IMPACT Company

2023 Sustainable Development Report

The Next Frontier: Industrial Tech for Sustainable Impact

Life Is On | Schneider Electric

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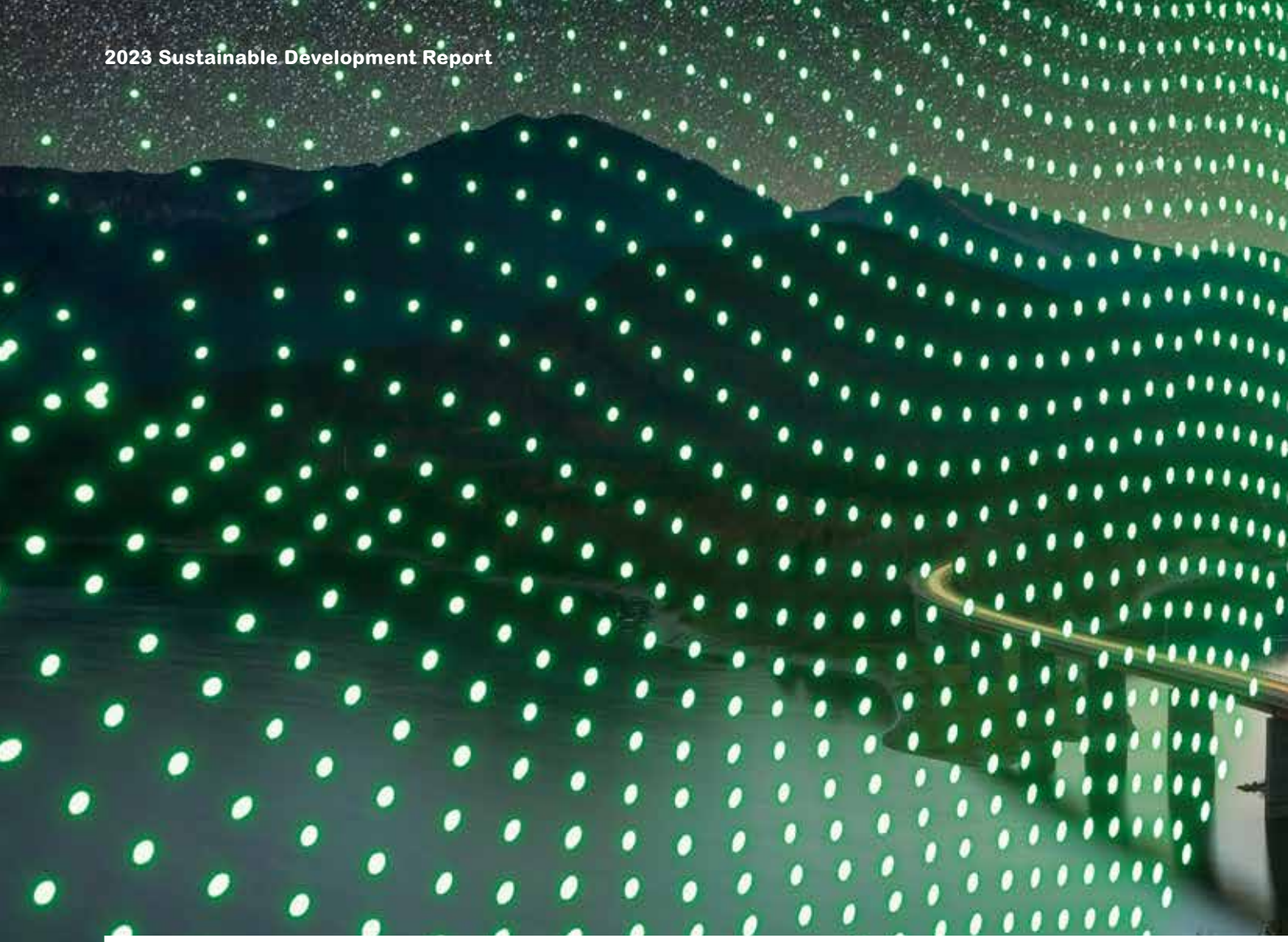


In this sustainable development report

This report is an extract from Schneider Electric's 2023 Universal Registration Document.

