimates. Under this method, the portion of net cumulative actuarial gains and losses exceeding 10% of the projected benefit obligation is amortized over 10 years.

The actuarial assumptions used to determine the company’s commitment are as follows:
- Valuation date: December 31, 2022.
- Data date: September 30, 2022.
- Inflation rate: 2.20%.
- Discount rate: 3.75%.
- Rate of return on assets: 2.75%.
- Retirement age: Full rate age.
- Age of beginning of salaried activity: 23 years old.
- Turnover rate: 0.00%.
- Mortality rate: TGH, TGF 05.
- Annuity growth rate: 1.50%.

Currency risk

When necessary, a contingency provision is put in place for unrealized exchange losses. However, when there are unrealized exchange gains and losses on back-to-back transactions in the same currency and with the same maturity, the amount of the provision is then limited to the net loss.

Bonds

Issue costs are amortized over the life of the bonds and are booked under “deferred expenses”. Issuance premiums are booked under “Call premiums” & amortized over the duration of the bonds.

In the case of convertible bond (OCEANE), at conversion, the bond will be reclassified as equity for its nominal conversion amount.

6.3.3 Notes

Note 1 Non-current assets

1.1 – Intangible assets

This item primarily consists of share issue and merger expenses, which are fully amortized.

1.2 – Property, plant and equipment

(in thousands of euros)

Property, plant and equipment	31/12/2021	Additions	Disposals	31/12/2022
Cost	4,054	–	–	4,054
Depreciation	(48)	–	–	(48)
NET	**4,006**	**–**	**–**	**4,006**

Property, plant and equipment are mainly comprised of land not built.

Note 2 Investments

2.1 – Shares in subsidiaries and affiliates

(in thousands of euros)

Shares in subsidiaries and affiliates	31/12/2021	Additions	Disposals	31/12/2022
Cost	5,377,099	–	–	5,377,099
Provisions	(19,468)	–	–	(19,468)
NET	**5,357,631**	**–**	**–**	**5,357,631**

The provision of Schneider Electric Japan Holding is for EUR (15,200) K and Muller SAS for EUR (4,268) K.

The main investments at December 31, 2022 were as follows:

Shares in subsidiaries and affiliates	Carrying value
Schneider Electric Industries SAS	5,343,544
Schneider Electric Japan Holding	6,049
Muller SAS	8,038
TOTAL	**5,357,631**

2.2 – Other investment securities

(in thousands of euros)

Other investment securities	31/12/2021	Increases	Decreases	31/12/2022
Schneider Electric SE Shares	637,409	219,470	(93,679)	763,201
Other	–	–	–	–
Provisions for other Shares and own shares	–	–	–	–
NET	**637,409**	**219,470**	**(93,679)**	**763,201**

Other investment securities primarily include Schneider Electric SE shares acquired for allocation of performance share distribution plans.

In compliance with the decision adopted by the Board of Directors dated July 6, 2022, the company bought back 1,659,933 of its own shares for a total of EUR 219 million.

In line with previous years fund the performance shares of plans 32, 34, 37bis, 39bis, 39 ter, 41 and 41bis with Schneider Electric treasury shares, 1,648,043 shares for a total amount of EUR 109 million have been classified as marketable securities. 236,474 shares for EUR 15 million were reclassified from marketable securities to "Other investment securities" following the departure of the beneficiaries.

2.3 – Advances to subsidiaries and affiliates

(in thousands of euros)

Advances to subsidiaries and affiliates	31/12/2021	Increases	Decreases	**31/12/2022**
Cost	3,218,096	1,583	(706,339)	2,513,350
NET	**3,218,096**	**1,583**	**(706,339)**	**2,513,350**

At December 31, 2022, this item mainly consisted of a loan of EUR 2,500 million granted to Schneider Electric Industries SAS with a maturity date of 2023, and accrued interests for a total amount of EUR 13.3 million.

During the year, the loan granted in 2012 to Boissière Finance for a total amount of USD 800 million with a maturity on September 29, 2022, was refunded.

Note 3 Accounts receivables

(in thousands of euros)

	31/12/2022	31/12/2021
Trade receivables	392,646	351,799
Other	232,756	136,480
NET	**625,402**	**488,279**

Trade receivables mainly include the reinvoicing of the performance shares to SEISAS and re-invoicing related to brand royalties.

At December 31, 2022, the “Other receivables” are mainly composed of tax receivables for EUR 211 million and R&D tax credits for EUR 93 million euros.

Note 4 Marketable securities

	31/12/2021		Acquisitions	Disposals	**31/12/2022**	
(in thousands of euros)	Number of Shares	Value	Value	Value	Value	**Number of Shares**
TREASURY SHARES						
Gross	5,570,816	348,250	108,827	(145,098)	**311,979**	**4,849,753**
Provisions	–	–	–	–	**–**	**–**
TOTAL NET	**–**	**348,250**	**108,827**	**(145,098)**	**311,979**	**–**
SICAV						
Gross	–	–	422,747	–	**422,747**	–
TOTAL	**–**	**348,250**	**531,574**	**(145,098)**	**734,726**	**–**

Marketable securities primarily represent own shares held by the company for allocation to future performance shares plans and, if appropriate, stock-options.

During the year, Schneider Electric SE subscribed to 2 SICAVs for an amount of EUR 422,747 K.

In 2022, following the decision of the board to fund the performance share distribution plans 32, 34, 41, 37bis, 39bis and 39ter with existing shares.

1,648,063 shares for a total amount of EUR 109 million has been transferred into marketable securities. The company has distributed 2 million shares for a total amount of EUR 129 million re-invoiced to the concerned Group entities.

Following the loss of the rights of employees who left the group, the company switched back 237,594 shares for a total amount of EUR 15 million to “Other investment securities”.

Note 5 Cash and cash equivalent group

This item consists of interest-bearing advances by Schneider Electric SE to the Group cash pool (Boissière Finance) that are immediately recoverable on demand.

Note 6 Prepayment and other assets

6.1 – Prepaid expenses

The prepaid expenses relate mainly on insurance costs and fees.

6.2– Bond issue expenses

(in thousands of euros)

Bond issue expenses	31/12/2021	Increases	Decreases	31/12/2022
Sep. 27, 2012 over 10 years (USD 800 million)	126	–	(126)	–
Mar. 11, 2015 over 10 years (EUR 750 million)	1,036	–	(321)	715
Sep. 8, 2015 over 8 years (EUR 800 million)	703	–	(414)	289
Oct. 13, 2015 over 10 years (EUR 200 million)	373	–	(96)	277
Oct. 13, 2015 over 10 years (EUR 100 million)	151	–	(39)	112
Sep. 9, 2016 over 8 years (EUR 800 million)	1,208	–	(445)	761
Dec. 13, 2017 over 9 years (EUR 750 million)	1,468	–	(297)	1,170
June. 21, 2018 over 9 years (EUR 750 million)	1,390	–	(254)	1,136
Sept. 9, 2019 over 5 years (EUR 200 million)	367	–	(136)	231
Jan. 15, 2019 over 9 years (EUR 250 million)	541	–	(89)	451
Jan. 15, 2019 over 9 years (EUR 500 million)	1,213	–	(201)	1,012
Mar. 11, 2020 over 9 years (EUR 800 million)	1,942	–	(270)	1,672
Apr. 9, 2020 over 7 years (EUR 500 million)	1,167	–	(221)	945
Jun. 12, 2020 over 3 years (EUR 500 million)	615	–	(423)	192
Nov. 24, 2020 over 6 years (EUR 650 million)	4,721	–	(1,061)	3,659
Nov. 9, 2022 over 5 years (EUR 500 million)	–	1,375	(21)	1,354
Nov. 9, 2022 over 10 years (EUR 600 million)	–	1,950	(45)	1,905
TOTAL	**17,021**	**3,325**	**(4,463)**	**15,883**

6.3– Issuance premiums

(in thousands of euros)

Issuance premiums	31/12/2021	Increases	Decreases	31/12/2022
Sep. 27, 2012 due 2022 (USD 800 million)	16	–	(16)	–
Mar. 11, 2015 due 2025 (EUR 750 million)	2,914	–	(903)	2,012
Sep. 8, 2015 due 2023 (EUR 800 million)	981	–	(578)	403
Sep. 9, 2016 due 2024 (EUR 800 million)	2,741	–	(1,015)	1,726
Dec. 13,2017 due 2026 (EUR 750 million)	2,867	–	(579)	2,288
June 21,2018 due 2027 (EUR 750 million)	4,422	–	(808)	3,614
Jan. 15, 2019 due 2028 (EUR 500 million)	84	–	(14)	70
Mar. 11, 2020 due 2029 (EUR 800 million)	4,469	–	(621)	3,848
Apr. 9, 2020 due 2027 (EUR 500 million)	2,173	–	(412)	1,761
Jun. 12, 2020 due 2023 (EUR 500 million)	579	–	(402)	177
Nov.9, 2022 due 2027 (EUR 500 million)	–	295	(27)	268
Nov.9, 2022 due 2032 (EUR 600 million)	–	4,026	(37)	3,986
Oct. 13, 2015 due 2025 (EUR 100 million)	(582)	–	150	(432)
Sept. 9, 2019 due 2024 (EUR 200 million)	(1,579)	–	586	(992)
Nov. 24, 2020 due 2026 (EUR 650 million)	(40,382)	–	9,059	(31,323)
Jan. 15, 2019 due 2028 (EUR 250 million)	(8,929)	–	1,477	(7,452)
TOTAL	**(30,226)**	**4,321**	**5,859**	**(20,046)**

Note 7 Shareholders' equity and retained earnings

(in millions of euros)

	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the year	Regulated provisions	Total
December 31, 2020 before allocation of net income for the year	**2,268**	**2,204**	**2,166**	**(31)**	**–**	**6,607**
Change in share capital	8	209	–	–	–	217
Allocation of 2020 net income	–	–	(31)	31	–	–
2020 dividend	–	–	(1,447)	–	–	(1,447)
Cost WESOP 2021*	–	(1)	–	–	–	(1)
2021 net income	–	–	–	1,498	–	1498
December 31, 2021 before allocation of net income for the year	**2,276**	**2,412**	**688**	**1498**	**–**	**6,874**
Change in share capital	8	204	–	–	–	212
Allocation of 2021 net income	–	–	1,498	(1,498)	–	–
2021 dividend	–	–	(1,619)	–	–	(1,619)
Cost WESOP 2022*	–	–	–	–	–	–
2022 net income	–	–	–	1,744	–	1,744
DECEMBER 31, 2022 BEFORE ALLOCATION OF NET INCOME FOR THE YEAR	**2,284**	**2,616**	**567**	**1,744**	**–**	**7,211**

* WESOP: Issuance of shares reserved for group employees who are members of the company savings plan and the international shareholding plan and for entities set up for the benefit of group employees

7.1 – Capital

Share capital
The company's share capital at December 31, 2022 amounted to EUR 2,284,371,684 consisting of 571,092,921 shares with a par value of EUR 4, all fully paid up.

Changes in share capital
The increase in share capital of EUR 8 million recorded over the year corresponding to a:

(i) EUR 2 million capital increase through the issue of company shares reserved for employees participating in the PEG which correspond to 492,482 shares with a nominal value of 4 euros bearing current dividend rights and which were subscribed at a price of 117.51 euros by FCPE Schneider Relais France 2022).

(ii) A capital increase by issuing shares reserved for Group employees based outside France and for entities under shareholding or employee savings programs for 5 million euros (i.e. 313,599 shares by employees in directly and 969,090 shares by the FCPE Schneider Relais International 2022, at the subscription price of 117.51 euros through the FCPE Schneider Relais International 2022).

(iii) A capital increase of 1 million euros related to the merger/acquisition of IGE XAO.

Own shares
At the reporting date, the total number of own shares held is 7,127,444 for a total net value of EUR 763 million.

7.2 – Additional paid-in capital

Additional paid-in capital decreased by EUR 204 million over the financial year, coming from increase capital.

7.3 – Allocation of previous year net income

Pursuant to the 3rd resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 5, 2022, the 2021 gain of EUR 1,498 million was allocated to retained earnings. EUR 1,619 million were distributed.

Note 8 Provisions for contingencies and expenses

(in thousands of euros)	31/12/2021	Increases	Decreases	**31/12/2022**
PROVISIONS FOR CONTINGENCIES				
Provision for fees on own shares distribution	348,281	108,827	(145,098)	312,009
Other	2,315	2,003	–	4,318
TOTAL	**350,596**	**110,830**	**(145,098)**	**316,327**

Management is confident that overall, the balance sheet provisions for disputes of which it is currently aware and in which the company is involved should be sufficient to ensure that these disputes do not have a material impact on its financial position or income.

A provision for risk of EUR 312 million was booked to cover the decision of the board to allocate performance share plans with Schneider Electric SE own shares.

Note 9 Bonds

	Share Capital			
(in thousands of euros)	**31/12/2022**	31/12/2021	Interest rate	Maturity
Schneider Electric SE 2019	94,325	94,325	Euribor + 0.60% TV	23/07/2024
Schneider Electric SE 2022	–	706,340	2.95% TF	27/09/2022
Schneider Electric SE 2025	750,000	750,000	0.875% TF	11/03/2025
Schneider Electric SE 2023	800,000	800,000	1.50% TF	08/09/2023
Schneider Electric SE 2025	200,000	200,000	1.841% TF	13/10/2025
Schneider Electric SE 2025	100,000	100,000	1.841% TF	13/10/2025
Schneider Electric SE 2024	800,000	800,000	0.25% TF	09/09/2024
Schneider Electric SE 2024	200,000	200,000	0.25% TF	09/09/2024
Schneider Electric SE 2026	750,000	750,000	0.875% TF	13/12/2026
Schneider Electric SE 2027	750,000	750,000	1.375% TF	21/06/2027
Schneider Electric SE 2028	500,000	500,000	1.5% TF	15/01/2028
Schneider Electric SE 2028	250,000	250,000	1.5% TF	15/01/2028
Schneider Electric SE 2029	800,000	800,000	0.25% TF	11/03/2029
Schneider Electric SE 2027	500,000	500,000	1% TF	09/04/2027
Schneider Electric SE 2023	500,000	500,000	0% TF	12/06/2023
Schneider Electric SE 2027	500,000	–	3.25% TF	09/11/2027
Schneider Electric SE 2032	600,000	–	3.5% TF	09/11/2032
TOTAL	**8,094,235**	**7,700,665**		

TF: fixed rate.
TV: floating rate.

6.3 Notes to the financial statements

Convertible bonds (OCEANE)

(in thousands of euros)	Share capital **31/12/2022**	31/12/2021	Interest rate	Maturity
Schneider Electric SE 2026	650,000	650,000	0%	15/06/2026
TOTAL	**650,000**	**650,000**		

Schneider Electric SE has issued bonds during past years on different markets, as part of its Euro Medium-Term Notes (EMTN) program, for which bonds are traded on the Luxembourg stock exchange.

During the year, the company reimbursed one bond amounting USD 800 million matured on September 2022. In the previous financial year 2021, the revaluation of the Schneider Electric SE 2022 bond issue by USD 800 million had led to an asset translation difference of EUR 85 million.

The Group has issued in November 2020 a bond that is convertible into or exchangeable for a new or existing shares (OCEANEs) for EUR 650 million at a rate of 0.00%, maturing in June 2026.

The initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 176. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021–2025 indicators are the following:
- Climate: Deliver 800 megatons of saved and avoided C02 emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework. For all those transactions, issue premium and issue costs are amortized per the effective interest rate method

At December 31, 2022, the other remaining bonds are as follows:
- EUR 800 million worth of 0.25% bonds issued in September 2016 and maturing on September 9, 2024 and described above;
- EUR 100 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 200 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 800 million worth of 1.50% bonds issued in September 2015 and maturing on September 8, 2023;
- EUR 750 million worth of 0.875% bonds issued in March 2015 and maturing on March 11, 2025;
- EUR 750 million worth of 0.875% bonds issued in December 2017 and maturing on December 13, 2026;
- EUR 750 million worth of 1.375% bonds issued in June 2018 and maturing on June 21, 2027;
- EUR 200 million worth of 0.25% bonds issued in September 2018 and maturing on August 09, 2024;
- EUR 500 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR 800 million worth of 0.25% bonds issued in March 2020 and maturing on March 11, 2029;
- EUR 500 million worth of 1% bonds issued in April 2020 and maturing on April 9, 2027;
- EUR 500 million worth of 0% bonds issued in June 2020 and maturing on June 12, 2023;
- EUR 94 million worth of Euribor 0.60% bonds renewed in April 2020 and maturing on July 23, 2024;
- EUR 250 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR 500 million worth of 3.25% bonds issued in november 2022 and maturing on November 2027;
- EUR 600 million worth of 3.5% bonds issued in novembrer 2022 and maturing on November 2032.

The issue premiums and issuance costs are amortized in line with the effective interest method.

Note 10 Other borrowings

Other borrowings at December 31, 2022 included accrued interest on bonds and other debt issued by the company.

Accrued interest amounted to EUR 39 million.

Note 11 Debts related to investments

The EUR 42 million correspond to an intercompany loan with Luxembourg; they were presented in "Other borrowings and debts" in 2021.

Note 12 Borrowings and financial liabilities

Interest-bearing liabilities *(in thousands of euros)*	31/12/2021	Increase	Decrease	**31/12/2022**
Commercial Paper	950,000	541,000	–	1,491,000
Borrowings	200,000	–	(200,000)	–
Overdrafts	–	–	–	–
Other	–	–	–	–
NET	**1,150,000**	541,000	(200,000)	**1,491,000**

During the financial year, the company took out a conventional loan with HSBC for EUR 200 million, maturing on January 10, 2022.

The increase in commercial paper is mainly due to the €172m increase in dividends paid and the buyback of treasury shares for an amount of EUR 220 million.

Note 13 Maturities of receivables and payables

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
NON-CURRENT ASSETS				
Advances to subsidiaries and affiliates	2,513,350	2,513,350	–	–
CURRENT ASSETS				
Accounts receivable – trade	392,646	392,646	–	–
Other receivables	232,756	232,756	–	–
Marketable securities	734,726	734,726	–	–
Prepaid expenses	574	574	–	–
DEBT				
Bonds	8,744,325	1,300,000	5,294,325	2,150,000
Other borrowings	39,096	39,096	–	–
Commercial paper	1,491,000	1,491,000	–	–
Accounts payable – trade	79,789	79,789	–	–
Accrued taxes and payroll costs	237,057	237,057	–	–
Other	80,378	378	–	80,000
Deferred income	–	–	–	–

Invoices received and issued during the period have not been subject to late payment.

Note 14 Related-party transactions (minimum 10% stake)

(in thousands of euros)	Gross	**Net**
Shares in subsidiaries and affiliates	5,355,850	5,351,582
Advances to subsidiaries and affiliates	2,513,350	2,513,350
Accounts receivable	323,614	323,614
Cash and cash equivalents	6,414,520	6,414,520
Revenues:		
• rebilled performance shares		93,678
• interest		1,576,333

It should be noted that Boissiere Finance is included in this table concerning related companies although it is held through Schneider Electric Industries SAS and the stake is <10%.

Note 15 Other operating revenue

This item includes brand royalties billed to Group companies. Invoicing is made according to a percentage of the turnover of each company, carried out under the Schneider brand name or under associated brands.

Note 16 Other purchases and external expenses

This item mainly includes expenses inherent in the management of the Schneider Electric brand.

Note 17 Net financial income/(loss)

(in thousands of euros)	**31/12/2022**	31/12/2021
Dividends	1,500,580	1,500,363
Net interest income (expense)	(21,673)	(46,122)
Other	1,396	5,358
NET FINANCIAL INCOME/(LOSS)	**1,480,303**	**1,459,598**

In 2022, the company received EUR 1,500 million of dividends from Schneider Electric Industries SAS.

Note 18 Net non-recurring income/(loss)

(in thousands of euros)	**31/12/2022**	31/12/2021
Net gains/(losses) on fixed asset disposals	39,753	35
Provisions net of reversals	36,271	11,000
Other non-recurring income/(expense)	(59,494)	(2,418)
NET NON-RECURRING INCOME/(LOSS)	**16,531**	**8,617**

Non-recurring income is mainly related to the merger-acquisition of IGE+XAO for EUR 39 million as well as a re-invoicing to Schneider Electric Industries SAS for EUR (22) million.

Note 19 Net income tax benefit

The “income tax expense” line item in the statement of income mainly consists of the Group tax relief recorded by the tax group headed by Schneider Electric SE, net of 2022 income tax due, for EUR 18 million.

Schneider Electric SE is the parent company of the tax group comprising all French subsidiaries that are over 95%-owned. Tax loss carry forwards available to the company in this capacity totaled EUR 1,811 million at December 31, 2022.

Note 20 Pension benefit commitment

The company had taken commitments towards its executives, active managers and retirees. In 2015, the company closed the top-hat executive pension plans. Since the end of 2015, there is no more active beneficiary. The company has outsourced to AXA France VIE the commitments towards the retires beneficiaries the top-hat executive pension plans.

Note 21 Off-balance sheet commitments

21.1 – Partnership obligations

The share of liabilities of “SC” non-trading companies attributable to Schneider Electric SE as partner is not material.

The share of liabilities of “SNC” flow-through entities attributable to Schneider Electric SE as partner is not material.

21.2 – Guarantees given and received

Commitments given
Counter-guarantees of bank guarantees: None

Other guarantees given: EUR 2,072 million, mainly to Group companies

Bank guarantees: EUR 20 million

Commitments received
Bank counter-guarantees: None

Credit lines: EUR 2,950 million

21.3 – Financial instruments

Schneider Electric Group hedging transactions, exchange guarantees, and the establishment of financial instruments are carried out by the manager of the Group cash pool, Boissière Finance, a wholly- owned subsidiary of Schneider Electric Industries SAS, which in turn is wholly owned by Schneider Electric SE.

During fiscal year 2022, Schneider Electric SE set up a €250 million interest rate swap as a derivative instrument to partially hedge its exposure to interest rates.