An introduction by our Chief Sustainability and Customer & Quality Officer

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

Agustin Lopez Diaz
Chief Sustainability and Customer & Quality Officer

I took on the role of overseeing sustainability matters at Schneider Electric at the end of the hottest summer in recorded history. The climate crisis was – and is – leaving a trail of destruction across the globe, and the window to address it is rapidly closing.

The good news is that readily available and cost-effective solutions exist, and can be deployed now by every one of us to deliver on common sustainability ambitions.

At Schneider Electric, we have worked hard for many years to do so. And by the summer of 2023, we’d reached the midterm point of our current five-year Schneider Sustainability Impact (SSI) program. SSI initiatives act as our sustainability roadmap, tracking our environmental, social, and inclusion transformation in line with six long-term commitments to climate, resources, trust, equality, people of all generations, and the local stakeholders with whom we work.

Engaging for impact with all stakeholders

As an Impact Company, we are committed to bringing everyone along – employees, customers, and suppliers – and to working closely with local communities to make a difference. And I couldn’t be prouder of the impact we made in 2023.

We continued to support our customers on their journey toward Net-Zero with digital, electrification, and automation technologies. As of December 2023, we were already more than halfway towards meeting our target of helping our customers save and avoid 800 million tonnes of CO_2 emissions by 2025.

Part of the work to get to Net-Zero across our end-to-end value chain involves maintaining the highest standards of quality. And as we continue to encourage our top suppliers to switch to cleaner energy and run more energy-efficient operations, we’re also tackling our own Scope 3 emissions.

We’re taking a similar approach to also ensure that our partners protect their employees’ rights and provide access to decent work. And we’re making good progress in eliminating single-use plastic from packaging and increasing the green material content in our products.

Our long-standing efforts to address energy poverty and transform lives with affordable, reliable, and clean electricity also continued apace in 2023. We’re well on our way to meeting our 2025 goal to expand energy access to 50 million people worldwide.

Maintaining our sustainability commitments over the long run

Continued recognition from external rating agencies including the Dow Jones Sustainability World Index, Euronext Vigeo, Ecovadis and CDP Climate Change, and many others, underlines our progress; none of which would be possible without the commitment of our employees.

Meanwhile, the Schneider Electric Foundation celebrated its 25th anniversary in 2023. That’s a quarter of a century of creating educational and entrepreneurial opportunities and greater access to energy, and supporting the energy needs of local communities. The Foundation also provides vital support and disaster relief – most notably in 2023 sending donations and essential goods to earthquake victims in Turkey, Syria, and Morocco.

Sustainability initiatives are transformative, and not always quick wins. They’re about continuously building on prior achievements and striving for long-lasting, positive impact. And that’s what we will do – for the rest of the 2021-2025 SSI program, and beyond.

Agustin Lopez Diaz
Chief Sustainability and Customer & Quality Officer

1 Sustainability for all

In this section

Distinctions 2023

Moody's ESG Solutions

PLATINUM Top 1% ecovadis Sustainability Rating FEB 2024

Schneider Electric Top 100 Globally for gender equality in 2023 EQUILEAP

Rated Gold 2023 by cybervadis

Dow Jones Sustainability Indices

Bloomberg Gender-Equality Index 2023

CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE

2023 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE 12-TIME HONOREE

Corporate Knights: A Global 100 Most Sustainable Corporation

LIVING WAGE CERTIFIED

Brandon Hall Group HCM Excellence Award DIVERSITY, EQUITY AND INCLUSION GOLD 2023

CIPS EXCELLENCE IN PROCUREMENT AWARDS 2023 WINNER

2023 highlights

6.13/10

Schneider Sustainability Impact score, outperforming 2023 target (6.00/10)

63%

Sustainable packaging for our products (vs. 45% in 2022)

553M

Tonnes of saved and avoided CO_2 emissions for our customers since 2018 (+112 MT vs. 2022)

46.5M

People have access to green electricity in 2023, since 2009 (+6.9M vs. 2022)

1.1 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 businesses. 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 millions 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.

In the past years, multiple geopolitical crisis 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 (ESG) 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 the 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 with have the resources, talent, technology, and geographic footprint to make real and fast change and use it to drive sustainable financial performance.