Note 22 Contingencies

Investigations were conducted in September 2018 by the French judicial authority and French Competition Authority (Autorité de la concurrence) at Schneider Electric’s head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections (notification de griefs) from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules.

Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority on October 4, 2022.

Concurrently on October 7, 2022 Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of EUR 20 million and a cash guarantee of EUR 80 million which was paid mid-January 2023. At December 31, 2022, this cash guarantee was recognized as “Other liabilities” against “financial assets”.

Those actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to defend itself fully and vigorously. Should the French Competition Authority deny Schneider Electric's arguments and conclude, after examining the substance of the matter, that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fines it may impose in accordance with the principles of proportionality and individuality. In light of the difficulty in assessing the extent to which the French Competition Authority takes into account the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no provision has been made at this stage of the investigation.

Note 23 Other Information

23.1 – Workforce

The average number of employees is 2.5 over 2022.

23.2 – Consolidated financial statements

Schneider Electric SE is the parent company of the Group and accordingly publishes the consolidated financial statements of the Schneider Electric Group.

23.3 – Subsequent events

On January 30, 2023 as part of the closing of the transaction, SESE used the bridging loan for an amount of EUR 1 billion and the loan line for an amount of EUR 1.7 billion and made the corresponding cash available to Ascot Acquisition Holdings Limited.

On January 13, 2023 SESE carried out a bond issue in two tranches: EUR 600 milllion at a rate of 3.125% and maturing in October 2029 and €600m at a rate of 3.375% and maturing in April 2034.

6.4 Statutory auditors' report on the annual financial statements

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Schneider Electric S.E. for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risks Committee.

Basis for opinion

Audit framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence
We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and affiliates and related loans and advances
"Shares in subsidiaries and affiliates" paragraph of the "Accounting principles" section and Note 2 "Investments" to the financial statements

Description of risk	At December 31, 2022, shares in subsidiaries and affiliates and related loans and advances recorded in the Company's balance sheet amounted to €5,358 million and €2,513 million respectively. As described in the "Shares in subsidiaries and affiliates" paragraph in the "Accounting policies" section of the notes to the financial statements, shares in subsidiaries and affiliates are recorded at their acquisition cost and written down when their estimated value in use at the reporting date is less than their carrying amount. The estimated value in use of shares in subsidiaries and affiliates is determined primarily by reference to the accounting net assets of the investments and by taking into account the profitability of the investments and the outlook for the economic environment. For listed securities, the average share price for the last month of the financial year is taken into account. Due to the judgment required from management in making these estimates, particularly when they are based on forward-looking information, we considered that the valuation of shares in subsidiaries and affiliates, and by extension the related loans and advances, is a key audit matter.

How our audit addressed this risk	We examined the methodology employed by the Company to estimate the value in use of shares in subsidiaries and affiliates. Our audit work consisted in: • comparing the share in accounting net assets used to determine the value in use of shares in subsidiaries and affiliates with the financial statements of those subsidiaries and affiliates that have been audited or subject to analytical procedures; • assessing, when values in use have been determined on the basis of forecasts, the appropriateness of the valuation method on which the estimation is based; • assessing the main assumptions used in estimating values in use, in particular the long-term growth rate and the discount rate, with the help of our valuation experts, where appropriate; • verifying the arithmetical accuracy of the value in use calculations used by your Company; We also assessed the recoverability of the related receivables in light of the impairment tests performed on the shares in subsidiaries and affiliates.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about the payment terms referred to in Article D. 441-6 of the French Commercial Code.

Report on corporate governance
We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information
In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the Annual Financial Report
We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on our work, we conclude that the presentation of Schneider Electric S.E.'s statutory financial statements to be included in the annual financial report complies, in all material aspects, with the single electronic reporting format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors
We were appointed Statutory Auditors of Schneider Electric S.E. by the Annual General Meetings held on May 6, 2004 for Mazars and on May 5, 2022 for PricewaterhouseCoopers Audit.

At December 31, 2022, Mazars was in the nineteenth consecutive year of their engagement and PricewaterhouseCoopers in their first year.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risks Committee.

The Statutory Auditors

Mazars
Paris La Défense, March 6, 2023

Juliette Decoux Guillemot
Partner

Mathieu Mougard
Partner

PricewaterhouseCoopers Audit
Neuilly-sur-Seine, March 6, 2023

Jean-Christophe Georghiou
Partner

Séverine Scheer
Partner

6.5 List of securities held at December 31, 2022

Number of securities *(in thousands of euros)*	Company	Carrying amount of securities
A. MAJOR INVESTMENTS		
(Carrying amounts over EUR 5 million)		
58,018,657	Schneider Electric Industries SAS	5,343,544
2,497	Muller SAS	8,038
7,127,444	Schneider Electric SE own shares	763,138
		6,114,720
B. OTHER INVESTMENTS		–
(Carrying amounts under EUR 5 million)		
C. INVESTMENTS IN REAL ESTATE COMPANIES		–
D. INVESTMENTS IN FOREIGN COMPANIES		6,049
Total		**6,120,769**
MARKETABLE SECURITIES		
4,849,753	Schneider Electric SE own shares	311,979
TOTAL		**6,432,748**

6.6 Subsidiaries and affiliates

Company *(in thousands of euros)*	Capital	Reserves and retained earnings / retained earnings prior to appreciation of earnings*
I. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT OF OVER 1% OF THE SHARE CAPITAL OF SCHNEIDER ELECTRIC SE		
A. Subsidiaries (at least 50% owned)		
Schneider Electric Industries SAS*** 35, rue Joseph-Monier 92500 Rueil-Malmaison	928,299	6,298,071
B. Affiliates (10 to 50%-owned)		
II. OTHER SUBSIDIARIES AND AFFILIATES		
A. Subsidiaries not included in Section I: (+50%)		
a) French subsidiaries (aggregate)	38	8,191
b) Foreign subsidiaries (aggregate)	–	–
B. Affiliates not included in Section I: (0–50%)		
a) French companies (aggregate)	–	–
b) Foreign companies (aggregate)**	766	147,834

* Including income or loss in prior financial year.
** the amounts in foreign currency have been converted into euros at the rate of December 31, 2022
*** Schneider Electric Industries SAS holds directly 99.99% of Boissière Finance.

Share interest held (%)	Gross value	Net value	Loans and advances provided by the company and still outstanding	Amount of guarantees given by the company	2022 revenues (ex VAT)	2022 Profit or Loss (-)	Dividends received by the company during 2022
100.00	5,343,544	5,343,544	2,513,350	–	4,230,446	1,666,105	1,500,580
99.84	12,305	8,038	–	–	–	(32)	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
4.8	21,249	6,048	–	–	186,149	53,305	–

6.7 The company's financial results over the last 5 years

Description	2022	2021	2020	2019	2018
FINANCIAL POSITION AT DECEMBER 31					
Share capital *(in thousands of euros)*	2,284,372	2,276,134	2,268,274	2,328,274	2,316,675
Number of shares in issue	571,092,921	569,033,442	567,068,555	582,068,555	579,168,769
Number of convertible bonds in issue	3,695,023	3,683,972	3,683,972	–	–
Maximum number of shares to be created :					
• through conversion of bonds	–	–	–	–	–
• through exercise of rights	–	–	–	–	8,371
RESULTS OF OPERATIONS *(in thousands of euros)*					
Sales (ex. VAT)	79	–	450	2,385	174
Investment revenue, interest income and other revenue	1,500,580	1,500,362	1,553	49,896	4,551,232
Earnings before tax, depreciation, amortization and provisions	1,690,046	1,392,930	(201,902)	(18,659)	4,412,483
Income tax	18,623	52,342	32,287	71,684	1,215
Earnings after tax, depreciation, amortization and provisions	1,744,408	1,498,235	(31,273)	57,108	4,457,994
Dividends paid(1) excluding tax credit and withholdings	1,650,197(2)	1,650,197	1,474,378	1,413,455	1,361,047
RESULTS OF OPERATIONS PER SHARE *(in euros)*					
Earnings before depreciation, amortization and provisions	2.99	2.54	(0.30)	0.09	7.62
Earnings after tax, depreciation, amortization and provisions	3.05	2.63	(0.06)	0.1	7.70
Net dividend per share	2.63(2)	2.90	2.60	2.55	2.35
EMPLOYEES					
Average number of employees during the financial year	2.5	1	1	1	1
Total payroll for the financial year (in thousands of euros)	1,496	1,130	1,961	3,693	2,544
Total of employee benefits paid over the financial year	–	–	–	–	–
(Social security, other benefits, etc.) (in thousands of euros)	871	795	916	944	1,010

(1) For 2022, estimate based on existing shares at December 31, 2022, including treasury shares.
(2) Pending approval by the Annual Shareholders' Meeting of 2023.

6.8 Extract of the management report for the year ended December 31, 2022

Review of the parent company financial statements

In 2022, Schneider Electric SE reported an operating gain of EUR 229 million compared with a loss of EUR 22 million the previous year.

Interest expense net of interest income amounted to EUR 22 million versus EUR 46 million the previous year.

Income from ordinary activities before tax stood at EUR 1,709 million in 2022 compared with an income of EUR 1,437 million in 2021. The variance is mainly due to the Schneider Electric brand royalties income, as Schneider Electric SE became the full owner of the brand from January 1st, 2022.

The net income stood at EUR 1,744 million in 2022 compared with EUR 1,498 million in 2021.

Net equity amounted to EUR 7,213 million at December 31, 2022 versus EUR 6,874 million at the previous year-end, taking into account 2022 profit and dividend payments of EUR 1,619 million.

7 Information on the Company and its capital

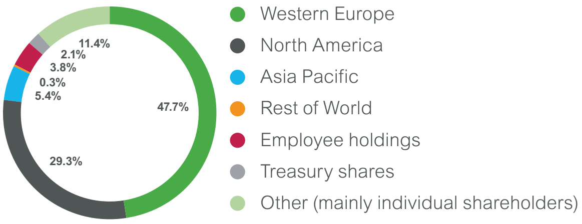
This Chapter includes elements of the Board of Directors' Corporate Governance Report.

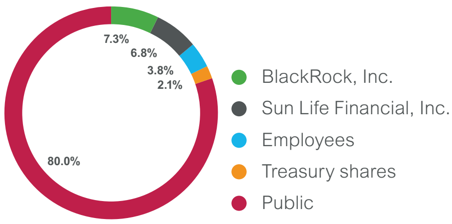
The table of section 7.2.3 "Authorizations to issue and cancel shares" summarizing the outstanding delegations relating to share capital increase and decrease granted by the Annual Shareholders' Meeting, sections 7.4.1 "Annual Shareholders' Meetings", 7.4.2 "Voting rights", 7.4.8 "Publication of information of Article L. 22-10-11 of the French Commercial Code", and Chapter 4 constitute the Board of Directors' Corporate Governance Report prepared in accordance with Article L. 225-37 of the French Commercial Code. They are indicated with a special mention.

7.1 Shareholding

7.1.1 Ownership structure

Major shareholders at December 31, 2022(1)





(1) Charts lists ownership stakes to the best of the Company's knowledge.

Three-year summary of changes in capital(1)

At December 31, 2022, the share capital of Schneider Electric was €2,284,371,684, divided into 571,092,921 common shares, to which 598,336,796 theoretical voting rights are attached. The following table presents, to the best of the Company's knowledge, changes in the distribution of the Company's share capital and voting rights over the last three years.

	Dec. 31, 2022				Dec. 31, 2021		Dec. 31, 2020	
	Capital %	**Number of shares**	**Voting rights %(4)**	**Number of voting rights**	Capital %	Voting rights %(4)	Capital %	Voting rights %
BlackRock, Inc.	**7.3**	**41,525,844**	**7.0**	**41,525,844**	6.3	6.1	6.4	7.7
Sun Life Financial, Inc.(2)	**6.8**	**38,697,952**	**6.6**	**38,697,952**	7.0	6.8	8.3	7.9
Employees(3)	**3.8**	**21,814,127**	**6.6**	**38,418,288**	3.6	6.2	3.7	6.1
Treasury shares	**2.1**	**11,978,255**	**–**	**–**	2.2	–	2.3	–
Public	**80.0**	**457,076,743**	**79.8**	**467,716,457**	80.9	80.9	79.3	78.3
TOTAL	**100.0**	**571,092,921**	**100.0**	**586,358,541(4)**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Table lists ownership stakes that have breached the 5% ownership voting rights threshold in the previous three years, to the best of the Company's knowledge.
(2) These shares are mainly held by funds managed by MFS Investment Management which is part of Sun Life Financial, Inc.
(3) The total number of shares held by employees include:
– 8,673,800 shares held by the FCPE Actionnariat (France), corresponding to 1.5% of capital and 2.9% of voting rights,
– 5,615,500 shares held by the FCPE Actionnariat Mondial (International), corresponding to 1.0% of capital and 1.7% of voting rights, and
– 7,524,827 shares held directly by employees, corresponding to 1.3% of capital and 1.9% of voting rights.
(4) Number or percentage of voting rights excluding shares deprived of voting rights.

Disclosure thresholds

To the best of the Company's knowledge, no shareholders other than Sun Life Financial, Inc. and BlackRock Inc., both listed above, hold, either directly or indirectly, more than 5% of Schneider Electric's capital or voting rights.

Changes in holdings (for stake equal to or greater than 5%)

To the best of the Company's knowledge, no additional shareholders have made a change in holding during 2022 that crosses the 5% threshold for either capital or voting rights.

Control of the Company

At December 31, 2022, to the best of its knowledge, the Company was not controlled and has not been subject to any agreement binding on one or more shareholders or any other individual or legal entity, acting alone or in concert, concerning the direct or indirect holding of its capital or its control, or for which the implementation thereof might subsequently involve a change in the Company's control.

Shareholder pacts or agreements involving Schneider Electric shares

The Company has no knowledge of shareholder pacts or agreements, nor of shareholders acting in concert with regard to the shares comprising its share capital.

7.1.2 Employee shareholding

7.1.2.1 Profit-sharing plans

Most of the Group's French companies have profit-sharing and other profit-based incentive plans. The amounts paid by the Group's French entities over the last five years were:

	2022	2021	2020	2019	2018
Profit-based incentive plans and profit-sharing plans *(in millions of euros)*	**61.7**	65.8	57.0	59.3	66.9

In 2022, 62% of the total from incentives and profit-sharing was invested in the Schneider Electric shareholder fund and 14% was received by employees in cash.

7.1.2.2 The Schneider Electric employee shareholding

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.

Through the WESOP, Schneider Electric shares Company value creation with employees, thus aligning both Company and employees' interests. In countries where regulations permit, Schneider Electric offers its employees the opportunity to invest during share capital increases reserved for its employees.

On December 31, 2022, Group employees held a total of 21.8 million Schneider Electric SE shares either directly, through the corporate mutual funds (FCPE), or through Performance Share plans, representing 3.8% of the share capital and 6.6% of the voting rights, taking into account double voting rights.

Voting rights attached to shares held by corporate mutual funds are exercised by the supervisory boards of these corporate mutual funds.

The Group's employee shareholders are spread across over 50 countries, as follows: 22% in France, 13% in China, 16% in India, 9% in the United States, and 40% elsewhere. Approximately 71% of all employees are shareholders of the Group.

7.2 Capital

7.2.1 Share capital and voting rights

The Company's share capital at December 31, 2022, amounted to €2,284,371,684 represented by 571,092,921 shares with a par value of €4, all fully paid up. 598,336,796 voting rights were attached to the 571,092,921 outstanding shares as at December 31, 2022.

7.2.2 Potential capital

At December 31, 2022, the potential capital consisted of:

- 1,588,909 Performance Shares, part of which remains subject to the achievement of performance conditions (plans 37*bis*, 38, 39*bis*, 39*ter*, 40, 41, 41*bis*, and 41*ter*, delivery of which, either in existing shares or shares to be issued, has not yet been determined by the Board). If all Performance Shares were vested, this would lead to the issuance of 1,588,909 shares. Schneider Electric SE capital would be composed of 572,681,830 ordinary shares, *i.e.* a 0.28% increase of the number of shares as of December 31, 2022; and of
- 3,683,972 OCEANEs. If all OCEANEs were exercised, this would lead to the issuance of 3,695,023 shares[1]. Schneider Electric SE capital would be composed of 574,787,944 ordinary shares, *i.e.* a 0.65% increase of the number of shares as of December 31, 2022.

(1) The initial conversion and/or exchange ratio was set at one share per OCEANE subject to standard adjustments including dividend protection at €2.55€ per share. As the result of the dividend distribution of €2.90 per share on May 19 2022, the conversion and/or exchange ratio has been adjusted to 1.003 share per OCEANE.

7.2.3 Authorizations to issue and cancel shares

Table summarizing the outstanding delegations relating to share capital increase and decreases granted by the Annual Shareholders' Meeting

This table is part of the Board of Directors' Corporate Governance Report.

	Maximum par value of authorized capital increases (in euros)	Number of shares	Authorization date/ authorization expiration date	Use of the resolution (number of shares whose issuance has been authorized)	Amount available (in number of shares)
Issues with preferential subscription rights					
Issuance of ordinary shares or securities giving access to share capital of the Company **(16th resolution of the AGM of April 28, 2021)**	800 million(1)	200,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	200,000,000
Capitalizing additional paid-in capital, reserves, earnings or other **(21st resolution of the AGM of April 28, 2021)**	800 million(1)	200,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	200,000,000
Issues without preferential subscription rights					
Issuance, in cash or in compensation of listed securities, shares or other securities giving access immediately or in the future to the capital **(17th resolution of the AGM of April 28, 2021)**	224 million(1)(2)	56,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	56,000,000(3)
Issuance of shares and other securities through an offer referred to in Article L. 411-2 1° of the French Monetary and Financial Code **(18th resolution of the AGM of April 28, 2021)**	120 million(1)	30,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	30,000,000
Issuance of shares and other securities as consideration for unlisted securities **(20th resolution of the AGM of April 28, 2021)**	224 million(1)(2)	56,000,000	Apr. 28, 2021/ Jun. 27, 2023	None	56,000,000
Overall limits on issuance made under the above resolutions	**800 million(1)**	**200,000,000**	**Apr. 28, 2021/ Jun. 27, 2023**	**None**	**200,000,000(3)**

	Maximum par value of authorized capital increases (in euros)	Number of shares	Authorization date/ authorization expiration date	Use of the resolution (number of shares whose issuance has been authorized)	Amount available (in number of shares)
Employee share issues					
Company Savings Plan **(16th resolution of the AGM of May 5, 2022)**	45.5 million(6)	11,375,000	May 5, 2022/ Jun. 4, 2024		7,675,000(3)
Share issues to promote share ownership among employees in foreign companies of the Group **(17th resolution of the AGM of May 5, 2022)**	22.75 million(4)(6)	5,690,000	May 5, 2022/ Nov. 4, 2023		1,990,000(3)
Free shares or Performance Shares **(15th resolution of the AGM of May 5, 2022)**	45.5 million(6)	11,375,000	May 5, 2022/ May 4, 2025	92,680	11,282,320(5)

	Maximum amount of the authorized cancellation (in euros)	Number of shares	Authorization date/ authorization expires	Amount available (in number of shares)
Reduction in capital through cancellation of shares				
Cancellation of own shares **(24th resolution of the AGM of April 28, 2021)**	224 million per 24-month period	56,000,000	Apr. 28, 2021/ Apr. 27, 2023	56,000,000

(1) The overall ceiling for issues is capped at €800 million in aggregate.
(2) All issuances made without preference right (17th, 18th, and 20th resolutions) are globally limited to €224 million.
(3) Using the authorization of the 22nd resolution of the Annual General Meeting (AGM) held on April 28, 2021 and the delegation of the Board of Directors granted on December 15, 2021, 492,482 shares were issued in 2022 for French employees participating in a company savings plan. At its meeting of December 14, 2022, the Board of Directors authorized capital increases within a limit of 3.7 million shares, *i.e.* 0.65% of the capital.
(4) Issuances of shares reserved for employees in non-French subsidiaries will be deducted from the ceiling for capital increases reserved for employees participating in a company savings plan.
(5) At the Board of Directors' meeting of July 27, 2022, 67,590 shares were granted under the 2022 Long-term incentive plan. At the Board of Directors' meeting of October 26, 2022, 25,090 shares were granted under the 2022 Long-term incentive plan.
(6) On the date of the 2022 Annual Shareholders' Meeting, the share capital was €2,276 million.

7.2.4 Three-year summary of changes in capital

The following table shows changes in Schneider Electric SE's share capital and additional paid-in-capital since December 31, 2019, through capital increases/decreases:

	Number of shares issued or cancelled	Cumulative number of shares	Total amount of the capital (in EUR)
Capital as of Dec. 31, 2019(1)		582,068,555	2,328,274,220
Decrease in capital	15,000,000		
Performance Shares issued	–		
Capital as of Dec. 31, 2020(2)		567,068,555	2,268,274,220
Employee share issue	1,964,887		
Performance Shares issued	–		
Capital as of Dec. 31, 2021(3)		569,033,442	2,276,133,768
IGE+XAO merger share issue	284,308		
Employee share issue	1,775,171		
Performance Shares issued	–		
CAPITAL AS OF DEC. 31, 2022(4)		**571,092,921**	**2,284,371,684**

(1) Increase in share capital (€11.6 million), increase in additional paid-in-capital (€156.2 million).
(2) Decrease in share capital (€60 million) and in additional paid-in-capital (€929.4 million).
(3) Increase in share capital (€7.86 million) and in additional paid-in-capital (€208.6 million).
(4) Increase in share capital (€8.2 million) and in additional paid-in-capital (€204.5 million).

7.2 Capital

7.2.5 Share buybacks

7.2.5.1 Current share buyback program

We remind you that on February 14, 2019, Schneider Electric initiated a new €1.5 billion to €2.0 billion share buyback program. The program has been launched under the 15th resolution approved at the 2018 Annual Shareholders' Meeting and pursued under the 14th, 17th, 15th, and 14th resolutions approved respectively at the 2019, 2020, 2021, and 2022 Annual Shareholders' Meetings. These buybacks are part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from Long Term Incentive Plans. All the shares acquired by the Company as part of the share buyback program are held to cover Long Term Incentive Plans.

At the beginning of 2021, due to the economic uncertainty, and considering the ongoing acquisitions, the share buyback program remained on-hold after its suspension due to the COVID-19 crisis in 2020. The share buyback program restarted at the end of July 2021. On May 5, 2022, the proposal to raise the cap on purchase price to €250 per share (from the previous €150 per share) was approved at the Annual Shareholders' Meeting. Schneider Electric did not further progress the buyback in the second half-year primarily due to restrictions on account of the proposed transaction with the AVEVA minority shareholders that was in progress during the period. Schneider Electric remains committed to the completion of the existing share buyback program.

Since the beginning of the program in 2019, a total €796,969,443 of share buyback corresponding to 7,601,716 shares bought back by the Company had been completed including €219,470,200 of share buyback in 2022 corresponding to 1,659,933 shares bought back by the Company pursuant to the last authorizations.

7.2.5.2 Share buyback program to be submitted to the Annual Shareholders' Meeting of May 4, 2023

Details of this share buyback program are as follows:

Number of shares and percentage of share capital held directly and indirectly by Schneider Electric SE*	• Own shares: 11,976,390 shares, *i.e.* 2.10% of share capital. • Treasury shares: 1,058 shares. • Total: 11,977,448 shares, *i.e.* 2.10% of share capital.
Overview of purposes for which shares have been held*	• For all own shares* held: allocation of Performance Shares
Share buyback program objectives	• Allotment to employees or Corporate Officers as a long-term compensation tool. • Delivery as a result of the exercise of rights attached to securities giving access to the Company's capital. • Cancellation. • Delivery in connection with external growth operations. • Disposal in the course of a share management agreement
Maximum number of shares that may be acquired	• 10% of the issued share capital at any moment: – On the basis of the issued share capital*: 57,109,292 Schneider Electric SE shares with a nominal value of €4, – Taking into account treasury stock and own shares*: 45,131,844 shares or 7.90%
Maximum purchase price and maximum aggregate amount of share purchases	• the maximum purchase price is set at €250 per share, *i.e.* €14,277,323,000
Duration of the buyback program	• 18 months maximum, expiring on November 3, 2024
Transactions carried out pursuant to the program authorized by the Annual Shareholders' Meeting 2022 between May 6, 2022 and February 15, 2023	• Number of shares acquired: 792,829. • Average purchase price: €126.12. • Number of shares transferred: 93,022. • Average transfer price: €59.48.

* As of January 31, 2023.

7.2.6 Pledge

Pledges on Schneider Electric SE shares

419,323 shares are pledged.

Pledges on subsidiaries' shares

Schneider Electric SE has not pledged any shares in significant subsidiaries.

7.3 General information on the Company

As a European Company *(Societas Europaea)* with a Board of Directors (since June 18, 2014), domiciled in France, Schneider Electric SE is governed by European Council Regulation (EC) No. 2157/2001 of October 8, 2001, governing the status of European Companies ("SE Regulation"). Issues not covered by the SE Regulation are governed by the provisions of the French Commercial Code *(Code de commerce)* applicable to limited-liability companies *(société anonyme)*, as well as by their Articles of Association. The provisions of the French Commercial Code regarding the management and governance of limited-liability companies are applicable to the European Company.

As of December 31, 2022, the Company's share capital was €2,284,371,684. Its head office is located at 35, rue Joseph Monier, 92500 Rueil-Malmaison, France, telephone: +33 (0)1 41 29 70 00.

Schneider Electric SE is registered with the commercial court registry of Nanterre under No. 542 048 574, APE code (principal activity code) 7010Z, Legal Entity Identifier (LEI) 969500A1YF1XUYYXS284.

The Company was incorporated in 1871. It is due to expire on July 1, 2031. It was first called Spie Batignolles, then changed its name to Schneider SA when it merged with Schneider SA in 1995, and then to Schneider Electric SA in May 1999, before becoming Schneider Electric SE in 2014.

As stated in Article 2 of its Articles of Association, the Company has the following corporate purpose, directly or indirectly, in any form, in France and in all other countries:

(i) the design, development, and sale of products, equipment, and solutions related to the metering, management, and use of energy in all its forms and delivering reliability, efficiency, and productivity, in particular through engaging in, whether by creating, acquiring, or otherwise, all activities related to:
- electrical equipment manufacturing, electrical distribution, and secured power supply,
- building control, automation, and safety,
- industrial control and automation, including software,
- management of all types of data centers, networks, equipment, and other infrastructure;

(ii) the acquisition, purchase, sale, and use of any intellectual and/or industrial property rights relative to these industries; and

(iii) involvement, in any way, in any enterprise, company, or consortium, whatever the type, undertaking activities related to the Company's business or such as to encourage its industry and commerce, and, more generally, all industrial, commercial, and financial, asset and real estate operations related directly or indirectly in any way to the above objective.

The Company may enter into any transactions that fall within the scope of its objectives either alone for its own account or on behalf of third parties, either by having an interest in, or by the purchase, subscription, contribution, or exchange of company shares, partnership shares and the purchase of any company, irrespective of type, in pursuance of a similar or related purpose, or that promote its expansion or development.

7.4 Shareholders' rights and obligations

7.4.1 Annual Shareholders' Meetings (Article 19 of the Articles of Association)

This section is part of the Board of Directors' Corporate Governance Report.

Annual Shareholders' Meetings are called and run in accordance with the conditions prescribed by law.

The meetings are held at the head office or any other address provided in the call to meeting. The Board may decide, when each meeting is called, to organize the public transmission of all or part of the meeting by video conference and/or using teletransmission techniques.

All shareholders may attend meetings, in person or by proxy, after providing proof of identity and share ownership in accordance with applicable laws and regulations.

When the decision is made to call an Annual Shareholders' Meeting, the Board of Directors may also decide to allow shareholders to participate or vote at Annual Shareholders' Meetings using video conferencing facilities and/or any other telecommunication medium allowed under applicable legislation.

Remote voting procedures are governed by the applicable laws and regulations. In particular, shareholders may send proxy and mail ballot forms before Annual Shareholders' Meetings either in paper form or, if approved by the Board of Directors and stated in the meeting announcement and/or notice, electronically.

When the decision is made to call an Annual Shareholders' Meeting, the Board of Directors may authorize shareholders to fill out and sign these forms electronically through a secure site set up by the Annual Shareholders' Meeting organizer using a process that complies with applicable laws and regulations (Paragraph 2 of Article 1367 of the French Civil Code) and consisting of a username and password.

Proxies or votes so submitted electronically before the Annual Shareholders' Meeting, as well as the related acknowledgments of receipt, will be considered irrevocable and binding documents. However, in the event that shares are sold before the applicable record date (midnight Paris time two business days before the meeting date), the Company will cancel or amend, as appropriate, any related proxy or electronic votes submitted before the Annual Shareholders' Meeting.

Meetings shall be chaired by the Chairman of the Board of Directors or in his absence by the Vice-Chairman, or in his absence by a member of the Board of Directors specially appointed for that purpose by the Board of Directors. In the event that no chairman has been selected, the Annual Shareholders' Meeting elects its chairman.

The two shareholders present who hold the largest number of votes and who accept shall act as scrutineers. The Board appoints a secretary, who is not required to be a shareholder.

As required by law, a register of attendance is kept.

Copies or extracts of the meeting's minutes are certified either by the Chairman or Vice-Chairman of the Board of Directors, or the Annual Shareholders' Meeting's secretary.

7.4.2 Voting rights

This section is part of the Board of Directors' Corporate Governance Report.

7.4.2.1 Double voting rights (Article 20 of the Articles of Association)

Voting rights attached to shares are proportionate to the equity in the capital they represent, assuming that they all have the same nominal value. Each capital share or dividend share confers the right to one vote except where compulsory legal provisions limit the number of votes a shareholder may have. Notwithstanding the foregoing, double voting rights are attributed to fully paid-up shares registered in the name of the same holder for at least two years prior to the end of the calendar year preceding that in which the Annual Shareholders' Meeting takes place, subject to compliance with the provisions of the law. In the case of a bonus share issue paid up by capitalizing reserves, earnings, or additional issue premiums, each bonus share allotted in respect of shares carrying double voting rights will also have double voting rights.

The shares are stripped of their double voting rights if they are converted into bearer shares or transferred, except in the case of the transfer from one registered holder to another as part of an inheritance or family gift.

Double voting rights may also be stripped by a decision of the Extraordinary Annual Shareholders' Meeting after ratification by a Special Shareholders' Meeting of beneficiaries benefiting from double voting rights.

The minimum holding period to qualify for double voting rights was reduced from four to two years by decision of the Ordinary and Extraordinary Shareholders' Meeting of June 27, 1995.

7.4.2.2 Ceiling on voting rights (Article 20 of the Articles of Association)

At the Annual Shareholders' Meeting, no shareholder may exercise, either in person or through a proxy, by virtue of single voting rights conferred by the shares they hold directly and indirectly and by virtue of the proxy votes entrusted to them, more than 10% of the total number of the voting rights conferred by shares in the Company. However, if a shareholder also holds double voting rights directly or indirectly and/or as proxy, the limit set may be exceeded taking into consideration only the resulting additional voting rights, without the total voting rights thereby held exceeding 15% of the total number of the voting rights conferred by the shares in the Company.

To apply these provisions:

- The total number of voting rights allowed are calculated as of the date of the Annual Shareholders' Meeting and announced to the shareholders at the beginning of such Annual Shareholders' Meeting;
- The number of voting rights held directly and indirectly are understood to include those conferred by shares held personally by a shareholder, those conferred by shares held by a legal entity controlled by a shareholder as defined by Article L. 233-3 of the French Commercial Code, and those shares that are assimilated to the shares owned, as defined by the provisions of Articles L. 233-7 et seq. of the Code; and
- Shareholders' proxies returned to the Company that do not appoint a representative are subject to the above ceilings. However, these ceilings do not apply to the meeting chairman voting on behalf of such proxies.

The above ceilings will no longer apply, without it being necessary to put the matter to the vote again by the Extraordinary Shareholders' Meeting, if any individual or legal entity, acting alone or jointly with one or other individuals or legal entities, acquires or increases its stake to at least two-thirds of the Company's capital through a public tender offer for all the Company's shares. The Board of Directors takes note of this nullity and undertakes the formalities necessary to amend the Articles of Association. The ceiling on voting rights was approved by the Ordinary and Extraordinary Shareholders' Meetings of June 27, 1995.

In accordance with Article L. 225-96, Paragraph 1 of the French Commercial Code, any amendment to the Articles of Association must be approved by the Extraordinary Shareholders' Meeting, by a majority of at least two-thirds of the voting rights represented by shareholders in attendance or participating by proxy.

7.4.3 Allocation of income (Article 22 of the Articles of Association)

Net income for the year less any losses brought forward from prior years is appropriated in the following order:

- 5% to the legal reserve (this appropriation is no longer required once the legal reserve represents one-tenth of the capital, provided that further appropriations are made in the case of a capital increase);
- To discretionary reserves, if appropriate, and to retained earnings; and
- To the payment of the balance in the form of a dividend.

The Shareholders' Meeting may decide to offer shareholders the opportunity to receive the dividend in cash or in the form of new shares. Dividends not claimed within five years from the date of payment are forfeited and paid to the government, in accordance with the law.

7.4.4 Holding of shares (Article 7 Paragraph 1 of the Articles of Association)

Shareholders may elect to hold their shares in registered or bearer form. To establish proof of ownership, the shares must be recorded in the shareholder's account in accordance with the procedures and conditions defined by current legislation and regulations.

7.4.5 Disclosure thresholds (Article 7 Paragraph 2 of the Articles of Association)

The Articles of Association stipulate that any individual or legal entity that owns or controls (as these terms are defined in Article L. 233-9 of the French Commercial Code) directly or indirectly, shares or voting rights representing at least 1% of the total number of shares or voting rights outstanding, or a multiple thereof, is required to disclose the total number of shares, voting rights and share equivalents held directly, indirectly or in concert to the Company by registered letter with return receipt requested, within five trading days of the disclosure threshold being crossed. In addition, effective November 1, 2009, the shareholder must notify the Company, in the disclosure letter, the number of existing shares it is entitled to acquire by virtue of agreements or financial instruments referred to in point b) of the third paragraph of Article L. 233-7 of the French Commercial Code and of the number of existing shares covered by any agreement or financial instrument referred to in point c) of said paragraph. Shareholders are also required to notify the Company if the number of shares or voting rights held falls below one of the thresholds defined above. In the case of failure to comply with these disclosure obligations, the shares in excess of the disclosure threshold will be stripped of voting rights at the request of one or several shareholders owning at least 2.5% of the share capital, subject to compliance with the relevant provisions of the law. These provisions are from the Ordinary and Extraordinary Shareholders' Meetings of June 27, 1995, May 5, 2000, and April 23, 2009.

7.4 Shareholders' rights and obligations

7.4.6 Identifiable holders of bearer shares (Article 7 Paragraph 3 of the Articles of Association)

The Company may at any time request Euroclear to identify holders of bearer securities conferring immediate or future voting rights. This provision was adopted by the Ordinary and Extraordinary Shareholders' Meetings of June 30, 1988 and May 5, 2000.

7.4.7 Disposal of shares (Article 8 of the Articles of Association)

Shares in the Company are freely negotiable and transferable.

7.4.8 Publication of information of Article L. 22-10-11 of the French Commercial Code

This section is part of the Board of Directors' Corporate Governance Report.

Items that could have an impact in the event of a public tender offer include:

- Agreements calling for payments to the Corporate Officers (see section 4.2.3.1 of this Universal Registration Document) or to employees if they resign or are terminated without real cause or if their employment ends due to a public tender offer;
- Certain financing arrangements with conditional provisions of anticipated reimbursement or cancellation in the event of change of control. Under these provisions, the debt holders may request for repayment or cancellation if a shareholder or shareholders acting together hold more than 50% of the Company's shares. As of December 31, 2022 back-up facilities with this type of condition amounted €2.9 billion, fully undrawn. It also applied to the Bridge Facility and Term Loan set up for a total amount of approximately €3.9 billion to secure the funding of the minority interest of AVEVA. Bonds include such a change of control event if the change of control triggers a down grading of the Company's rating. As of December 31, 2022, €8.6 billion of bonds were subject to this type of conditions; and
- Statutory restrictions in the Articles of Association on the exercise of voting rights (see section 7.4.2 of this Universal Registration Document) relating to the non-application of the ceiling on voting rights when a public tender offer is successfully completed.

7.5 Stock market data

In France, Schneider Electric is listed on Euronext Paris (sub-fund A), where it is traded on a per-share basis under ISIN code FR0000121972. Schneider Electric SE shares are included on the CAC 40 index established by Euronext.

18-month trading data in Paris

Year	Month	Number of securities traded (in thousands of shares)	Value (in millions of euros)	High(1)	Low(1)	Number of trading sessions
2021	August	16,446	2,471	155.38	139.56	22
	September	20,232	3,048	159.30	142.10	22
	October	18,274	2,608	150.94	136.30	21
	November	19,723	3,066	163.44	148.44	22
	December	16,898	2,787	173.78	157.22	23
2022	January	22,112	3,547	178.78	144.82	21
	February	23,489	3,381	154.74	130.18	20
	March	36,338	5,219	156.22	121.60	23
	April	19,209	2,754	156.54	131.40	19
	May	22,394	2,856	136.48	121.74	22
	June	20,983	2,514	132.22	110.02	22
	July	19,685	2,369	136.10	110.14	21
	August	17,344	2,257	137.80	118.56	23
	September	20,499	2,462	131.38	111.14	22
	October	18,090	2,256	133.66	112.46	21
	November	19,727	2,718	143.94	124.80	22
	December	17,519	2,376	143.22	129.56	21
	Total 2022	**257,389**	**34,709**	**178.78**	**110.02**	**257**
2023	January	18,231	2,634	149.36	131.72	22

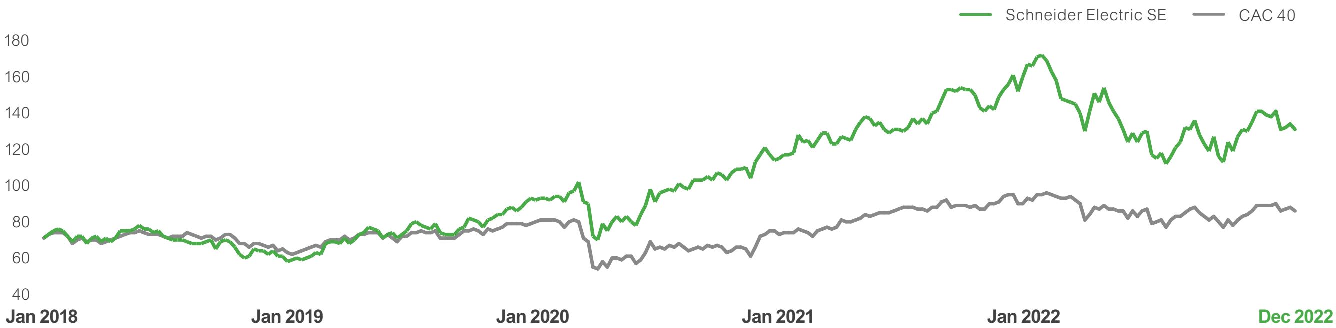
(1) Data corresponds to trading volumes on NYSE Euronext.

7.5 Stock market data

Five-year trading summary

	2022	2021	2020	2019	2018
Average daily trading volume on the Paris stock exchanges (NYSE Euronext):					
• Number of shares *(in thousands)*	**1,001.51**	**890.06**	1,426.11	1,347.22	1,608.40
• in millions of euros	**135.05**	**123.40**	134.90	100.98	110.98
High and low share prices *(in euros)*					
• high	**178.78**	**173.78**	121.80	94.58	78.56
• low	**110.02**	**119.10**	61.72	57.58	57.54
Year-end closing price *(in euros)*	**130.72**	**172.46**	118.30	91.50	59.72
Yield *(%)*	**2.41**	**1.68**	2.20	2.79	3.94

The Schneider Electric SE share results versus the CAC 40 index (rebased) over five years



Monep

Schneider Electric SE shares have been traded on the MONEP market since December 20, 1996.

Ordinary bonds

The information is disclosed in note 9 of the Company financial statements (pages 507 and 508).

7.6 Investor relations

7.6.1 Person responsible for financial information

Hilary Maxson
Chief Financial Officer
35, rue Joseph Monier – CS 30323
92506 Rueil-Malmaison Cedex (France)
Tel: +33 (0)1 41 29 71 34

7.6.2 Contacts

Any information or document may be requested from:
Amit Bhalla – Head of Investor Relations

For institutional investors and financial analysts:
Tel: +44 (0)20 4557 1328

For individual investors:
Tel: 0 805 651 650
Email: actionnaires@se.com or via the contact form available on the institutional website at www.se.com.

7.6.3 Shareholders' Advisory Committee

The Committee is the voice of Schneider Electric's individual shareholders. The Committee consists of eight to ten independent volunteers appointed by Schneider Electric.

The Shareholders' Advisory Committee meets three to four times a year to discuss various topics with a strong emphasis on the Company's strategy towards individual shareholders (enhancing communication material and defining dedicated events). The Committee also plays a role in the Annual Shareholders' Meeting as one of its members opens the Q&A session with the Chairman & CEO.

7.6.4 Publicly available documents and regulated information

The Company provides its shareholders with newsletters upon request, and videos and presentations are available in a dedicated section on the corporate website at www.se.com.

The Articles of Association, minutes of Annual Shareholders' Meetings, statutory auditors' reports, and other legal documents concerning the Company are available for consultation at the Company's head office (office of the Secretary to the Board of Directors) located at 35, rue Joseph Monier, 92500 Rueil-Malmaison, France.

The Articles of Association, press releases, regulated information within the meaning of the *Autorité des marchés financiers* (AMF), registration and universal registration documents, sustainable development reports, notice of the Shareholders' Meeting, and other documents are also available on the Company's website at www.se.com.

8 Annual Shareholders' Meeting

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

This section presents the draft resolutions that will be submitted to the Annual Shareholders' Meeting of the Company that will be convened on May 4, 2023 and the report of the Board of Directors (explanatory comments) for those resolutions. The Board of Directors' report and the draft resolutions are those approved by the Board of Directors in its meeting of February 15, 2023. They may be subject to further amendments in the final Notice of Meeting to be published in the BALO official journal, where necessary, in order to take into account subsequent decisions of the Board of Directors.