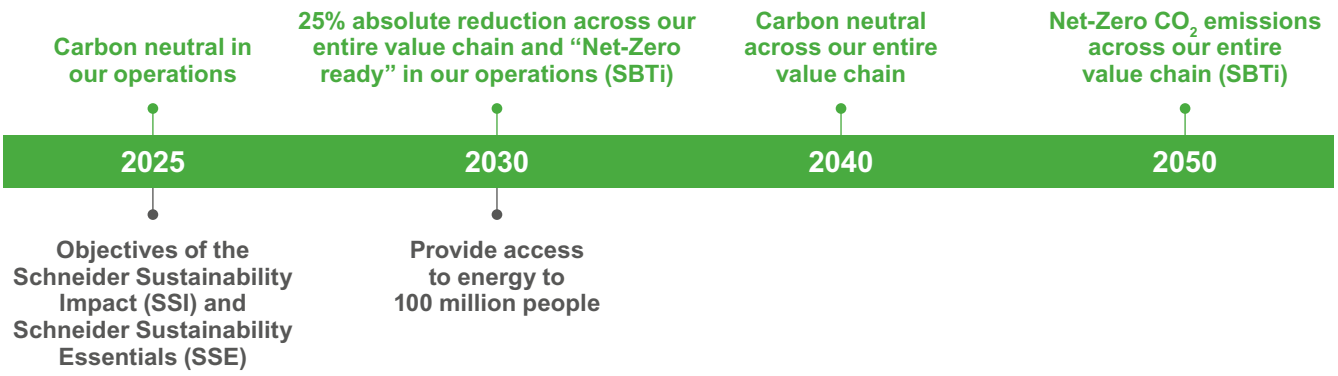
The foundation of Schneider's sustainability strategy and Impact Company model is the belief that investing in the transition to a more sustainable future – in energy sobriety, gender equity, or low carbon solutions – is about future-proofing the Company. It drives the Company's competitiveness, innovation, 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 €35.9 billion in revenues in 2023. 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.

A purpose 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 74% of the Group's total revenues in 2023. In addition, in order to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% being either strictly green or neutral. On this journey for a better planet, the Group is convinced that no one should be left behind, and businesses should operate a just transition.

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



1.2 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 (UN 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 Schneider Sustainability Impact (SSI) and the Schneider Sustainability Essentials (SSE). Collectively, the 11 SSI Global and Local Impact programs, as well as the 25 SSE programs, are the Group's short-term sustainability roadmap and our contribution to the 17 UN 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 (STIP) 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 and scope 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.

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 the "Schneider Sustainability Impact" (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 creates 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 objective translates in 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). In 2023, the SSI achieved a great score of 6.13/10 (vs. 4.91/10 in 2022), exceeding its 6.00/10 target for the year, and is well on track to achieve its 2025 ambition. The 2024 objective is to keep accelerating and reach 7.40/10.

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 (previously known as Group Sustainability Committee), which makes decisions on any corrective actions that may be necessary to reach objectives. The Governance, Nominations & Sustainability Committee (previously known as 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 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 Results 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 2023, SSI #8 obtained a reasonable assurance level, as well as other energy, CO_2 and safety KPIs (SSE #3, SSE #5 and SSE #14).

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 2023, the SSI performance impacted the short-term incentive plans for 64,000 employees (20% of collective share), including the Executive Committee members and the CEO.

SSI and Sustainable Finance

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

Find 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, and 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 Governance, Nominations & Sustainability Committee, which reports on its work to the Board of Directors, and to the Function Committee, for validation. This latter Committee includes seven members, who each have functional responsibilities and report directly to the CEO: the Chief Sustainability and Customer & Quality Officer; Chief Strategy 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 2023

SSI #2 delivered +112MTCO$_2$e saved and avoided for customers, a continuous improvement compared to 2022 (+93MTCO$_2$e), driven by good progress in Power Purchase Agreements services and Variable Speed Drives sales.

The Zero Carbon Project (SSI #3) recorded a 27% progress (vs. 10% in 2022) thanks to CO_2 emissions efficiency gains in the operations of 1,000 top suppliers.