Agenda

ORDINARY SHAREHOLDERS' MEETING:

Resolution 1

Approval of statutory financial statements for the 2022 fiscal year

Resolution 2

Approval of consolidated financial statements for the 2022 fiscal year

Resolution 3

Appropriation of profit for the fiscal year and setting the dividend

Resolution 4

Approval of regulated agreements governed by Article L. 225-38 *et seq.* of the French Commercial Code

Resolution 5

Approval of the information on the Directors' and the Corporate Officer's compensation paid or granted for the fiscal year ending December 31, 2022 mentioned in Article L. 22-10-9 of the French Commercial Code

Resolution 6

Approval of the components of the total compensation and benefits of all types paid during the 2022 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire

Resolution 7

Approval of the compensation policy for the Chairman & Chief Executive Officer, Mr. Jean-Pascal Tricoire, for the period from January 1 to May 3, 2023

Resolution 8

Approval of the compensation policy for the Chief Executive Officer, Mr. Peter Herweck, for the period from May 4 to December 31, 2023

Resolution 9

Approval of the compensation policy for the Chairman of the Board of Directors, Mr. Jean-Pascal Tricoire, for the period from May 4 to December 31, 2023

Resolution 10

Determination of the total annual compensation of the Directors

Resolution 11

Approval of the Directors' compensation policy

Resolution 12

Renewal of the term of office of Mr. Léo Apotheker

Resolution 13

Renewal of the term of office of Mr. Gregory Spierkel

Resolution 14

Renewal of the term of office of Mr. Lip-Bu Tan

Resolution 15

Appointment of Mr. Abhay Parasnis as a Director

Resolution 16

Appointment of Mrs. Giulia Chierchia as a Director

Resolution 17

Opinion on the Company Climate strategy

Resolution 18

Authorization granted to the Board of Directors to buy back Company shares

EXTRAORDINARY SHAREHOLDERS' MEETING:

Resolution 19

Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company with shareholders' preferential subscription right

Resolution 20

Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company without shareholders' preferential subscription right through a public offering other than those referred to in Article L. 411-2 1° of the French Monetary and Financial Code

Resolution 21

Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company without shareholders' preferential subscription right through an offering in accordance with Article L. 411-2 1° of the French Monetary and Financial Code

Resolution 22

Delegation of authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without shareholders' preferential subscription right

Resolution 23

Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company without shareholders' preferential subscription right in consideration for contributions in kind to the Company

Resolution 24

Delegation of authority to the Board of Directors to increase the capital by capitalizing additional paid-in capital, reserves, earnings or other

Resolution 25

Delegation of authority to the Board of Directors to undertake capital increases reserved for participants in a company savings plan without shareholders' preferential subscription right

Resolution 26

Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of certain non-French subsidiaries of the Group, directly or *via* entities acting to offer those employees benefits comparable to those offered to participants in a company savings plan without shareholders' preferential subscription right

Resolution 27

Authorization to the Board of Directors to cancel shares of the Company bought back by the Company under the share buyback programs

Resolution 28

Powers for formalities

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

8.1.1 Ordinary Shareholders' Meeting

1st, 2nd, and 3rd resolutions: Approval of annual financial statements and setting the distribution

Explanatory statement

Under the **1st and 2nd resolutions**, shareholders are invited to approve:
- the statutory financial statements of Schneider Electric SE for the year 2022 which show a profit of €1,744,408,093.62; and
- the consolidated financial statements for the year 2022 which show a net income for the Group of €3,477 million.

The activity and the results for the 2022 fiscal year are presented in the 2022 Universal Registration Document as well as in the Notice of meeting available on the Company's website.

Under the **3rd resolution**, we recommend a distribution of €3.15 per share, representing a distribution rate of 44.5% of the Group's net adjusted income and an estimated total distribution of €1,761,214,530.60(1) (based on the number of shares ranking for dividends at December 31, 2022). No dividend will be paid on treasury shares held by the Company on the payment date. This distribution will be paid out of the distributable earnings amounting to €2,069,815,278.53. The proposed dividend is an integral part of Schneider Electric's policy to reward shareholders over the long term. It represents an increase of 9% versus last year.

The distribution will be paid according to the following schedule:
- Dividend ex-date: May 9, 2023
- Record date: May 10, 2023
- Dividend payment date: May 11, 2023

For individual beneficiaries who are tax residents in France, the dividend is subject upon payment to a social security tax of 17.2% and, in principle, to a mandatory non-definitive levy of 12.8%. This tax is levied at source and is computed on the gross amount of the dividend.

For its taxation in 2024, this dividend will fully be eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code where an express, global, and irrevocable election is made for taxation under the progressive scale of personal income tax. Where this option is not made, the dividend will be taxed at a final flat-rate income 12.8% and will not be eligible for this 40% rebate. In both cases, the levy of 12.8% borne at the time of the payment of the dividend is deducted from the individual income tax due.

Text of the first resolution

(Approval of statutory financial statements for the 2022 fiscal year)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report and the statutory auditors' report, approves the statutory financial statements for the 2022 fiscal year as presented, as well as the transactions reflected in these statements or summarized in these reports showing a net profit of €1,744,408,093.62.

In addition, pursuant to Article 223 quater of the French Tax Code (Code général des impôts), the Shareholders' Meeting approves the value of expenses and charges non-deductible from taxable result liable to corporate income tax and amounting to €7,042 as well as the theoretical tax borne as a result of these charges amounting to €1,819.

Text of the second resolution

(Approval of statutory financial statements for the 2022 fiscal year)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report and the statutory auditors' report, approves the statutory financial statements for the 2022 fiscal year as presented, as well as the transactions reflected in these statements or summarized in these reports.

Text of the third resolution

(Appropriation of profit for the financial year and setting the dividend)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having noted that the Company's fiscal year ending December 31, 2022 closed with a net profit of €1,744,408,093.62 and, considering the retained earnings amounted to €325,407,184.91, the distributable earnings amounted to €2,069,815,278.53, upon proposal of the Board of Directors, decides:
- *the distribution to the shareholders of a dividend of €3.15 per share, i.e., €1,761,214,530.60(1) on the basis of the number of shares ranking for dividends at December 31, 2022 paid from the distributable earnings; and*
- *the allocation of the balance of the distributable earnings after distribution to the retained earnings.*

The ex-dividend date will be May 9, 2023 and the dividend will be payable from May 11, 2023. If, at the time of payment of the dividend, the number of treasury shares held by the Company has changed compared to that held on December 31, 2022, the fraction of the dividend relating to this variation will either increase or reduce retained earnings.

(1) This amount is calculated based on the number of shares ranking for dividends at December 31, 2022 and could therefore change if this number varies between January 1, 2023 and the ex-dividend date.

For individual beneficiaries who are tax residents in France, the dividend is subject upon payment to a social security tax of 17.2% and, in principle, to a mandatory non-definitive levy of 12.8%. This tax is levied at source and is computed on the gross amount of the dividend.

For its taxation in 2024, this dividend will fully be eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code where an express, global, and irrevocable election is made for taxation under the progressive scale of personal income tax. Where this option is not made, the dividend will be taxed at a final flat-rate income 12.8% and will not be eligible for this 40% rebate. In both cases, the levy of 12.8% borne at the time of the payment of the dividend is deducted from the individual income tax due.

Dividends/coupons paid by Schneider Electric SE for the three most recent fiscal years are as follows:

	2019	*2020*	*2021*
Net dividend paid per share *(in euros)*	*2.55*	*2.60*	*2.90*

4th resolution: Regulated agreements

Explanatory statement

In the **4th resolution**, you are invited to take due note of the absence of any new regulated agreement concluded during the fiscal year ending December 31, 2022.

Text of the fourth resolution

(Approval of regulated agreements governed by Article L. 225-38 et seq. of the French Commercial Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, and having considered the statutory auditors' special report on related party agreements referred to in Article L. 225-38 of the French Commercial Code, approves this report in all its provisions and notes that no new agreement has been concluded during the fiscal year ending December 31, 2022.

5th and 6th resolutions: Approval of the information on the Directors' and the Corporate Officer's compensation paid or granted for 2022 (Say on pay *ex-post*)

Explanatory statement

Under the **5th resolution**, in pursuance of Article L. 22-10-34 I of the French Commercial Code, you are invited to approve the information listed in Article L. 22-10-9 of the French Commercial Code relating to the compensation of Directors and the Corporate Officer that are presented to you in the corporate governance report referred to in Article L. 225-37 of the French Commercial Code. You will find all this information set out in detail in section 4.2.2 of Chapter 4 of the 2022 Universal Registration Document and in section 4.2 of the Notice of meeting.

Under the **6th resolution**, in pursuance of Article L. 22-10-34 II of the French Commercial Code, you are asked to approve fixed, variable and exceptional components of the total compensation and benefits of all types paid during the last fiscal year or awarded in respect of the said year, to the Chairman & Chief Executive Officer, Mr. Jean-Pascal Tricoire. They have been paid or awarded in accordance with the compensation policy approved by the Annual Shareholders' Meeting of May 5, 2022. These components are detailed in section 4.2.2.2 of Chapter 4 of the 2022 Universal Registration Document and in section 4.2.1 of the Notice of meeting.

Text of the fifth resolution

(Approval of the information on the Directors' and the Corporate Officer's compensation paid or granted for the fiscal year ending December 31, 2022 mentioned in Article L. 22-10-9 of the French Commercial Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 I of the said Code, the information mentioned in Article L. 22-10-9 I of the French Commercial Code as stated in the 2022 Universal Registration Document, Chapter 4, section 4.2.2.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

Text of the sixth resolution

(Approval of the components of the total compensation and benefits of all types paid during the 2022 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 II of the said Code, the fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the 2022 financial year or awarded in respect of the 2022 fiscal year to the Chairman & Chief Executive Officer, Mr. Jean-Pascal Tricoire as stated in the 2022 Universal Registration Document, Chapter 4, section 4.2.2.2.

7th, 8th, 9th, 10th and 11th resolutions: Approval of the 2023 compensation policy applicable to the Corporate Officers and the Directors (Say on pay *ex-ante*) and determination of the total annual compensation of the members of the Board of Directors

Explanatory statement

Under the **7th, 8th and 9th resolutions**, in pursuance of Article L. 22-10-8 II of the French Commercial Code, shareholders are invited to approve the compensation policy for the Corporate Officers, *i.e.* the Chairman & Chief Executive Officer, the Chief Executive Officer and the Chairman of the Board of Directors. These policies as well as the manner in which they serve the corporate interest, support the Company strategy, and contribute to the sustainability of the Company are presented in section 4.2.3.1 of Chapter 4 of the 2022 Universal Registration Document and in section 4.3.1 of the Notice of meeting. Shareholders are called to approve separately:

- the compensation policy for the Chairman & Chief Executive Officer as presented in detail in section 4.2.3.1.2 of Chapter 4 of the 2022 Universal Registration Document and in section 4.3.1.1 of the Notice of meeting. This policy would apply to Mr. Jean-Pascal Tricoire for the period from January 1 to May 3, 2023, the end date of his office as Chairman & Chief Executive Officer (**7th resolution**);
- the compensation policy for the Chief Executive Officer as presented in detail in section 4.2.3.1.3 of Chapter 4 of the 2022 Universal Registration Document and in section 4.3.1.2 of the Notice of meeting. This policy would apply to Mr. Peter Herweck as from May 4, 2023, the starting date on which he will assume the position of Chief Executive Officer of Schneider Electric SE (**8th resolution**);
- the compensation policy for the Chairman of the Board of as presented in detail in section 4.2.3.1.4 of Chapter 4 of the 2022 Universal Registration Document and in section 4.3.1.3 of the Notice of meeting. This policy would apply to Mr. Jean-Pascal Tricoire as from May 4, 2023, the starting date on which he will assume only the office of Chairman of the Board of Directors (**9th resolution**).

Under the **10th and 11th resolutions**, we ask you to:

- in accordance with Article L. 225-45 of the French Commercial Code, to increase the maximum of the total compensation that may be awarded to members of the Board of Directors annually to €2,800,000, in view of the increase in the number of members of the Board of Directors and the number of Board meetings (**10th resolution**);
- in accordance with Article L. 22-10-8 II of the French Commercial Code, to approve the compensation policy of the Directors which means allocation rules of this amount as presented in detail in section 4.2.3.2 of Chapter 4 of the 2022 Universal Registration Document and in section 4.3.2 of the Notice of meeting (**11th resolution**).

Text of the seventh resolution

(Approval of the compensation policy for the Chairman & Chief Executive Officer, Mr. Jean-Pascal Tricoire, for the period from January 1 to May 3, 2023)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Chairman & Chief Executive Officer as stated in the 2022 Universal Registration Document, Chapter 4, section 4.2.3.1.2.

Text of the eighth resolution

(Approval of the compensation policy for the Chief Executive Officer, Mr. Peter Herweck, for the period from May 4 to December 31, 2023)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Chief Executive Officer as stated in the 2022 Universal Registration Document, Chapter 4, section 4.2.3.1.3.

Text of the ninth resolution

(Approval of the compensation policy for the Chairman of the Board of Directors, Mr. Jean-Pascal Tricoire, for the period from May 4 to December 31, 2023)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Chairman of the Board of Directors as stated in the 2022 Universal Registration Document, Chapter 4, section 4.2.3.1.4.

Text of the tenth resolution

(Determination of the total annual compensation of the Directors)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, decides to set, as from fiscal year 2023, the maximum amount of the annual fixed sum provided for in Article L. 225-45 of the French Commercial Code to be allocated to the Directors as compensation for their activity, at €2,800,000.

Text of the eleventh resolution

(Approval of the Directors' compensation policy)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Directors as stated in the 2022 Universal Registration Document, Chapter 4, section 4.2.3.2.

12th, 13th, 14th, 15th and 16th resolutions: Renewal of Mr. Léo Apotheker, Mr. Gregory Spierkel and Mr. Lip-Bu Tan, appointment of Mrs. Giulia Chierchia and Mr. Abhay Parasnis

Explanatory statement

As of March 28, 2023, the Board of Directors is composed of 14 members, including nine who are deemed independent within the meaning of the AFEP-MEDEF Corporate Governance Code, two Directors representing the employees and one Director representing the employee shareholders.

Each year, the Board of Directors conducts a review to ensure that there is an appropriate balance in its composition and that of its committees. In particular, the Board seeks to ensure gender balance and broad diversity in terms of skills, experience, nationality, and age, as described in its diversity policy (see section 4.1.2.4 of Chapter 4 of the Universal Registration Document). The Board investigates and evaluates not only potential candidates, but also whether existing Directors should seek reappointment based on their individual performance assessment and contribution. The Board seeks above all to ensure that its composition is consistent with the strategic needs of the Company and reflects the values that are essential to its proper functioning: independence of mind, richness of perspective, competence, commitment, and complementarity of experience and people.

As part of the Board's continuous review of its composition, the Board of Directors asked the Governance & Remunerations Committee to make a recommendation on the renewal of Mr. Léo Apotheker, Mr. Gregory Spierkel and Mr. Lip-Bu Tan, as well as search for complementary profiles in line with the skillset highlighted by its Board skills matrix and the challenges of the Company (see section 4.1.2.4 of Chapter 4 of the Universal Registration Document describing the director recruitment process).

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

In that respect, the Committee has analyzed Mr. Léo Apotheker's, Mr. Gregory Spierkel's and Mr. Lip-Bu Tan's situation with regards to their relevance and performance, as well as their time commitment and availability to fulfill their duties as well as the value added by each of them to the work of the Board.

- Mr. Léo Apotheker holds only one other position in a listed company (Director of NICE-Systems Ltd), and his attendance rate at Board meetings in 2022 is 100%, while his attendance rate at meetings of the Committees in which he participates is 90%. The Committee recommended to the Board that Mr. Léo Apotheker continues to participate in the work of the Board, particularly in the areas of software and M&A, where his expertise as former Chief Executive Officer of SAP and Hewlett-Packard is essential, as well as his excellent knowledge of the Group and the balance of the composition of the Board of Directors in terms of seniority. However, in view of his age and his non-independence under the AFEP-MEDEF Code, considering he has been a member of the Board since 2008, the Committee has proposed limiting his term of office to two years.
- Mr. Gregory Spierkel holds two other mandates in listed companies (Director of MGM Resorts International and PACCAR Inc.), his attendance rate at the meetings of the Board and the committees in which he participates in 2022 is 100%. Mr. Gregory Spierkel brings to the Board the benefit of his experience as former Chief Executive Officer of Ingram Micro, Inc. and a solid profile in digital and technology matters, which leads the Board to propose to you the renewal of his mandate for a four-year term.
- Mr. Lip-Bu Tan holds three offices in listed companies in addition to his office at Schneider Electric: Chairman of Cadence Design Systems, Inc., from which he retired as Chief Executive Officer in 2021 and will retire as Chairman in 2023 as he announced he will not seek re-election to the Board at the 2023 Annual Meeting (https://d18rn0p25nwr6d.cloudfront.net/CIK-0000813672/cd2ef8b8-abb5-4620-a08d-c5c49565fc6c.pdf), Chairman of the Board of Directors of Credo Technology Group Holding Ltd. and Director of Intel Corporation. After the 2023 Cadence's Annual Meeting planned on May 4, Mr. Lip-Bu Tan will therefore hold two offices in listed companies in addition to his office at Schneider Electric. In view of his commitments, the Governance & Remunerations Committee has carefully examined his situation. In particular, it has ascertained from him his willingness and commitment to devote sufficient and necessary time to the Board of Schneider Electric, as Mr. Lip-Bu Tan has always done in the past, as evidenced by his level of attendance at Board meetings in 2022 (100%) and at the meetings of the committees in which he participates (90%), as well as his physical participation in several meetings, including the Strategy Session in August 2022. His average attendance rate at Board and committee meetings over his term of office (2019 - 2022) was 94% and 97.5% respectively, reflecting his commitment and availability. The Committee also took into consideration the assessment of Mr. Lip-Bu Tan's effective contribution to the work of the Board that was conducted among the Directors in October 2022 during the Board's self-assessment, which concluded that Mr. Lip-Bu Tan brings to the Board unique expertise in the areas of software and technology, particularly in the energy sector, venture capital, and in-depth knowledge of the Asian and US markets. For all of these reasons, the Board has determined that his continued service as a Director is in the best interests of the Company, its shareholders, and is consistent with the composition objectives identified by the Board, and therefore invites you to reappoint Mr. Lip Bu-Tan for a four-year term.

The Governance & Remunerations Committee also identified the skills that would be useful to diversify and strengthen the Board composition and hired an external recruitment firm (Heidrick & Struggles) to search for suitable candidates. Among these candidates, the Governance & Remunerations Committee preselected a short list and the members of the Committee interviewed them. Following these interviews, the Committee recommended two candidates to the Board of Directors, Mr. Abhay Parasnis and Mrs. Giulia Chierchia, who were appointed as Observers respectively on July 27, 2022 and February 15, 2023 with the aim to propose their appointment to the 2023 Shareholders' Meeting.

Mr. Abhay Parasnis, a US citizen based in San Francisco and an entrepreneur, is Adobe's former Chief Technology Officer and Chief Product Officer and serves on the Board of Directors at Dropbox. He will bring to the Board his remarkable technology and digital skills, especially his experience in shifting to the cloud and in SaaS transformation as well as his spirit of innovation and reinvention. He will qualify as an independent Director with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed, will join the Digital Committee.

Mrs. Giulia Chierchia, an Italian and Belgian dual citizen based in the United Kingdom, is currently Executive Vice-President Strategy, Sustainability and Ventures of BP. She will bring to the Board her expertise in ESG and energy sector, in particular, her experience in energy transition strategy in large companies with a global approach including strategy, sustainability, capital allocation and ventures. She will qualify as an independent Director with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed, will join the Investment Committee.

Acting upon recommendation of the Governance & Remunerations Committee, the Board of Directors proposes to shareholders:
- in the **12th resolution**, to renew the term of office of Mr. Léo Apotheker for a two-year (2) term;
- in the **13th resolution**, to renew the term of office of Mr. Gregory Spierkel for a four-year (4) term;
- in the **14th resolution**, to renew the term of office of Mr. Lip-Bu Tan for a four-year (4) term;
- in the **15th resolution**, to appoint Mr. Abhay Parasnis as a Director for a four-year (4) term; and
- in the **16th resolution**, to appoint Mrs. Giulia Chierchia as a Director for a four-year (4) term.

Should these resolutions be approved, the Board of Directors would consist of 16 members (including one Director representing the employee shareholders and two Directors representing the employees), with an independence rate of 85% and 46% of women (excluding the three Directors who are also employees) and 81% being of non-French origin or nationalities.

Mr. Léo Apotheker's, Mr. Gregory Spierkel's, Mr. Lip-Bu Tan's, Mrs. Giulia Chierchia's, and Mr. Abhay Parasnis' biographies are provided in section 2.2.3 of the Notice of meeting and section 4.1.2.2 of Chapter 4 of the 2022 Universal Registration Document.

Text of the twelfth resolution

(Renewal of the term of office of Mr. Léo Apotheker)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mr. Léo Apotheker as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a two-year (2) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2025 to approve the financial statements for the 2024 fiscal year.

Text of the thirteenth resolution

(Renewal of the term of office of Mr. Gregory Spierkel)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mr. Gregory Spierkel as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2027 to approve the financial statements for the 2026 fiscal year.

Text of the fourteenth resolution

(Renewal of the term of office of Mr. Lip-Bu Tan)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mr. Lip-Bu Tan as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2027 to approve the financial statements for the 2026 fiscal year.

Text of the fifteenth resolution

(Appointment of Mr. Abhay Parasnis as a Director)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, decides to appoint Mr. Abhay Parasnis as a Director for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2027 to approve the financial statements for the 2026 fiscal year.

Text of the sixteenth resolution

(Appointment of Mrs. Giulia Chierchia as a Director)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, decides to appoint Mrs. Giulia Chierchia as a Director for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2027 to approve the financial statements for the 2026 fiscal year.

17th resolution: Opinion on the Company Climate strategy

Explanatory statement

Under the **17th resolution**, the Board wishes to consult the Shareholders' Meeting on Schneider Electric's Climate strategy as described in section 2.3 of Chapter 2 of the 2022 Universal Registration Document and summarized in section 3 of the Notice of meeting.

The sustainability strategy including Climate is overseen by the Board of Directors with the assistance of the Human Resources & CSR Committee. Schneider Electric was one of the first companies to address this topic at the Board level with the creation of the Human Resources & CSR Committee in 2014. Schneider Electric further addressed the topic by deciding that the annual variable compensation of both 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 detail on compensation, please refer to section 4.2 of Chapter 4 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 decarbonation roadmap, respectively focusing on the supply chain, low-carbon product design and the decarbonization of Schneider Electric's operational emissions.

Upon a joint recommendation from the Human Resources & CSR Committee and the Governance & Remunerations Committee, the Board decided to offer its shareholders an opportunity to express their views on Schneider Electric's Climate strategy.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

- **Scientifically validated Climate roadmap**

Schneider Electric, as an Impact Company, wants to be both a sustainability enabler, supporting partners and customers with its decarbonation and digital solutions and services, and a sustainability practitioner committed to becoming Net-Zero across its end-to-end value chain. Schneider Electric considers itself part of an end-to-end ecosystem and reviews its progress along three dimensions: first aligning the Group and its supply chain with a 1.5°C Climate trajectory; second helping customers to do the same through Schneider Electric's offers; and third helping Schneider Electric communities accelerate Climate action. As a result, the Group's Climate strategy addresses all of its stakeholders and shows there are ways for companies to "do good while doing well". In line with the ambition to contribute to limiting global temperature rise to 1.5°C, Schneider Electric is committed to reach the targets described below as validated by the Science Based Targets initiative.

2025	2030*	2040	2050*
Carbon neutral in our operations	25% absolute reduction across our entire value chain and "net-zero ready" in our operations	Carbon neutral across our entire value chain	Net-zero CO_2 emissions across our entire value chain

2021 – 2025 initiatives to act for climate & preserve resources

Suppliers		Operations		Customers/Society	
SSI #3	Reduce CO_2 from suppliers operations	SSE #1	Transition to Zero-CO_2 sites	SSI #1	Grow our impact revenues
SSE #4	Improve CO_2 efficiency in transportation	SSE #3	Source renewable electricity	SSI #2	Save and avoid CO_2 emissions for customers
		SSE #5	Improve energy efficiency	SSE #2	Substitute products using SF_6
		SSE #7	Switch to electrical vehicles		
SSI #4	Use green materials in our product	SSE #8	Deploy local biodiversity programs	SSE #6	Product revenues covered by Green Premium™ eco-label
SSI #5	Switch to sustainable packaging	SSE #9	Make waste a resource		
SSE #10	Avoid primary resource use	SSE #11	Deploy water conservation action plans		

* SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Concrete actions and investment plans to reach those targets are described in section 2.3 of Chapter 2 of the 2022 Universal Registration Document.

- **Consultation process**

Investors' consultation on Schneider Electric's Climate strategy is part of the continuous and strong shareholder engagement conducted each year. The goal is that shareholders express their views on our Climate transition plan to be able to take into consideration their feedback.

However, shareholders are not asked to take responsibility for Schneider Electric's Climate strategy, which remains the exclusive responsibility of the Board of Directors and Chief Executive Officer. Therefore, in order to comply with the respective specific powers of each of the corporate bodies, the nature of this resolution is purely consultative, and this vote will not be binding.

The Board invites shareholders to support this strategy, which will influence every aspect of the Group's actions over the long-term. A widespread approval of Schneider Electric's Climate strategy will comfort the Company in its leading and ambitious Corporate Social Responsibility (CSR) roadmap and is essential to bolster the Company's efforts to further accelerate its decarbonization journey in a transparent way.

The Board will take into account the level of support received on this resolution and continue engaging with its shareholders. Should the level of dissent reach 50% or more, the Board will seek information on the reasons for which some investors may not have supported the proposed resolution to be able to propose a revised Climate strategy.

- **Transparency**

As the transparency of the implementation of the Climate strategy is decisive in maintaining a relationship of trust between the Company and the various stakeholders, all the actions carried out and the associated key indicators are detailed annually in the Extra-Financial Performance Statement (DPEF) audited by an independent third party and included in the Universal Registration Document. In addition, the key indicators are part of the Schneider Sustainability Impact, from which results are shared transparently quarterly in the financial and non-financial communication of the Company. The Company also details the risks and opportunities linked to Climate change as well as the associated governance, in accordance with all the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- **Next vote on the Climate strategy**

The Board intends to repeat this consultation at the 2026 Annual Shareholders' Meeting in order to allow shareholders to express their views on the progress made on the implementation of the strategy and the strategy itself. It will correspond to the launch of the new cycle of the Schneider Sustainability Impact, the current plan ending in 2025.

Text of the seventeenth resolution

(Opinion on the Company Climate strategy)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Company's Climate strategy as described in section 2.3 of Chapter 2 of the 2022 Universal Registration Document, issues a favorable opinion on this Climate strategy.

18th resolution: Share buybacks

Explanatory statement

As the pre-existing authorization comes to its term in November 2023, it is hereby proposed, in the **18th resolution** submitted to the Annual Shareholders' Meeting, to reconduct, for a new eighteen-month period starting after the present Annual Shareholders' Meeting, the authorization given to the Board of Directors to purchase the Company's shares as part of a share buyback program pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code and European Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse.

We remind you that on February 14, 2019 Schneider Electric initiated a new €1.5 billion to €2.0 billion share buyback program. These buybacks are part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from Long- term Incentive Plans.

At the beginning of 2021, due to the economic uncertainty, and considering the on-going acquisitions, the share buyback program remained on-hold after its suspension due to the COVID-19 crisis in 2020. The share buyback program restarted at the end of July 2021. On May 5, 2022, the proposal to raise the cap on purchase price to €250 per share (from the previous €150 per share) was approved at the Annual Shareholders' Meeting. Schneider Electric did not further progress the buyback in the second half-year primarily due to restrictions on account of the proposed transaction with the AVEVA minority shareholders that was in progress during the period. Schneider Electric remains committed to the completion of the existing share buyback program.

Since the beginning of the program in 2019, a total €796,969,443 of share buyback corresponding to 7,601,716 shares bought back by the Company had been completed including €219,470,200 of share buyback in 2022 corresponding to 1,659,933 shares bought back by the Company pursuant to the last authorizations.

All the 11,977,197 treasury shares held on December 31, 2022 (representing 2.10% of the share capital) are allocated to employees and Corporate Officers as a long-term compensation tool.

The authorization that you would give to the Board would allow to proceed to purchase shares for the purposes, amongst others, of:
- their allotment to employees or Corporate Officers as a long-term compensation tool;
- their delivery as a result of the exercise of rights attached to securities giving access to the Company's capital;
- their cancellation;
- their delivery in connection with external growth operations; and
- their disposal in the course of a share management agreement.

Shares bought back may be canceled under the authorization adopted by this Annual Shareholders' Meeting (27th resolution).

The number of shares thus purchased, and the number of shares held may not exceed 10% of the share capital at any time (for reference purposes, based on the issued capital on December 31, 2022: 57,109,292 shares). The maximum purchase price of the shares would be set at €250 and the total amount allocated to the share repurchase program would not exceed €14.3 billion. As for previous years, the resolution prevents that the authorization be used during a public offering on the Company's shares.

Further information on the Company's share buyback programs can be found in section 7.2.5 of Chapter 7 of the 2022 Universal Registration Document.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

Text of the eighteenth resolution

(Authorization granted to the Board of Directors to buy back Company shares)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, hereby authorizes the Board of Directors, pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code, Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse and its delegated regulations and the French Financial Market Authority's General rules, to buyback or arrange for the buyback of the Company's shares for the purpose of:

- *the allotment or transfer of shares to employees or Corporate Officers of the Company and/or of current or future related companies, for the purposes of implementing any stock option or Performance Share plan, or any other grant, allocation, or disposal to employees and Corporate Officers of the Company;*
- *the delivery of shares as a result of the exercise of rights attached to securities giving access to the Company's capital by redemption, conversion, exchange, presentation of a warrant or by any other mean;*
- *the cancellation by way of share capital decrease of all or part of these repurchased shares;*
- *the delivery of shares (for exchange, payment or otherwise) in connection with external growth operations (up to a limit of 5% of the share capital);*
- *their provision for the purposes of a share management agreement entered into with an investment services provider in order notably to maintain a liquid market; or*
- *the implementation of any market practice which would be allowed by the French Financial Market Authority.*

This authorization also allows the Company to trade in its shares for any other purposes authorized or that may be authorized by law or regulation. In such a case, the Company would inform its shareholders through a public release.

Shares acquired may also be canceled, subject to compliance with the provisions of Articles L. 225-204 and L. 225-205 of the French Commercial Code and in accordance with the 27th resolution of this Annual Shareholders' Meeting.

The number of shares that may be purchased shall be subject to following limits:

(i) *the number of shares that the Company may purchase during the term of the buyback program should not exceed 10% of the Company's share capital at any time (i.e. for information purposes, 57,109,292 shares, on the basis of the share capital as of December 31, 2022), it being specified that the number of shares acquired in view of their retention and their future delivery for the purpose of an external growth operation cannot exceed 5% of the Company's share capital; and*

(ii) *the number of shares that the Company can hold at any time may not exceed 10% of the Company's share capital.*

The maximum share purchase price is set at €250 per share (excluding acquisition costs) without exceeding the maximum price set by applicable laws and regulations. The total amount allocated to the share repurchase program will not exceed €14.3 billion (excluding acquisition costs).

The purchase, exchange, disposal or transfer of shares can be decided by the Board of Directors on one or more occasions, at any time except during takeover bid involving the Company's shares, and by any means, provided that laws and regulations in force are complied with, on or off the stock market, over the counter, in whole or in part in blocks of shares, by takeover bid in cash or in shares, by using options or derivatives, either directly or indirectly through the intermediation of an investment services provider, or in any other way.

The Annual Shareholders' Meeting grants authority to the Board of Directors, which may further delegate as permitted by law, to adjust the price set forth above in the event of transactions on the Company's share capital, and in particular an increase in capital through the capitalization of reserves, the allocation of free shares, a stock split or reverse stock split, the distribution of reserves or any other assets, impairment of share capital or any other transaction involving share capital or shareholders' equity, to take into account the impact of these transactions on the stock value.

The Annual Shareholders' Meeting gives full powers to the Board of Directors with powers to subdelegate under the conditions set out by law, to use this authorization, in particular to give any and all orders, enter into any and all agreements, allocate or reallocate the shares acquired to the objectives pursued under the applicable legal and regulatory conditions, set the terms and conditions under which the rights of holders of securities giving access to the share capital or other rights giving access to the share capital will be preserved, if applicable, in accordance with legal and regulatory provisions and, if applicable, contractual provisions providing for other cases of adjustment, prepare all documents and press releases, carry out any and all formalities and make all appropriate declarations to the authorities, and in general take all necessary measures.

This authorization supersedes, for the unused portion, the authorization given to the Board of Directors by the Shareholders' Meeting of May 5, 2022 in its 14th resolution and is granted for an eighteen (18)-month period as from this Annual Shareholders' Meeting.

8.1.2 Extraordinary Shareholders' Meeting

19th, 20th, 21st, 22nd, 23rd and 24th resolutions: Delegations of authority to the Board of Directors to increase the share capital with or without shareholders' preferential subscription rights

Explanatory statement

As it is the case every two years, you are requested to approve a set of resolutions, giving the Board of Directors authority to increase or reduce the share capital, immediately or in the future, with preferential subscription rights or without, through the issuance of shares and/or equity-linked securities, for a limited period.

These resolutions involve financial delegations that will give the Board of Directors the authority to select, at any moment and from among a broad range of securities providing access to the share capital, the transaction most suited to Schneider Electric's needs and growth, based on market characteristics at the time.

Under the **19th resolution**, you are requested to delegate to the Board of Directors the authority to issue, in France and abroad, with shareholders' preferential subscription rights, ordinary shares and/or equity-linked securities. The maximum nominal amount of the capital increases that may be carried under this resolution shall not exceed €800 million in aggregate, *i.e.* 200 million shares representing 35.02% of the capital as of December 31, 2022. The capital increases that may be realized in accordance with the **20th, 21st, 22nd, 23rd and 24th resolutions** shall be counted against this aggregate ceiling.

For the **20th and 21st resolutions**, you are requested to cancel the preferential subscription rights to shares. Indeed, depending on market conditions, the types of investors involved and the type of securities issued, it may be preferable, or even necessary, to cancel the preferential subscription rights in order to carry out a securities placement under optimal conditions, particularly when the speed of transactions is a prerequisite to success, or when the issuances are carried out on overseas financial markets. The cancellation of the preferential subscription rights can facilitate the Company's access to capital due to more favorable issuance conditions. Capital increases without preferential subscription rights may take the form of a public offering (other than those referred to in Article L. 411-2-1° of the French Monetary Code in which case a priority period for shareholders can be established (**20th resolution**) or of an offering in accordance with Article L. 411-2-1° of the French Monetary and Financial Code (**21st resolution**). In compliance with the French Commercial Code (*Code de commerce*), the issue price of shares issued without preferential subscription rights will be at least equal to the lowest price provided for according to the regulatory provisions applicable on the date of issue (currently, the average market price of the shares in the three (3) trading days on the regulated market Euronext Paris preceding the setting of the price, reduced by a discount of 10%). Regarding the issuance of securities giving access, immediately or in the future, to the Company's share capital, the issuance price of these securities will be so that the amount received by the Company, immediately or in the future, for each share to which such securities give the right, is at least equal to the minimum issuance price of the shares as defined above. The maximum nominal amount of the capital increases that may be carried under these resolutions shall not exceed €224 million, *i.e.* 56 million shares representing 9.81% of the capital as of December 31, 2022.

In the **22nd resolution**, we are asking you to authorize the Board of Directors to increase the number of securities to be issued under the **19th, 20th and 21st resolutions** in the event of an over-subscription (greenshoe). An additional capital increase could thus be carried out within the timeframe and limits provided for by the legislation applicable as of the date of issue (currently, within 30 days of the closing of the subscription period and up to 15% of the initial issuance).

The **23rd resolution** concerns the issuance of share and/or securities giving immediate or deferred access to the Company's capital with a view to remunerate contributions in kind granted to the Company. This resolution allows the Board of Directors to carry out external growth operations with a consideration in shares within a limit of €224 million, *i.e.* 56 million shares representing 9.81% of the capital as of December 31, 2022.

If granted, these delegations would be valid for 26 months. The Board of Directors may not use this delegation from the date of filing of a takeover bid for the shares of the Company by a third party and for the duration of the bid period.

Under the **24th resolution**, we are asking you to authorize the Board of Directors to increase the share capital by incorporating premiums, reserves or profits. The rights of shareholders would not be affected by this transaction, which results in free shares allotment, increase in the nominal value of the existing shares, or a combination of both. This transaction does not change the Company's shareholders' equity.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

Summary of proposed financial authorizations and delegations

Resolution number	Financial delegations	Duration and expiration	Possibility of use during a takeover period	Individual ceiling: Maximum nominal amount for equity-linked securities	Individual ceiling: Maximum ceiling in euros or as % of the share capital		Global ceiling
Issuance with shareholders' preferential subscription right							
19th	Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company **with shareholders' preferential subscription right**	26 months (July 2025)	No	€7B	€800M (200 million shares) *i.e.* 35.02% of the share capital		Issuance of shares: €800M (200 million shares) *i.e.* 35.02% of the share capital Equity-linked securities: €7B
24th	Delegation of authority to the Board of Directors to increase the capital **by capitalizing additional paid-in capital, reserves, earnings** or other	26 months (July 2025)	Yes		€800M (200 million shares) *i.e.* 35.02% of the share capital		
Issuance without shareholders' preferential subscription right							
20th	Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company **without shareholders' preferential subscription right through a public offering** other than those referred to in Article L. 411-2 1° of the French Monetary and Financial Code	26 months (July 2025)	No	€7B	€224M (56 million shares) *i.e.* 9.81% of the capital	Issuance of shares: €224M (56 million shares) *i.e.* 9.81% of the share capital Equity-linked securities: €7B	
21st	Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company **without shareholders' preferential subscription right** through an offering in accordance with Article L. 411-2 1° of the French Monetary and Financial Code **(private placement)**	26 months (July 2025)	No	€7B	€120M (30 million shares) *i.e.* 5.25% of the share capital		
23rd	Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company **without shareholders' preferential subscription right in consideration for contributions in kind to the Company**	26 months (July 2025)	No	€7B	€224M (56 million shares) *i.e.* 9.81% of the share capital		
In the event of an over-subscription							
22nd	Delegation of authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without shareholders' preferential subscription right **(greenshoe)**	26 months (July 2025)	No	€7B	+15%		

Resolution number	Financial delegations	Duration and expiration	Possibility of use during a takeover period	Individual ceiling: Maximum nominal amount for equity-linked securities	Individual ceiling: Maximum ceiling in euros or as % of the share capital	Global ceiling
Issuances reserved for employees						
25th	Delegation of authority to the Board of Directors to undertake capital increases **reserved for participants in a company savings plan**, without shareholders' preferential subscription right	26 months (July 2025)	No		€46M (11.5 million shares) *i.e.* 2.01% of the share capital	€46M (11.5 million shares) *i.e.* 2.01% of the share capital
26th	Delegation of authority to the Board of Directors to undertake capital increases **reserved for employees of certain non-French subsidiaries (outside of a group savings plan)**, without shareholders' preferential subscription right	18 months (November 2024)	No		€24M (6 million shares) *i.e.* 1.05% of the share capital	
Cancellation of shares bought back by the Company under the share buyback programs						
27th	Authorization to the Board of Directors to **cancel shares** of the Company bought back by the Company under the share buyback programs	24 months (May 2025)	Yes		€224M (56 million shares) *i.e.* 9.81% of the share capital	

Text of the nineteenth resolution

(Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company with shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-130, L. 225-132, L. 225-134, L. 228-91 to L. 228-93, L. 22-10-49 and L. 22-10-50 of the French Commercial Code:

1. *delegates to the Board of Directors the authority, with the power to subdelegate in accordance with applicable law and regulations, to decide one or several capital increases through the issue, in the proportions and at the times it deems appropriate, in France and/or abroad, either in euros or in any other currency or unit of account set by reference to several currencies, of (i) ordinary shares of the Company, (ii) securities governed by Article L. 228-91 et seq. of the French Commercial Code, which are equity securities of the Company, giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company and/or (iii) debt securities governed or not by Article L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by the Company, which securities may, where applicable, also give access to existing equity securities and/or debt securities of the Company and/or (iv) securities which are equity securities of the Company giving access to existing equity securities or securities to be issued by, and/or to debt securities of companies in which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, and/or (v) securities representing debt securities governed or not by Article L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by companies in which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, and which may also give access to existing equity securities and/or debt securities of said companies; it is specified that (i) the subscription of shares and other securities may be carried out either in cash or by offsetting debts, and (ii) the shares to be issued shall confer the same rights as the existing shares; it being specified that the issue of any shares or securities giving access to preference shares is excluded;*
2. *decides that the nominal amount of the capital increases which may be undertaken immediately and/or in the future on the basis of this resolution may not exceed €800 million representing on an indicative basis 35.02% of the capital as of December 31, 2022, it being specified that:*
   a. *this amount would be increased by the nominal amount of the capital increase resulting from the issuance of shares to be carried out as the case may be, in accordance with legal and regulatory provisions, and, where applicable, relevant contractual provisions providing for other adjustments, in order to preserve the rights of holders of securities giving access to the share capital, and*
   b. *the maximum aggregate nominal amount of capital increases that may be undertaken immediately or in the future on the basis of this resolution and the 20th, 21st, 22nd, 23rd and 24th resolutions of this Annual Shareholders' Meeting, is set at €800 million;*

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3. *decides that the maximum nominal amount of issuances of debt equity-linked securities which could be carried out pursuant to this delegation, shall not exceed a nominal amount of €7 billion (or the equivalent in any other currency or monetary unit), it being specified that the maximum aggregate nominal amount of debt equity-linked securities that may be issued on the basis of this resolution and the 20th, 21st, 22nd and 23rd resolutions of this Annual Shareholders' Meeting, is set at €7 billion;*

4. *should the Board of Directors make use of this delegation:*
   a. *decides that the issuance(s) of shares shall be reserved in priority to shareholders who may subscribe as of right (à titre irréductible) under the conditions provided by law,*
   b. *grants to the Board of Directors the power to provide shareholders with a prorata subscription right (à titre réductible) for the number of shares in excess of those to which they could subscribe as a matter of right, in proportion to the number of shares to which they have the right to subscribe and, in any case, up to the number of shares requested,*
   c. *decides that, if the subscriptions as of right (à titre irréductible) and, as the case may be, on a prorata basis (à titre réductible), do not absorb the entirety of the share issuance, the Board of Directors may use, under the conditions set by law and in such order as it shall determine, either one of the options provided under Article L. 225-134 of the French Commercial Code, listed below: (i) limit the capital increase to the amount of the subscriptions, provided that they reach at least three-quarters of the initially approved increase, (ii) freely distribute all or part of the issued and unsubscribed securities among persons it may choose, (iii) offer to the public, on the French market or the international market, all or part of the issued and unsubscribed shares,*
   d. *decides that any issuance of share subscription warrants of the Company may be carried out either pursuant to a subscription offer under the conditions described above, or by granting free shares to owners of existing shares,*
   e. *takes note and decides, as necessary, that this delegation of authority automatically entails by operation of law, in favor of holders of equity-linked securities issued pursuant to this delegation giving access or which may give access to shares of capital of the Company, the express waiver by the Company's shareholders' of their preferential subscription rights to the shares to be issued to which such issued securities shall give right;*

5. *decides that the Board of Directors shall have all powers, with the power to subdelegate under the conditions provided by law, to implement this delegation, in order, in particular, to:*
   a. *set the terms and conditions of the capital increase(s) and/or the issuance(s) of shares or securities,*
   b. *determine the number of shares and/or securities to be issued, the issue price and the premium payment, of which, as the case may be, may be requested upon issuance,*
   c. *determine the dates and conditions of the issuance, the nature and form of the securities to be issued, which may be subordinated or unsubordinated securities, with or without a specific maturity date, and, in particular, with respect to issuances of debt equity linked securities, their interest rate, maturity, their fixed or variable redemption price, with or without premium and the conditions for redemption,*
   d. *decide how shares and/or securities are to be paid for,*
   e. *set, if necessary, the terms of the exercise of the rights attached to the shares or securities issued or to be issued and, in particular, set the date, even if retroactive, from which the new shares to be issued would bear dividend rights, as well as all other terms and conditions for completing the issuance(s),*
   f. *set the terms and conditions under which the Company would have the right, as the case may be, to purchase or exchange, at any time or during fixed periods, securities issued or to be issued,*
   g. *provide the ability to suspend the exercise of rights attached to such securities,*
   h. *establish, as required, the conditions for preserving the rights of holders of equity-linked securities with future rights to shares of the Company, in accordance with applicable laws and regulations, and, where applicable, applicable contractual provisions,*
   i. *off-set the costs, fees and expenses of the capital increase(s) against the amount of the premium related thereto and, where applicable, deduct from this amount the amounts required to bring the legal reserve to one-tenth of the new share capital after each capital increase, and*
   j. *generally, enter into any agreement, in particular to ensure the successful completion of the contemplated issuance(s), take all measures and carry out all formalities necessary for the financial servicing of the securities issued pursuant to this delegation as well as the exercise of rights attached thereto, to acknowledge the completion of each capital increase and modify the Articles of Association accordingly;*

6. *decides that the Board of Directors may not use this delegation from the filing of a takeover bid by a third party and for the duration of the offer period.*

This delegation (i) supersedes, for the portion not yet used, the previous delegation given to the Board of Directors by the General Shareholders' Meeting of April 28, 2021 in its 16th resolution and (ii) is granted for a twenty-six (26)-month period as from this Shareholders' Meeting.

Text of the twentieth resolution

(Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company without shareholders' preferential subscription right through a public offering other than those referred to in Article L. 411-2-1° of the French Monetary Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 to L. 228-93, L. 22-10-49, L. 22-10-51, L. 22-10-52 and L. 22-10-54 of the French Commercial Code:

1. *delegates to the Board of Directors the authority, with the power to subdelegate, in compliance with applicable laws and regulations, to decide, by public offer with the exception of offering provided for by Article L. 411-2-1° of the French Monetary Code, one or several capital increases through the issue, in the proportions and at the times it deems appropriate, in France and/or abroad, either in euros or in any other currency or unit of account set by reference to several currencies, of (i) ordinary shares of the Company, (ii) securities governed by Article L. 228-91 et seq. of the French Commercial Code, which are equity securities of the Company, giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company and/or (iii) debt securities governed or not by Article L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by the Company, which securities may, where applicable, also give access to existing equity securities and/or debt securities of the Company and/or (iv) securities which are equity securities of the Company giving access to existing equity securities or securities to be issued by, and/or to debt securities of companies in which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, and/or (v) securities representing debt securities governed or not by Article L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by companies in which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, and which may also give access to existing equity securities and/or debt securities of said companies; it is specified that (i) the subscription of shares and other securities may be carried out either in cash or by offsetting debts, and (ii) the shares to be issued shall confer the same rights as the existing shares; it being specified that the issue of any shares or securities giving access to preference shares is excluded and that shares and/or securities giving access to the Company's share capital could be issued in consideration for shares which may be tendered to the Company as part of public exchange offers initiated by the Company in compliance with the conditions set forth in Article L. 22-10-54 of the French Commercial Code;*
2. *decides that the nominal amount of the capital increases which may be undertaken immediately and/or in the future on the basis of this resolution may not exceed €224 million representing on an indicative basis 9.81% of the capital as of December 31, 2022, it being specified that:*
   a. *this amount would be increased by the nominal amount of the capital increase resulting from the issuance of shares to be carried out as the case may be, in accordance with legal and regulatory provisions, and, where applicable, relevant contractual provisions providing for other adjustments, in order to preserve the rights of holders of securities giving access to the share capital,*
   b. *the maximum aggregate nominal amount of capital increases that may be undertaken immediately or in the future on the basis of this resolution and the 19th, 21st, 22nd, 23rd and 24th resolutions of this Annual Shareholders' Meeting is set at €800 million, and*
   c. *the maximum aggregate nominal amount of capital increases that may be undertaken immediately and/or in the future on the basis of this resolution and the 21st and 23rd resolutions of this Annual Shareholders' Meeting is set at €224 million;*
3. *decides that the maximum nominal amount of issuances of debt equity-linked securities which could be carried out pursuant to this delegation, shall not exceed a nominal amount of €7 billion (or the equivalent in any other currency or monetary unit), it being specified that the maximum aggregate nominal amount of debt equity-linked securities that may be issued on the basis of this resolution and the 19th, 21st, 22nd and 23rd resolutions of this Annual Shareholders' Meeting, is set at €7 billion;*
4. *decides to cancel the shareholders' preferential subscription rights to the Company's shares and/or other equity-linked securities to be issued pursuant to this resolution, and to offer such shares or securities in the framework of a public offering with the exception of offering provided for by Article L. 411-2-1° of the French Monetary Code, while allowing the Board of Directors, under the terms of Article L. 22-10-51 of the French Commercial Code, sole discretion to grant the shareholders, for a period of time and under the terms to be determined by the Board of Directors in accordance with applicable laws and regulations and for some or all of the issuance, a priority subscription period which does not constitute a negotiable right and which must be exercised in proportion to the number of shares held by each shareholder and which may be supplemented by an application to subscribe for shares on a prorata basis (à titre réductible); it being specified that securities which are not subscribed by virtue of this right shall form the object of a public placement in France and/or abroad, and/or on the international market;*
5. *decides that, should the Board of Directors make use of this delegation, if the subscriptions to the capital increase, including, if any, those of the shareholders, have not absorbed the aggregate capital increase, the Board of Directors may use, as permitted by law and in such order as it may determine, either one of the options described by Article L. 225-134 of the French Commercial Code, listed below:*
   a. *limit the capital increase to the amount of the subscriptions, provided that they reach at least three-quarters of the initially approved increase, and/or*
   b. *freely distribute all or part of the unsubscribed securities among persons it may choose.*

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6. *acknowledges and decides, if applicable, that any decision taken by virtue of this delegation of authority will automatically entail, in favor of the holders of equity-linked securities giving access to the Company's share capital or may give access to Company's shares to be issued, express waiver by shareholders of their preferential subscription rights to securities to be issued to which equity-linked securities entitle their holders;*

7. *acknowledges that, in accordance with Article L. 22-10-52 of the French Commercial Code:*
   a. *the issue price of shares issued directly will be not less than the minimum price set by applicable regulations on the date of issuance (as of the date hereof, the weighted average of the quoted market prices during the last three trading sessions on the regulated market of Euronext Paris preceding the beginning of the offer to the public, less a discount of 10%) after correction, if any, to take into account the difference dates of entitlement to dividend of the shares,*
   b. *the issue price of the equity-linked securities will be such that the cash amount received immediately by the Company plus any cash amount to be received subsequently by the Company will, for each ordinary share issued as a consequence of the issuance of such securities, be not less than the minimum issue price defined in the previous paragraph;*

8. *decides that the Board of Directors shall have all powers, with the power to subdelegate under the conditions provided by law, to implement this delegation, in order in particular to:*
   a. *set the conditions of the capital increase(s) and/or of the issuance(s) of shares or securities,*
   b. *determine the number of shares and/or securities to be issued, their issuance price as well as the amount of the premium that may be requested upon issuance, if any,*
   c. *determine the dates and conditions of the issuance, the nature and form of the securities to be issued, which could be subordinated or unsubordinated securities and may or not have a specific maturity date, and in particular, for issuances of debt equity-linked securities, their interest rate, their maturity, their fixed or variable redemption price, with or without premium and the redemption methods,*
   d. *decide how shares and/or securities are to be paid for,*
   e. *set, if necessary, the terms of the exercise of the rights attached to the shares or securities issued or to be issued and, in particular, set the date, even if retroactive, from which the new shares to be issued would bear dividend rights, as well as all other conditions and specifics of implementing the issuance(s),*
   f. *set the terms and conditions under which the Company would have the right to purchase or exchange, at any time or during fixed periods, securities issued or to be issued immediately or in the future,*
   g. *provide an option to suspend the exercise of rights attached to such securities,*
   h. *establish, if required, the conditions for preserving the rights of holders of equity-linked securities with future rights to shares of the Company, in accordance with applicable laws and regulations, and, where applicable, relevant contractual provisions,*
   i. *offset the costs, fees and expenses of the capital increase(s) against the amount of the premium related thereto, and, where applicable, deduct from this amount the amounts required to bring the legal reserve to one-tenth of the new share capital after each capital increase, and*
   j. *generally, enter into any agreement, in particular to ensure the successful completion of the contemplated issuance(s), take all measures and carry out all formalities necessary for the financial servicing of the securities issued pursuant to this delegation as well as the exercise of rights attached thereto, to acknowledge the completion of each capital increase and modify the Articles of Association accordingly;*

9. *decides that the Board of Directors may not use this delegation from the filing of a takeover bid by a third party and for the duration of the offer period.*

This delegation (i) supersedes, for the portion not yet used, the previous delegation given to the Board of Directors by the Shareholders' Meeting of April 28, 2021 in its 17th resolution and (ii) is granted for a twenty-six (26)-month period as from this Shareholders' Meeting.

Text of the twenty-first resolution

(Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company without shareholders' preferential subscription right through an offering in accordance with Article L. 411-2 1° of the French Monetary and Financial Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-129, L.225-2 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 to L. 228-93, L. 22-10-49 and L. 22-10-52 of the French Commercial Code and Article L. 411-2 1°of the French Monetary and Financial Code:

1. *delegates to the Board of Directors the authority, with the power to subdelegate, in compliance with applicable laws and regulations, to decide, through an offer in accordance with Article L. 411-2 1° of the French Monetary and Financial Code, on one or more occasions, in the proportions and at the times it deems appropriate, in France and/or abroad, either in euros or in any other currency or unit of account set by reference to several currencies, to increase the share capital by issuing (i) ordinary shares of the Company, (ii) securities governed by Article L. 228-91 et seq. of the French Commercial Code, which are equity securities of the Company, giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company and/or (iii) debt securities governed or not by Article L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by the Company, which securities may, where applicable, also give access to existing equity securities and/or debt securities of the Company, and/or (iv) securities which are equity securities of the Company giving access to existing equity securities or securities to be issued by, and/or debt securities of, companies of which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, and/or (v) securities representing debt securities governed or not by Article L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by companies in which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, and which may, where applicable, also give access to existing equity securities and/or debt securities of said companies; it is specified that (i) the subscription of shares and other securities may be carried out either in cash or by offsetting debts, and (ii) the shares to be issued shall confer the same rights as the existing shares; it being specified that the issue of any shares or securities giving access to preference shares is excluded;*
2. *decides that the nominal amount of the capital increases which may be undertaken immediately and/or in the future on the basis of this resolution may not exceed €120 million representing on an indicative basis 5.25% of the capital as of December 31, 2022, it being specified that:*
   a. *this amount would be increased by the nominal amount of the capital increase resulting from the issuance of shares to be carried out as the case may be, in accordance with legal and regulatory provisions, and, where applicable, relevant contractual provisions providing for other adjustments, in order to preserve the rights of holders of securities giving access to the share capital,*
   b. *the maximum aggregate nominal amount of capital increases that may be undertaken immediately or in the future on the basis of this resolution and the 19th, 20th, 22nd, 23rd and 24th resolutions of this Annual Shareholders' Meeting is set at €800 million, and*
   c. *the maximum aggregate nominal amount of capital increases that may be undertaken immediately and/or in the future on the basis of this resolution and the 20th and 23rd resolutions of this Annual Shareholders' Meeting is set at €224 million;*
3. *decides that the maximum nominal amount of issuances of debt equity-linked securities which could be carried out pursuant to this delegation, shall not exceed a nominal amount of €7 billion (or the equivalent in any other currency or monetary unit), it being specified that the maximum aggregate nominal amount of debt equity-linked securities that may be issued on the basis of this resolution and the 19th, 20th, 22nd and 23rd resolutions of this Annual Shareholders' Meeting, is set at €7 billion;*
4. *decides to cancel the shareholders' preferential subscription rights to the Company's shares and/or other equity-linked securities to be issued pursuant to this resolution, and to offer such shares or securities s by way of an offering provided for in Article L. 411-2 1° of the French Monetary and Financial Code in accordance with applicable laws and regulations;*
5. *decides that, should the Board of Directors make use of this delegation, if the subscriptions to the capital increase, including, if any, those of the shareholders, have not absorbed the aggregate capital increase, the Board of Directors may use, as permitted by law and in such order as it may determine, either one of the options described by Article L. 225-134 of the French Commercial Code, listed below:*
   a. *limit the capital increase to the amount of the subscriptions, provided that they reach at least three-quarters of the initially approved increase, and/or*
   b. *freely distribute all or part of the unsubscribed securities among persons it may choose;*
6. *acknowledges and decides, if applicable, that any decision taken by virtue of this delegation of authority will automatically entail, in favor of the holders of equity-linked securities giving access to the Company's share capital or may give access to Company's shares to be issued, express waiver by shareholders of their preferential subscription rights to securities to be issued to which equity-linked securities entitle their holders;*
7. *acknowledges that, in accordance with Article L. 22-10-52 of the French Commercial Code:*
   a. *the issue price of shares issued directly will be not less than the minimum price set by applicable regulations on the date of issuance (as of the date hereof, the weighted average of the quoted market prices during the last three trading sessions on the regulated market of Euronext Paris preceding the beginning of the offer to the public, less a discount of 10%) after correction, if any, to take into account the difference dates of entitlement to dividend of the shares,*
   b. *the issue price of the equity-linked securities will be such that the cash amount received immediately by the Company plus any cash amount to be received subsequently by the Company will, for each ordinary share issued as a consequence of the issuance of such securities, be not less than the minimum issue price defined in the previous paragraph;*

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8. *decides that the Board of Directors shall have all powers, with the power to subdelegate under the conditions provided by law, to implement this delegation, in order in particular to:*
   a. *set the conditions of the capital increase(s) and/or of the issuance(s) of shares or securities,*
   b. *determine the number of shares and/or securities to be issued, their issuance price as well as the amount of the premium that may be requested upon issuance, if any,*
   c. *determine the dates and conditions of the issuance, the nature and form of the securities to be issued, which could be subordinated or unsubordinated securities and may or not have a specific maturity date, and in particular, for issuances of debt equity-linked securities, their interest rate, their maturity, their fixed or variable redemption price, with or without premium and the redemption methods,*
   d. *decide how shares and/or securities are to be paid for,*
   e. *set, if necessary, the terms of the exercise of the rights attached to the shares or securities issued or to be issued and, in particular, set the date, even if retroactive, from which the new shares to be issued would bear dividend rights, as well as all other conditions and specifics of implementing the issuance,*
   f. *set the terms and conditions under which the Company would have the right to purchase or exchange, at any time or during fixed periods, securities issued or to be issued immediately or in the future,*
   g. *provide an option to suspend the exercise of rights attached to such securities,*
   h. *establish, if required, the conditions for preserving the rights of holders of equity-linked securities with future rights to shares of the Company, in accordance with applicable laws and regulations, and, where applicable, relevant contractual provisions,*
   i. *offset the costs, fees and expenses of the capital increase(s) against the amount of the premium related thereto, and, where applicable, deduct from this amount the amounts required to bring the legal reserve to one-tenth of the new share capital after each capital increase, and*
   j. *generally, enter into any agreement, in particular to ensure the successful completion of the contemplated issuance(s), take all measures and carry out all formalities necessary for the financial servicing of the securities issued pursuant to this delegation as well as the exercise of rights attached thereto, to acknowledge the completion of each capital increase and modify the Articles of Association accordingly;*
9. *decides that the Board of Directors may not use this delegation from the filing of a takeover bid by a third party and for the duration of the offer period.*

This delegation (i) supersedes, for the portion not yet used, the previous delegation given to the Board of Directors by the Shareholders' Meeting of April 28, 2021 in its 18th resolution and (ii) is granted for a twenty-six (26)-month period as from this Shareholders' Meeting.

Text of the twenty-second resolution

(Delegation of authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code:

1. *delegates to the Board of Directors, with the power to subdelegate under the conditions provided by law, should it notice an oversubscription when issuing shares or equity-linked securities giving access to the capital, with or without preferential subscription rights pursuant to the 19th, 20th and 21st resolutions, its capacity to decide to increase the number of securities to be issued at the same price as that used for the initial issuance, within the deadlines and limits specified in the applicable regulations as of the date of the issuance (as of the date hereof, within thirty (30) days following the closure of subscriptions and up to 15% of the initial issuance), with a view to grant an over-allotment option in accordance with market practices;*
2. *decides that in the event of an issuance, immediately and in the future, of ordinary shares, the nominal amount of capital increases decided upon pursuant to this resolution will be charged on the ceiling applicable to the initial issuance stipulated in the relevant resolution of this Shareholders' Meeting;*
3. *acknowledges that, in accordance with Article L. 225-135-1 of the French Commercial Code, the limit of three-quarters of the issuance provided by 1° of the I of Article L. 225-134 of the French Commercial Code will be increased in the same proportions if the Board of Directors decides, pursuant to this resolution, to increase the number of shares to be issued;*
4. *decides that the Board of Directors may not use this delegation from the filing of a takeover bid by a third party and for the duration of the offer period.*

This delegation (i) supersedes, for the portion not yet used, the previous delegation given to the Board of Directors by the Combined Shareholders' Meeting of April 28, 2021 in its 19th resolution and (ii) is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Text of the twenty-third resolution

(Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares or securities giving access to share capital of the Company without shareholders' preferential subscription right in consideration for contributions in kind to the Company)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-147, L. 228-91 to L. 228-93 and L. 22-10-53 of the French Commercial Code:

1. *delegates to the Board of Directors authority, on one or more occasions, both in France and abroad, either in euros or in any other currency or unit of account set by reference to several currencies, to remunerate contributions in kind granted to the Company and consisting of equity securities or securities giving immediate or future access to the capital of third-party companies, when the provisions of Article L. 22-10-54 of the French Commercial Code are not applicable, to issue (i) ordinary shares of the Company, (ii) securities governed by Article 228-91 et seq. of the French Commercial Code, which are equity securities of the Company, giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company and/or (iii) debt securities governed or not by Article L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by the Company, which securities may, where applicable, also give access to existing equity securities and/or debt securities of the Company and/or (iv) securities which are equity securities of the Company giving access to existing equity securities or securities to be issued by, and/or debt securities of, companies of which the Company holds directly or indirectly, at the time of issue, more than half of the share capital; it is specified that the shares to be issued shall confer the same rights as the existing shares and that the issue of any shares or securities giving access to preference shares is excluded;*
2. *decides that the nominal amount of the capital increases which may be undertaken immediately and/or in the future on the basis of this resolution may not exceed €224 million representing on an indicative basis 9.81% of the capital as of December 31, 2022, it being specified that:*
   a. *this amount would be increased by the nominal amount of the capital increase resulting from the issuance of shares to be carried out as the case may be, in accordance with legal and regulatory provisions, and, where applicable, relevant contractual provisions providing for other adjustments, in order to preserve the rights of holders of securities giving access to the share capital,*
   b. *the maximum aggregate nominal amount of capital increases that may be undertaken immediately or in the future on the basis of this resolution and the 19th, 20th, 21st, 22nd and 24th resolutions of this Annual Shareholders' Meeting is set at €800 million, and*
   c. *the maximum aggregate nominal amount of capital increases that may be undertaken immediately and/or in the future on the basis of this resolution and the 20th and 21st resolutions of this Annual Shareholders' Meeting is set at €224 million;*
3. *decides that the maximum nominal amount of issuances of debt equity-linked securities which could be carried out pursuant to this delegation, shall not exceed a nominal amount of €7 billion (or the equivalent in any other currency or monetary unit), it being specified that the maximum aggregate nominal amount of debt equity-linked securities that may be issued on the basis of this resolution and the 19th, 20th, 21st and 22nd resolutions of this Annual Shareholders' Meeting, is set at €7 billion;*
4. *acknowledges that this delegation of authority entails, by operation of law, (i) the waiver by shareholders in favor of the holders of securities, in respect of which the contributions in kind are made, of the preferential subscription rights to the shares and/or securities giving access to the share capital that will be issued pursuant to this delegation and (ii) the waiver by shareholders of their preferential subscription rights to Company shares to be issued, to which the equity-linked securities that may be issued pursuant to this delegation may give right, for the benefit of holders of securities giving access to the share capital or that may give access to shares issued by the Company pursuant to this delegation;*
5. *specifies that, in accordance with applicable law, the Board of Directors is to approve the statutory auditors' report, referred to in Articles L. 225-147 and L. 22-10-53 of the French Commercial Code;*

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6. *decides that the Board of Directors shall have all powers, with the power to subdelegate under the conditions provided by law, to implement this delegation, in order and in particular to:*
   a. *set the conditions of the capital increase(s) and/or of the issuance(s),*
   b. *determine the number of shares and/or equity securities to be issued, their issue price and the amount of the premium,*
   c. *approve appraisals of the contributions and their consideration and acknowledge the completion of said contributions,*
   d. *determine the dates and conditions of the issuance, the nature and form of the securities to be issued, which could be subordinated or unsubordinated securities and may or not have a specific maturity date, and in particular, for issuances of debt equity-linked securities, their interest rate, their maturity, their fixed or variable redemption price, with or without premium and the redemption methods,*
   e. *decide how shares and/or securities are to be paid for,*
   f. *set, if necessary, the terms of the exercise of the rights attached to the shares or securities issued or to be issued and, in particular, set the date, even if retroactive, from which the new shares to be issued would bear dividend rights, as well as all other conditions and specifics of implementing the issuance(s),*
   g. *set the terms and conditions under which the Company would have the right to purchase or exchange, at any time or during fixed periods, securities issued or to be issued immediately or in the future,*
   h. *provide the ability to suspend the exercise of rights attached to such securities,*
   i. *off-set all costs, fees and expenses against the premium account, the balance of which will be allocated by the Board of Directors at its discretion,*
   j. *establish, if required, the conditions for preserving the rights of holders of equity-linked securities with future rights to shares of the Company, in accordance with applicable laws and regulations, and, where applicable, relevant contractual provisions,*
   k. *generally, enter into any agreement, in particular to ensure the successful completion of the contemplated issuance(s), take all measures and carry out all formalities necessary for the financial servicing of the securities issued pursuant to this delegation as well as the exercise of rights attached thereto, to acknowledge the completion of each capital increase and modify the Articles of Association accordingly;*

7. *decides that the Board of Directors may not use this delegation from the filing of a takeover bid by a third party and for the duration of the offer period.*

This delegation of authority (i) supersedes, for the portion not yet used, the delegation granted to the Board of Directors by the Combined Shareholders' Meeting of April 28, 2021 in its 20th resolution and (ii) is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Text of the twenty-fourth resolution

(Delegation of authority to the Board of Directors to increase the capital by capitalizing additional paid-in capital, reserves, earnings or other)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary shareholders' meetings, having heard the Board of Directors' report and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-130 and L. 22-10-50 of the French Commercial Code:

1. *delegates to the Board of Directors its capacity to carry out, in such proportions and for such periods as it may deem appropriate, one or more capital increases by successive or simultaneous incorporation into the capital of premiums, reserves, profits or other amounts for which capitalization is legally and statutorily possible, in the form of raising the nominal amount of existing shares or assigning free new shares or by the joint use of these two procedures, said shares having the same rights as the old shares subject to the date of their entitlement to dividends;*

2. *decides that the maximum nominal amount of the capital increases that may be carried out pursuant to this delegation may not exceed €800 million, it being specified that this amount would be increased by the nominal amount of the capital increase resulting from the issuance of shares that may be carried out, where applicable, in accordance with the legal and regulatory provisions;*

3. *decides, in accordance with the provisions of Article L. 225-130 of the French Commercial Code that in case where the Board of Directors makes use of this delegation, the rights forming fractional amounts will not be negotiable or transferable and that the corresponding Company's shares will be sold; the amounts arising from the sale will be allocated to the holders of rights within the deadline specified by the regulations;*

4. *decides that the Board of Directors will have full powers, with the power to subdelegate, to implement this delegation, and more generally, to take all measures and carry out all formalities required for the successful completion of each capital increase, to acknowledge the completion of each capital increase and modify the Articles of Association accordingly.*

This delegation of authority (i) supersedes, for the portion not yet used, the delegation granted to the Board of Directors by the Combined Shareholders' Meeting of April 28, 2021 in its 21st resolution and (ii) is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

25th and 26th resolutions: Capital increases reserved for employees

Explanatory statement

Schneider Electric is convinced of the importance of developing the Company's employee shareholder base in order to align employee interests with those of shareholders and also stabilize the Company's share capital. The Board of Directors wishes to continue making the Company's share capital accessible to a large number of employees, in particular through employee share ownership plans (WESOP). As of December 31, 2022, employees held 3.8% of the capital either directly or through the corporate mutual funds (FCPE).

The Company carried out capital increases reserved for Group employees in 2022 (WESOP 2022). These transactions are presented in section 7.1.2.2 of Chapter 7 of the 2022 Universal Registration Document.

As part its offer policy to Group employees on an annual basis, the Board decided that there will be a new employee share ownership plan implemented in 2023. As part of the 16th and the 17th resolutions of the Annual Shareholders' Meeting of May 5, 2022, the Board of Directors, at its meeting of December 14, 2022, decided to renew the annual employee shareholder plan in 2023, within a limit of 3.7 million shares (approximately 0.65% of the capital). This plan, which does not include a leveraged offer, is open to 47 countries representing more than 90% of the Group's employees. The shares are offered with a discount of 15% on the share price to all subscribers and a maximum employer contribution of €1,400.

To allow for the implementation of a new global employee share ownership plan in 2024, you are requested to approve:

- the **25th resolution** which will grant the Board of Directors the authority to carry out capital increases reserved for employees participating in a company savings plan within the limit of 2% of the Company's capital, with the provision that the maximum discount at which the shares could be offered is set at 30% (it will be valid for a period of twenty-six (26) months; the authority in force as voted by the Annual Shareholders' Meeting of May 5, 2022 in its 16th resolution shall cease to be effective as from August 1, 2023[(1)]);
- the **26th resolution** which will grant the Board of Directors the authority to carry out capital increases reserved for employees and Corporate Officers of non-French Group companies or to entities acting on their behalf; this authorization will not exceed 1% of the capital and will be deducted from the ceiling of 2% of the capital set for the issuance of shares to employees who are member of a company savings plan (this authorization will be valid for a period of eighteen (18) months and may only be used on or after August 1, 2023[(2)]).

(1) The maximum amount of subscription applicable to the employee share ownership operations carried out before July 31, 2023 will be the ceiling applicable to the 16th resolution of the Annual Shareholders' Meeting of May 5, 2022.
(2) The maximum amount of subscription applicable to the employee share ownership operations carried out before July 31, 2023 will be the ceiling applicable to the 17th resolution of the Annual Shareholders' Meeting of May 5, 2022.

Text of the twenty-fifth resolution

(Delegation of authority to the Board of Directors to undertake capital increases reserved for participants in a company savings plan without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Article L. 3332-1 et seq. of the French Labor Code and Articles L. 225-129 to L. 225-129-6, L. 225-138-1, and L. 228-91 et seq. of the French Commercial Code:

1. *delegates to the Board of Directors the authority, with the power to subdelegate, for a period of twenty-six (26) months from the date of this Annual Shareholders' Meeting, to undertake a capital increase on one or more occasions at its discretion by issuing ordinary shares or securities providing access through any means, immediately and/or in the future, to ordinary shares of the Company, under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, reserved for participants in a company savings plan and French or non-French companies affiliated with the Company in a maximum nominal amount of 2% of the share capital on the date of this Shareholders' Meeting, with the possibility to issue shares against cash or by capitalizing reserves, profits or premium in case of grants of free shares or of securities granting access to share capital on account for the discount and/or the matching contribution, it being specified that this authorization may be used only from and after August 1, 2023;*
2. *set the maximum discount to be offered in connection with the company savings plan at 30% of an average of the trading price of the Company's shares on Euronext Paris during the twenty (20) trading sessions preceding the date of the decision of the Board of Directors or of its authorized representative setting the date to begin taking subscriptions, it being specified that the Board of Directors may reduce the aforementioned discount within applicable legal and regulatory requirements, or not to grant one, in particular so as to take into account the laws and regulations applicable in countries where such offering may be implemented;*
3. *authorizes the Board of Directors, in application of Article L. 3332-21 of the French Labor Code, to make grants of free ordinary shares or other securities granting immediate or differed access to ordinary share capital under all or part of the discount and/or, as the case may be, for the matching contribution, provided that the value of the benefit resulting from this grant on account for the discount and/or the matching contribution, shall not exceed the limits imposed by applicable law and regulations;*
4. *decides to waive, in favor of the above-mentioned beneficiaries, the shareholders' preferential subscription rights with respect to the shares or equity-linked securities that are the subject of this delegation which entails waiver of the shareholders' preferential subscription right to shares to which securities that may be issued under this resolution would give right;*

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5. *decides that the Board of Directors shall have full powers to use this delegation, with the power to subdelegate as permitted by law, within the limits and subject to the conditions specified above in order to, and in particular:*
   a. *set in accordance with applicable laws and regulations the scope of companies whose above mentioned beneficiaries may subscribe to the shares or equity-linked securities issued hereby and benefit, as the case may be, from shares or equity-linked securities,*
   b. *decide that the subscriptions may be made directly or through Company mutual funds (fonds commun de placement d'entreprise) or other structures or entities as permitted by applicable laws and regulations,*
   c. *determine the conditions, in particular those relating to seniority, which shall have to be met by the beneficiaries of the capital increases,*
   d. *set the opening and closing dates of the subscription periods,*
   e. *set the amounts of the issuances to be undertaken pursuant to this authorization and determine, in particular, the issuance prices, dates, time-periods, terms and conditions for the subscription, payment, settlement and dividend rights of the securities (which may be retroactive) as well as the other terms and conditions of the issuances, in accordance with applicable laws and regulations,*
   f. *when granting free shares or equity-linked securities, set the number of shares or equity-linked securities to be issued, the number to be granted to each beneficiary, and determine the dates, time periods, terms and conditions of granting such shares or equity-linked securities in accordance with applicable laws and regulations and, in particular, choose either to fully or partially substitute the granting of such shares or equity-linked securities for the discount to the reference price provided for above, or to allocate the value of such shares or equity-linked securities to the total amount of the employer contribution, or to combine these two possibilities,*
   g. *acknowledge the completion of capital increases in the amount of the shares that are subscribed (after possible reduction in the event of over-subscription),*
   h. *as the case may be, allocate the expenses of capital increases to the amount of premiums related thereto and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new share capital resulting from such capital increases, enter into any agreements, carry out directly or indirectly through an agent all transactions and terms, including any formalities following the capital increases and subsequent modifications to the Company's Articles of Association, generally, enter into any agreement in order to successfully complete the contemplated issuances, take all measures and decisions and carry out all formalities necessary for the completion of the issuance, listing and financial servicing of the securities issued pursuant to this authorization as well as the exercise of rights attached thereto or subsequent to the completed capital increases.*

This delegation (i) cancels, effective August 1, 2023, the authorization given by the Annual Shareholders' Meeting of May 5, 2022, in its 16th resolution, for its amounts unused by the Board of Directors and (ii) is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Text of the twenty-sixth resolution

(Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of certain non-French subsidiaries of the Group, directly or via entities acting to offer those employees benefits comparable to those offered to participants in a company savings plan without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-129 to L. 225-129-6, L. 225-138 and L. 228-91 et seq. of the French Commercial Code:

1. *delegates to the Board of Directors, with the power to subdelegate, in compliance with applicable laws and regulations, the necessary powers to decide one or several capital increases through the issue, in the proportions and at the times it deems appropriate up to a maximum of 1% of the share capital on the date of this Shareholders' Meeting, by issuing ordinary shares or securities providing access through any means, immediately and/or in the future, to ordinary shares of the Company, such issue to be reserved for persons meeting the characteristics of the class defined below; it being specified that (i) such limit shall be charged against the limits set forth in the 25th resolution of this Annual Shareholders' Meeting, and (ii) this delegation may be used only from and after August 1, 2023;*
2. *decides to waive the shareholders' preferential right to subscribe for shares or other securities granting access to the share capital pursuant to this resolution and to reserve the right to subscribe to one and/or another class of beneficiaries or recipients having the following characteristics: (i) employees and officers of companies of Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code and the head office of which is located outside France; and/or (ii) OPC mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the Company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; and/or (iii) any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, to the extent that subscription of the person authorized in accordance with this resolution would make it possible for employees of subsidiaries located outside France to benefit from and take advantage of forms of shareholder incentive or investment or savings plans equivalent in terms of economic benefit to those from which the other employees of the Group benefit;*
3. *takes note that this authorization shall constitute automatically and by law an express waiver by the shareholders, in favor of the holders of securities granting access to Company capital, of their preferential right to subscribe for ordinary shares of the Company which such securities carry the right to acquire;*
4. *decides that the amount payable to the Company for all shares issued, or to be issued, and pursuant to this resolution shall be set by the Board of Directors on the basis of the trading price of the Company's shares on Euronext Paris; the issue conditions shall be determined at the discretion of the Board of Directors on the basis of either (i) the first or last quoted trading price of the Company's shares at the trading session on the date of the decision by the Board of Directors or the authorized representative thereof setting the issue conditions, or (ii) of an average of the quoted prices for the Company's shares during the twenty (20) trading sessions preceding*

the date of the decision by the Board of Directors or the authorized representative thereof setting the issue conditions under this resolution or setting the issue price under the 25th resolution of this Annual Shareholders' Meeting; the Board of Directors may set the issue price by applying a maximum discount of 30% of the trading price of the Company's shares determined in accordance with either of the two methods set forth in clauses (i) and (ii) of this paragraph; the percentage of such discount applied to the trading price of the Company's shares shall be determined by the Board of Directors taking into consideration, among other things, legal, tax, and regulatory provisions of foreign law applicable, as the case may be, to the persons benefiting from the issue;

5. *decides that the Board of Directors may provide for the allocation, to the beneficiaries indicated in point 2 above, free of charge or at an additional discount, of shares to be issued or already issued, by way of a matching and/or a discount, provided that the taking into account of their pecuniary countervalue, evaluated at the subscription price, does not have the effect of exceeding the ceiling provided for in this resolution; and*

6. *hereby resolves that the Board of Directors shall have full authority, on the terms and conditions provided by law and within the limits set forth hereinabove, to implement and give effect to this authorization and determine the list of the beneficiaries and recipients within the classes described in this resolution and the number of securities to be offered to each thereof, provided that the Board of Directors may decide that the capital increase shall be completed for the amounts subscribed, on the condition that a minimum of 75% of the shares or other offered securities providing access to capital have been subscribed, as well as, among other things:*
   - *to determine the characteristics of the securities to be issued, to decide on the issue price, dates, time periods, terms and conditions of subscribing, payment, delivery and effectiveness of the shares and equity securities, the lock-up, and early release period, within applicable limits of the law and regulations,*
   - *to record and determine the capital increase, to undertake the issuance of the shares and other securities providing access to the share capital of the Company, to amend the Articles of Association accordingly,*
   - *and, as a general rule, to enter into any agreement, in particular to ensure the due and proper completion of the contemplated issuances, take all steps and complete any required formalities in connection with the issue, the listing and financial servicing of the securities issued under and this authorization, as well as the exercise of the rights attaching thereto, and, more generally, to do whatever may be necessary.*

This delegation (i) cancels, effective August 1, 2023, the authorization given by the Annual Shareholders' Meeting of May 5, 2022, in its 17th resolution, for its amounts unused by the Board of Directors and (ii) is granted for a period of (18) eighteen months as from this Shareholders' Meeting.

27th resolution: Cancellation of treasury shares

Explanatory statement

Under the **27th resolution**, shareholders are invited to grant the Board of Directors authority to undertake share cancelations up to a limit of 10% of the capital, over a period of 24 months from the date of the Annual Shareholders' Meeting, to reduce the dilutive effect of capital increases undertaken or to be undertaken due mainly to capital increases reserved for employees and Long-term incentive plans, and to put in place, where applicable, share buyback programs for own shares with the aim of reducing the capital.

Text of the twenty-seventh resolution

(Authorization to the Board of Directors to cancel shares of the Company bought back by the Company under the share buyback programs)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code:

1. *authorizes the Board of Directors, in accordance with Article L. 22-10-62 of the French Commercial Code, to cancel, on one or more occasions, up to 10% of the total amount of the shares comprising the Company's share capital on the date of the transaction, within a twenty-four (24)-month period, some or all the shares that the Company holds or could hold, to reduce its share capital accordingly and charge the difference between the purchase price of the canceled shares and their par value against premiums and reserves, including the legal reserve up to a maximum of 10% of the canceled capital;*

2. *grants all powers to the Board of Directors, which may further delegate as permitted by law, to implement this authorization, carry out all actions, formalities and declarations, including amending the Articles of Association, and, in general, do whatever is necessary.*

This authorization supersedes the previous delegation given to the Board of Directors by the General Shareholders' Meeting of April 28, 2021 in its 24th resolution and is granted for a period of twenty-four (24) months as from this Shareholders' Meeting.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

28th resolution: Power for formalities

Explanatory statement

Finally, under the **28th resolution**, we request that you grant us the powers necessary to carry out the formalities.

Text of the twenty-eighth resolution

(Powers for formalities)

The Annual Shareholders' Meeting confers full powers upon the bearer of a copy or excerpts of the minutes confirming these resolutions for the purposes of carrying out all legal and administrative formalities.

8.2 Statutory auditors' special reports

8.2.1 Statutory auditors' report on the issuance of shares and various securities with and/or without preferential subscription rights

Shareholders' meeting as of May 4, 2023 - resolutions n°19, 20, 21, 22 et 23

To the Shareholders of the company Schneider Electric SE,

In our capacity as statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 et seq. as well as article L. 22-10-52 of the French Commercial Code (Code de commerce), we hereby report on the proposed authorizations allowing your board of directors to decide on whether to proceed with various issues of shares and/or marketable securities, operations upon which you are called to vote.

Your board of directors proposes, on the basis of its report, that:

- it be authorized, with the right of subdelegation, for a period of twenty-sixth months, to decide on whether to proceed with the following operations and to determine the final conditions of these issues and proposes, where applicable, to cancel your preferential subscription rights:
  - issue, without cancellation of preferential subscription rights (nineteenth resolution), of (i) ordinary shares of the Company, (ii) securities governed by articles L. 228-91 et seq. of the French Commercial Code which are equity securities of the Company, giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company, and/or (iii) debt securities governed or not by articles L. 228-91 et seq. of the French Commercial Code, giving or likely to give access to equity securities to be issued by the Company, which securities may also give access to existing equity securities and/or debt securities of the Company;
    - it being specified that, in accordance with Article L. 228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to equity securities to be issued by any company in which the Company directly or indirectly owns more than half of the share capital;
    - it being specified that, in accordance with Article L. 228-93 paragraph 3 of the French Commercial Code, the securities which are equity securities of the Company may give access to other existing equity securities or give the right to the allocation of debt securities of any company of which the Company directly or indirectly owns more than half of the share capital;
  - issue, with cancellation of preferential subscription rights through a public offering other than those referred to in Article L. 411-2-1° of the French Monetary and Financial Code (twentieth resolution), of (i) ordinary shares of the Company, (ii) securities governed by articles L. 228-91 et seq. of the French Commercial Code which are equity securities of the Company, giving access to other equity securities of the Company and/or entitling their holders to the allotment of debt securities of the Company, and/or (iii) debt securities whether or not governed by articles L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by the Company, which securities may also give access to existing equity securities and/or debt securities of the Company;
    - it being specified that, in accordance with Article L. 228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to equity securities to be issued by any company in which the Company directly or indirectly owns more than half of the share capital;
    - it being specified that, in accordance with Article L. 228-93 paragraph 3 of the French Commercial Code, the securities which are equity securities of the Company may give access to other existing equity securities or give the right to the allocation of debt securities of any company of which the Company directly or indirectly owns more than half of the share capital;
    - it being specified that these securities may be issued as consideration for securities contributed to the company in connection with a public exchange offer for securities meeting the conditions set out in Article L. 22-10-54 of the Commercial Code;
  - issue, with cancellation of preferential subscription rights through a public offering referred to in Article L. 411-2-1° of the French Monetary and Financial Code (twenty-first resolution), of (i) ordinary shares of the Company, (ii) securities governed by articles L. 228-91 et seq. of the French Commercial Code which are equity securities of the Company, giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company, and/or (iii) debt securities governed by articles L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by the Company, which securities may also give access to existing equity securities and/or debt securities of the Company:

- it being specified that, in accordance with Article L. 228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to equity securities to be issued by any company that directly or indirectly owns more than half of the company's capital or in which the company directly or indirectly owns more than half of the share capital;
- it being specified that, in accordance with Article L. 228-93 paragraph 3 of the Commercial Code, the securities which are equity securities of the company may give access to other existing equity securities or give the right to the allocation of debt securities of any company which directly or indirectly owns more than half of its capital or of which it directly or indirectly owns more than half of the share capital;

- it be delegated, with the right of subdelegation, for a period of twenty-six months, the powers necessary to issue (i) ordinary shares of the Company, (ii) securities governed by articles L. 228-91 et seq. of the French Commercial Code which are equity securities of the Company, giving access to other equity securities of the Company and/or giving the right to the allocation of debt securities of the Company, and/or (iii) debt securities governed or not by articles L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by the Company, which securities may also give access to existing equity securities and/or debt securities of the Company and/or (iv) securities which are equity securities of the Company giving access to existing equity securities or to securities to be issued by, and/or debt securities, of companies in which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, with a view to remunerating contributions in kind granted to the Company and consisting of equity securities or securities giving access to the capital (twenty-third resolution), up to a limit of 9.81% of the capital.

The overall nominal amount of increases in capital that can be implemented immediately or at a later date may not exceed M€ 800 in respect of the nineteenth, twentieth, twenty-first and twenty-third resolutions, it being specified that:

- the overall nominal amount of the increases in capital may not exceed M€ 224 in respect of the twentieth, twenty-first and twenty-third resolutions;
- the maximum nominal amount of the increases in capital may not exceed M€ 120 in respect of the twenty-first resolution.

The overall nominal amount of debt securities that can be issued may not exceed Bn€ 7 in respect of the nineteenth, twentieth, twenty-first and twenty-third resolutions.

These ceilings reflect the additional number of securities to be created as part of the implementation of the delegations referred to in the nineteenth, twentieth and twenty-first resolutions, in accordance with article L. 225-135-1 of the French Commercial Code (Code de commerce), if you adopt the twenty-second resolution.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the board of directors' report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of directors' report in respect of the twentieth and twenty-first resolutions.

Moreover, as the methods used to determine the issue price of the equity securities to be issued in accordance with the nineteenth and twenty-third resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price.

As the final conditions in which the issues would be performed have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights for the twentieth and twenty-first resolutions.

In accordance with article R. 225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your board of directors has exercised these authorizations in case of the issue of marketable securities that are equity securities giving access to other equity securities or giving entitlement to the allotment of debt securities, in case of the issue of marketable securities giving access to equity securities to be issued and in case of the issue of shares with cancellation of preferential subscription rights.

The Statutory Auditors

Mazars
Paris La Défense on March 20, 2023

Juliette Decoux Guillemot Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on March 20, 2023

Jean-Christophe Georghiou Séverine Scheer

8.2.2 Statutory auditors' report on the issuance of shares or securities giving access to capital reserved for members of a company savings plan

Shareholders' meeting as of May 4, 2023 - resolution n°25

To the Shareholders of the company Schneider Electric SE,

In our capacity as statutory auditors of your company and in compliance with Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report on the proposal to authorize your board of directors to decide whether to proceed with an issue of shares or securities giving access to the share capital of your company with cancellation of preferential subscription rights, reserved for participants in a company savings plan of the company and of the French or non-French companies affiliated with it, in accordance with article L. 225-180 of the French Commercial Code (Code de commerce) and the article L. 3344-1 of the French Labor code (Code du travail), an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from this issue is 2% of the share capital on the date of this shareholders' meeting.

This operation is submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial code (Code de commerce) and L. 3332-18 et seq. of the French Labor code (Code du travail).

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of twenty-six months, to decide on whether to proceed with issues and proposes to cancel your preferential subscription rights to the shares and securities to be issued. If applicable, it shall determine the final conditions of these issues.

This delegation cancels, effective August 1, 2023, the authorization given by the annual shareholders' meeting of May 5, 2022 in its sixteenth resolution for its amounts unused by the board of directors.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to these issues provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issues have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization, in the event of the issue of shares or securities giving access to other equity securities and of the issue of securities giving access to equity securities to be issued.

The Statutory Auditors

Mazars
Paris La Défense on March 20, 2023

Juliette Decoux Guillemot   Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on March 20, 2023

Jean-Christophe Georghiou   Séverine Scheer

8.2.3 Statutory auditors' report on the issuance of shares or securities reserved for a category of beneficiaries

Shareholders' meeting as of May 4, 2023 - resolution n°26

To the Shareholders of the company Schneider Electric SE,

In our capacity as Statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (Code de commerce), we hereby report on the proposal to delegate to the Board of Directors the competence to decide on the issue of ordinary shares or securities giving access to the share capital of the company, with cancellation of preferential subscription right, an operation upon which you are called to vote.

This resolution is reserved to the following classes of beneficiaries:

(i) employees and officers of companies of Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code (Code du travail) and the head office of which is located outside France;

(ii) and/or OPC mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph;

(iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, to the extent that subscription of the person authorized in accordance with this resolution would make it possible for employees of subsidiaries located outside France to benefit from and take advantage of forms of shareholder incentive or investment or savings plans equivalent in terms of economic benefit to those from which the other employees of the Group benefit.

The maximum nominal amount of the increase in capital that may result from this issue is €24 million (i.e. 1,05% of the share capital on the date of this annual shareholders' meeting), it being specified that this amount shall be deducted from the overall ceiling common to the twenty-fifth and twenty-sixth resolutions of €46 million (i.e. 2,01% of the share capital on the date of this annual shareholders' meeting) set out in the twenty-fifth resolution of this annual shareholders' meeting.

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of eighteen months, to decide on whether to proceed with an increase in capital and to cancel your preferential subscription rights to securities to be issued. If applicable, it shall determine the final conditions of this operation.

This delegation cancels, effective August 1, 2023, the authorization given by the annual shareholders' meeting of May 5, 2022 in its seventeenth resolution for its amounts unused by the board of directors.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (Code de commerce), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization, in the event of the issue of ordinary shares with cancellation of preferential subscription right or securities giving access to other equity securities and of the issue of securities giving access to equity securities to be issued.

The Statutory Auditors

Mazars
Paris La Défense on March 20, 2023

Juliette Decoux Guillemot   Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on March 20, 2023

Jean-Christophe Georghiou   Séverine Scheer

8.2.4 Statutory auditors' report on the reduction of capital

Shareholders' meeting as of May 4, 2023 - resolution n°27

To the Shareholders of the company Schneider Electric SE,

In our capacity as statutory auditors of your company and in compliance with article L. 22-10-62 of the French Commercial Code (Code de commerce) in the event of a capital reduction by cancellation of acquired shares, we have prepared this report in order to inform you of our opinion on the causes for and the terms and conditions of the proposed capital reduction.

Your board of directors proposes that you delegate to the board, for a period of twenty-four months, all powers to cancel, up to 10% of company capital on the date of the transaction, per twenty-four months period, the shares purchased under the implementation of an authorization of purchase by your company of its own shares under the provisions of the aforesaid article.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in examining whether the causes for and the terms and conditions of the proposed capital reduction, which is not likely to adversely affect the equality of shareholders, are in order.

We have no comment to make on the causes for and the terms and conditions of the proposed capital reduction.

The Statutory Auditors

Mazars
Paris La Défense on March 20, 2023

Juliette Decoux Guillemot   Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on March 20, 2023

Jean-Christophe Georghiou   Séverine Scheer


Schneider
Electric

9 Persons responsible for the Universal Registration Document and audit of the financial statements

Persons responsible for the Universal Registration Document

Attestation

I declare that the information contained in the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they present fairly the assets, financial position and results of the Company and the consolidated Group. To the best of my knowledge, the business review accurately presents the changes in business, results and financial position of the Company and the consolidated Group and describes their principal risks and contingencies.

March 28, 2023

Chairman & CEO of Schneider Electric SE

Jean-Pascal Tricoire

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in the present Universal Registration Document:

- the consolidated financial statements and corresponding auditors' reports provided in Chapter 4 of the Universal Registration Document for the year ended December 31, 2020, registered with the *Autorité des Marchés Financiers* (AMF) under number D.21-0178 on March 23, 2021;
- the consolidated financial statements and corresponding auditors' reports provided in Chapter 5 of the Universal Registration Document for the year ended December 31, 2021, registered with the AMF under number D.22-0171 on March 29, 2022;
- the parent company financial statements and corresponding auditors' reports provided in Chapter 5 of the Universal Registration Document for the year ended December 31, 2020, registered with the AMF under number D.21-0178 on March 23, 2021;
- the parent company financial statements and corresponding auditors' reports provided in Chapter 6 of the Universal Registration Document for the year ended December 31, 2021, registered with the AMF under number D.22-0171 on March 29, 2022;
- the management report provided in the Universal Registration Document for the year ended December 31, 2020, registered with the AMF under number D.21-0178 on March 23, 2021;
- the management report provided in the Universal Registration Document for the year ended December 31, 2021, registered with the AMF under number D.22-0171 on March 29, 2022;
- Passages not incorporated in these documents are either irrelevant for the investor or covered in another section of the Universal Registration Document.

Persons responsible for the audit of the financial statements

	Date appointed	Appointment expires
Statutory auditors		
PricewaterhouseCoopers Audit – 63 rue de Villiers – 92200 Neuilly-sur-Seine		
Represented by Séverine Scheer and Jean-Christophe Georghiou	2022	2028
Mazars Tour Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie		
Represented by Juliette Decoux-Guillemot and Mathieu Mougard	2004	2028

PricewaterhouseCoopers Audit and Mazars are members of the Auditors' Regional Company of "Versailles et du Centre".

Universal Registration Document cross-reference table

To facilitate the reading of the Annual Report, filed as Universal Registration Document, the following table allows the identification of the main headings required by Regulation (EU) 2017/1129 of the European Parliament and of the Council.

Information required under Appendix 1 and 2 of Commission Delegated Regulation (EU) 2019/980		Corresponding sections and chapters of the Universal Registration Document	Page no.
7.	**OPERATING AND FINANCIAL REVIEW**		
7.1	Financial condition		
7.1.1	Evolution and result of activities	Chapter 5, section 5.7	488–495
7.1.2	Future expected development of the activities and R&D activities	Integrated Report	34
7.2	Operating results		
7.2.1	Significant factors affecting the income from operations	Integrated Report Chapter 5, section 5.7	13–17 488–494
7.2.2	Reasons for material changes in net sales or revenues	Integrated Report Chapter 5, section 5.7	13 491–492
8.	**CASH AND CAPITAL**		
8.1	Information concerning capital resources (short and long term)	Chapter 5, section 5.4 Chapter 5, section 5.5	425 457–460
8.2	Sources, amounts, and description of cash flows	Chapter 5, section 5.2 Chapter 5, section 5.7	422 494–495
8.3	Information on borrowing conditions and financing structure	Chapter 5, section 5.5 Chapter 6, section 6.3	465–472 507–509
8.4	Restrictions on use of capital resources that have materially affected, or could materially affect, directly or indirectly, the operations	Chapter 3, section 3.4	309–310
8.5	Expected sources of financing	Integrated Report	12, 34
9.	**REGULATORY ENVIRONMENT**	**N/A**	**N/A**
10.	**TREND INFORMATION**		
10.1	Main trends in production, sales, and inventory, and in costs and selling prices, since the end of the last fiscal year to the date of the Universal Registration Document	Integrated Report	34
10.2	Known trends, uncertainties, demands, commitments, or events that might have a material effect on prospects for the current fiscal year	Integrated Report	34
11.	**PROFIT FORECASTS OR ESTIMATES**	**N/A**	**N/A**
12.	**ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**		
12.1	Information concerning members of the administrative and management bodies (list of mandates performed during the last five years)	Integrated Report Chapter 4, section 4.1	35–37 334–351
12.2	Conflicts of interest in administrative and management bodies	Chapter 4, section 4.1	350
13.	**REMUNERATION AND BENEFITS**		
13.1	Remuneration paid and benefits in kind	Chapter 4, section 4.2	376–417
13.2	Amounts of provisions booked or otherwise recognized for the payment of pensions, retirement annuities, or other benefits	Chapter 4, section 4.2	385–386
14.	**BOARD PRACTICES**		
14.1	Expiry date of current terms of office	Chapter 4, section 4.1	334–345
14.2	Service contracts with members of administrative bodies	Chapter 4, section 4.1	350, 374
14.3	Information about the Audit Committee and the Remuneration Committee	Chapter 4, section 4.1	330–331, 336, 356–359, 370–372
14.4	Declaration – corporate governance applicable in the home country of the issuer	Chapter 4, section 4.1	324
14.5	Potential material impacts on corporate governance	Chapter 4, section 4.1	345–346
15.	**EMPLOYEES**		
15.1	Number of employees	Chapter 2, section 2.8 Chapter 5, section 5.5	280–288 473
15.2	Profit sharing and stock options	Chapter 4, section 4.2 Chapter 7, section 7.1	413–417 523
15.3	Agreements for employees' equity stake in the capital of the issuer	Chapter 7, section 7.1	522–523

Universal Registration Document cross-reference table

Information required under Appendix 1 and 2 of Commission Delegated Regulation (EU) 2019/980		Corresponding sections and chapters of the Universal Registration Document	Page no.
16.	**MAJOR SHAREHOLDERS**		
16.1	Shareholders owning more than 5% of the share capital or voting rights	Chapter 7, section 7.1	522
16.2	Existence of specific voting rights	Chapter 7, section 7.1 Chapter 7, section 7.4	522 528–529
16.3	Control of the Company	Chapter 7, section 7.1	523
16.4	Agreement known to the Company which could lead to a change in control if implemented	Chapter 7, section 7.1	523
17.	**RELATED PARTY TRANSACTIONS**	**Chapter 5, section 5.5**	**474**
18.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES**		
18.1	Historical financial information	Chapter 6, section 6.7	518
18.2	Interim financial information	N/A	N/A
18.3	Auditing of historical annual financial information		
18.3.1	Statement of audit of historical financial information	Chapter 5, section 5.6 Chapter 6, section 6.4	483–487 512–514
18.3.2	Other information contained in the Universal Registration Document that has been audited by the auditors	Chapter 2, section 2.7 Chapter 4, section 4.1 Chapter 8, section 8.2	270–273 374 561–565
18.3.3	Financial data contained in the Universal Registration Document and not extracted from the issuer's audited financial statement	N/A	N/A
18.4	*Pro forma* financial information	N/A	N/A
18.5	Dividend policy		
18.5.1	Dividend distribution policy	Integrated Report Chapter 8, section 8.1	2, 12, 15 538–539
18.5.2	Dividend amount per share for each year of the fiscal year covered by the historical financial information	Chapter 5, section 5.5 Chapter 6, section 6.7	458 518
18.6	Legal and arbitration proceedings	Chapter 3, section 3.4 Chapter 5, section 5.5 Chapter 6, section 6.3	307 474 510–511
18.7	Significant change in the financial or business situation	N/A	N/A
19.	**ADDITIONAL INFORMATION**		
19.1	Share capital		
19.1.1	Amount of issued capital	Chapter 7, section 7.2	524
19.1.2	Shares not representing capital	Chapter 7, section 7.2	524
19.1.3	Treasury shares	Chapter 5, section 5.5 Chapter 6, section 6.3 Chapter 6, section 6.5	460 507 515
19.1.4	Convertible securities, exchangeable securities, or securities with warrants	Chapter 5, section 5.5 Chapter 6, section 6.3	458, 466 507–508
19.1.5	Terms of any acquisition right and/or commitment in respect of authorized but non-issued capital	Chapter 4, section 4.2	413–417
19.1.6	Information about the capital of any group member which is under option or agreed conditionally or unconditionally to be put under option	Chapter 7, section 7.2	524–525
19.1.7	History of the share capital	Chapter 7, section 7.1 Chapter 7, section 7.2	522 525
19.2	Articles of incorporation and bylaws		
19.2.1	Corporate purpose	Integrated Report Chapter 7, section 7.3	2 527
19.2.2	Rights, privileges, and restrictions attached to shares	Chapter 7, section 7.4	528–530
19.2.3	Actions necessary to change the rights of shareholders	Chapter 7, section 7.4	528
20.	**MATERIAL CONTRACTS**	**N/A**	**N/A**
21.	**DOCUMENTS AVAILABLE**	**Chapter 7, section 7.3** **Chapter 7, section 7.6**	**527** **533**

Annual Financial Report cross-reference table

This Universal Registration Document includes all the information of the Annual Financial Report as mentioned in Articles L. 451-1-2 of the French Commercial Code and 222-3 of the AMF's General Regulations.

Cross-reference table referring to the elements of the Management Report

This Universal Registration Document includes all the information of the Management Report required by Articles L. 225-100 et seq., L. 232-1, I and II, and R. 225-102 et seq. of the French Commercial Code.

Information in the Management Report	Corresponding sections and Chapters of the Universal Registration Document	Page No.
Objective and exhaustive analysis of the business, results trend, and financial situation including the debt situation of the Group during the fiscal year (Articles L. 225-100-1 and L. 233-6 of the French Commercial Code)	Integrated Report	2–16
Report on the subsidiaries' activity and results (Article L. 233-6, paragraph 2 of the French Commercial Code)	Integrated Report Chapter 5, section 5.5, note 29 Chapter 6, section 6.5	2–16 476–482 515
Analysis of the Company's situation during the last fiscal year, its expected development, and the important events occurred since the closing date (Article L. 232-1-II of the French Commercial Code)	Integrated Report Chapter 3, section 3.4 Chapter 5, section 5.5 Chapter 6, section 6.3	34 318 476 511
Activities in research and development (Article L. 233-26 and L. 232-1-II of the French Commercial Code)	Integrated Report Chapter 5, section 5.5	22–29 431, 445
Non-financial key performance indicators (environmental information) (Articles L. 225-100-1, L. 225-102-1, V, and R. 225-105 of the French Commercial Code)	Chapter 2, section 2.8.1	274–279
Non-financial key performance indicators (social information) (Article L. 225-100-1, L. 225-102-1, V, and R. 225-104 of the French Commercial Code)	Chapter 2, section 2.8.2	280–288
Financial key performance indicators (Article L. 225-100-1 of the French Commercial Code)	Integrated Report	2–16
Financial risks linked to climate change and what has been implemented to reduce them (Article L. 22-10-35 of the French Commercial Code)	Chapter 2 section 2.3.1	151, 152
Characteristics of internal control procedures and risk management (Article L. 22-10-35 of the French Commercial Code)	Chapter 3, sections 3.1–3.3	295–303
Main risks and uncertainties (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, section 3.4	304–318
Information on the risks in the event of interest rate fluctuation, exchange rate fluctuation and market price fluctuation (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, section 3.4	310
Transactions executed by the Executive Officers on the shares of the Company (Article L. 621-18-2 of the Monetary and Financial Code)	Chapter 4, section 4.1.2	351
Retention requirement by the Executive Directors of free shares and/or stock options which were awarded (Article L. 225-197-1-II, paragraph 4, and L. 225-185, paragraph 4 of the French Commercial Code)	Chapter 4, sections 4.1.2, 4.2.5	351, 413–417
Stock Options awarded to employees and Executive Officers (Article L. 225-197-1 and L. 225-185 of the French Commercial Code)	N/A	N/A
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This Universal Registration Document includes all the information required by Articles L. 225-102-1, L. 22-10-36 and R. 225-105 (disclosure on extra-financial performance), and Article L. 225-102-4 (vigilance plan) of the French Commercial Code.

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INTEGRATED REPORT
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Glossary

Adjusted EBITA Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles). Adjusted EBITA corresponds to the operating income before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses, and restructuring costs.

ADMS Advanced Distribution Management Systems

AFEP-MEDEF Code Corporate Governance Code of listed corporations developed by the French Association of Private Enterprises – *Association française des entreprises privées* (AFEP), and the Movement of the Enterprises of France – *Mouvement des entreprises de France* (MEDEF).

AGM Annual General Meeting. The annual meeting of Schneider Electric shareholders. The next meeting will be held on May 4, 2023.

AI Artificial Intelligence

AMF French Financial Market Authority – *Autorité des Marchés Financiers*

CapEx Capital Expenditure: company expenditure on major, long-term assets such as buildings, machinery, and vehicles.

Carbon neutral A state in which the greenhouse gas (GHG) emissions released into the atmosphere have been reduced or avoided and the remaining ones are compensated with carbon credits. To achieve carbon neutrality, carbon credits from projects that reduce, avoid, or temporarily capture GHGs are accepted.

Circular Certified Schneider Electric label to give products a second life (unsold or obsolete stock, commercial returns).

COP26/COP27 United Nations Climate Change Conference – Glasgow 2021 (COP26) and Sharm El-Sheikh 2022 (COP27)

CSR Corporate Social Responsibility

DEI Diversity, Equity, and Inclusion

Digital Twin A near-real-time digital image of a physical object or process that helps optimise business performance.

EcoDesign Way™ Schneider Electric embraces circular principles all along the lifecycle of products and offers. The keystone of circularity is EcoDesign Way™, a process that is applied to the development of all new products.

EcoStruxure™ EcoStruxure™ is Schneider Electric's IoT-enabled, plug-and-play, open, interoperable architecture and platform, used in homes, buildings, data centers, infrastructure, and industries. EcoStruxure™ enables enhanced safety, reliability, efficiency, sustainability, and connectivity with "Innovation at Every Level" from connected products to edge control, and apps, analytics, & services.

EcoXpert Schneider Electric Partner Program to share our expertise, stimulate growth in a new customer base, and together deliver best-in-class services to our valued customers.

Edge computing Decentralized data processing as close to its source as possible to improve network bandwidth and response times.

EHS Environment, Health, and Safety

Energy transition The energy transition replacing fossil fuels with low-carbon energy sources.

Enterprise Metaverse Real machines, factories, buildings, and grids systems are mirrored in the virtual world to create a digital environment, where problems can be found, analysed, and fixed quickly. Leveraging a single data-hub, problems can be discovered before they arise and collaboration between off-site and on-site support can be improved.

EPS Earnings Per Share

ESG Environmental, Social and Governance

GHG Green House Gas

Green Premium™ Our Green Premium™ label was created to provide our customers with more sustainable products and transparency with environmental information. In 2022, more than 80% of Schneider's product sales came from Green Premium™ products. We expect this figure to reach 80% by 2025.

IEC International Electrotechnical Commission

IIoT Industrial Internet of Things

Impact Company Schneider Electric aims to champion environmental, social, and ethical issues across its entire value chain and stakeholders, while delivering solutions to its customers for sustainability and efficiency. We call this dual approach "Impact Company".

Impact revenues Schneider Impact revenues are offers that bring energy, climate, or resource efficiency to customers while not generating any significant harmful impact to the environment.

Industry 4.0 Refers to the fourth industrial revolution; combining physical production and operations with smart digital technology such as cloud computing, Internet of Things (IoT), Artificial Intelligence (AI), and machine learning to create a bigger impact and greater productivity.

IPCC Intergovernmental Panel on Climate Change

KPI Key Performance Indicator

Living wage Schneider Electric believes earning a living wage is a basic human right and a key element to decent work. Schneider Electric is committed to paying all employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers food, housing, sanitation, education, healthcare, plus discretionary income for a given local standard of living.

LTIP Long Term Incentive Plan

Microgrid Local, self-contained electrical network which allows to generate electricity on-site and use it when needed.

Multi-hub Four hubs now serve the Group's different markets (Europe, North America, China, and India). Each hub has its own capabilities, while operating and contributing together toward the same Group objectives.

Net-zero As per the SBTi's "Corporate Net Zero Standard", it means reducing emissions at a pace that is in line with the latest climate science and balancing any remaining essential residual emissions through carbon removal credits (rather than carbon credits).

OEM Original Equipment Manufacturer

OpEx Operational Expenditure: costs which are incurred through a company's day-to-day business operations (like salaries, rent, energy costs etc.)

R&D Research & Development

REACH Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals.

RoHS Restriction of Hazardous Substances

SaaS Software as a Service

SBTi Science Based Targets initiative

SCADA Supervisory control and data acquisition

SDG United Nations' Sustainable Development Goals

SF_6 Sulfur hexafluoride; one of most potent greenhouse gases. Schneider Electric launched SF6-free green and digital MV switchgear with GM AirSeT™ in 2020.

SRI Socially Responsible Investment

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

SSERI Schneider Sustainability External & Relative Index; measures the long-term sustainability performance of the Group in terms of relative performance, through a combination of external indices (including DJSI World, Euronext Vigeo, Ecovadis, and CDP Climate Change).

SSI Schneider Sustainability Impact is the translation of our six long-term commitments (climate, equal, resources, generations, trust, and local) into a selection of 11 highly transformative and innovative sustainability programs. It's the Group's five-year (2021 – 2025) plan with progress tracked and published quarterly, as well as audited annually.

STIP Short Term Incentive Plan

TCO Total Cost of Ownership – Quantifies the cost of the purchase across the product's entire lifecycle from purchase to decomissioning.

Trust Charter The Trust Charter acts as the Group's Code of Conduct, demonstrating its commitment to ethics, safety, sustainability, quality, and cybersecurity.

TZCP The Zero Carbon Project: Actions to reduce the greenhouse gas emissions from Schneider's suppliers. The ambition of TZCP is to collaborate with 1,000 suppliers and reduce their operational greenhouse gas (GHG) emissions by 50% by 2025 (SSI #3).

UPS Uninterruptable Power Supply

VOC Volatile Organic Compounds – Organic substance which can be vaporized by small changes in temperature or pressure. VOCs are a category of air pollutant mainly from industrial processes and automobiles. Schneider Electric does everything to reduce them as much as possible.

VolunteerIn Schneider Electric's VolunteerIn programme was created in 2012 to organize volunteer missions benefiting the Schneider Electric Foundation's partners. Wherever the Company is based, 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.

WEEE Waste Electrical and Electronic Equipment

WESOP Worldwide Employee Share Ownership Plan

Financial Calendar

Investor Relations

May 4, 2023	Annual Shareholders' Meeting

Financial Releases

February 16, 2023	2022 Annual Results
April 27, 2023	Q1 2023 Revenues
July 27, 2023	2023 Half Year Results
October 26, 2023	Q3 2023 Revenues

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