The Group kept progressing on its transition to sustainable packaging, with 63% of primary and secondary packaging now free from single-use plastic, using recycled carboard (SSI #5), compared to 45% in 2022. This progress was possible thanks to the mobilisation of the teams worlwide, and particularly in Europe and North America.

SSI #6 significantly progressed in 2023, with 85% of strategic suppliers committed to the Decent Work program, of which 21% are meeting the Decent Work expectations set by Schneider Electric. This represents an increase of 20 pts since its launch in 2022, but reaching the 2025 target remains a challenge due to the shorter timeframe to achieve it.

The most significant progress was achieved by SSI #9 which delivered access to clean and reliable electricity to 6.9 million people in 2023 alone (vs. 5.5M in 2022), thanks notably to the solarization of Health Centers in South Asia and Africa, and the delivery to Impact Investment Funds.

One of the most challenging 2025 objectives will be to train 1 million people in energy management (SSI #11). Major progress was delivered in 2023 with close to 180,850 new people trained, more than twice than in 2022 (close to 70,000 people). However, 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 is opening trainings to more OECD countries and supporting new types of programs for the youth.

1.2.2 Schneider Sustainability Essentials

The SSE reflects continuous improvement actions taken by the Group, complementing the SSI. This 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 2023

Schneider is committed to accelerating sustainable transformation in its own operations:

- In 2023, 24 new sites were certified Zero-CO_2 sites (SSE #1), for a total of 101 sites contributing to the Group's GHG emissions.
- Corporate vehicle fleet transformation (SSE #7) accelerated by 10 points in 2023, driven by a strong performance in Europe and a growing market maturity.
- The Group's ambition is to deploy local biodiversity conservation and restoration programs at 100% of its sites (SSE #8), and to deploy a water conservation strategy and related action plan at 100% of its sites in water-stressed areas by 2025 (SSE #11). In 2023, 66% of sites have put biodiversity programs in place (vs. 18% in 2022), and 73% of sites in scope have adopted and implemented water conservation action plans (vs. 48% in 2022).
- 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.

With SSE #23, Schneider aims to provide access to meaningful career development programs for its employees during later stages of their career. 67% benefited from these programs in 2023 (vs. 43% in 2022).

Finally, 1,165 new suppliers were assesed in 2023 under Schneider's "Vigilance Program" (SSE #17), notably thanks to the increase of remote Vigilance assessments.

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.

Local Sustainability Commitments

A significant element of the 2021-2025 program is the local dimensions, which deploys 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 transformation. Close to 200 local programs have been deployed since 2021.

In 2024, the local programs will be renewed or extended by setting more ambitious targets, with the aim of increasing local impact through employee engagement. All local sustainability leaders were involved in 2023 to prepare for the launch.

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

SCHNEIDER SUSTAINABILITY IMPACT

2023 score:

6.13/10

vs. 4.91/10 in 2022 and outperforming 6/10 target for the year

Schneider Sustainability Impact

6 Long-term Commitments	11+1 targets for 2021-2025	Baseline[1]	2023 Progress[2]	2025 Target
Climate	**1.** Grow Schneider Impact revenues[3]	2019: 70%	74%	80%
	2. Help our customers save and avoid millions of tonnes of CO_2 emissions	2020: 263M	553M	800M
	3. Reduce CO_2 emissions from top 1,000 suppliers' operations	2020: 0%	27%	50%
Resources	**4.** Increase green material content in our products	2020: 7%	29%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	63%	100%
Trust	**6.** Strategic suppliers who provide decent work to their employees	2022: 1%	21%	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%)	2020: 41/23/24	41/28/29	50/40/30
	9. Provide access to green electricity to 50M people	2020: 30M	+16.6M	50M
Generations	**10.** Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.52	x2.00
	11. Train people in energy management	2020: 281,737	578,709	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 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). The 2023 performance is also discussed in more details in each section of this report.
(3) Per Schneider Electric definition and methodology. For the reporting requirements under the European Taxonomy Regulation, please refer to pages 211 to 227.

Read more about the SSI indicators methodology on **pages 201 to 206**.

Schneider Sustainability Essentials

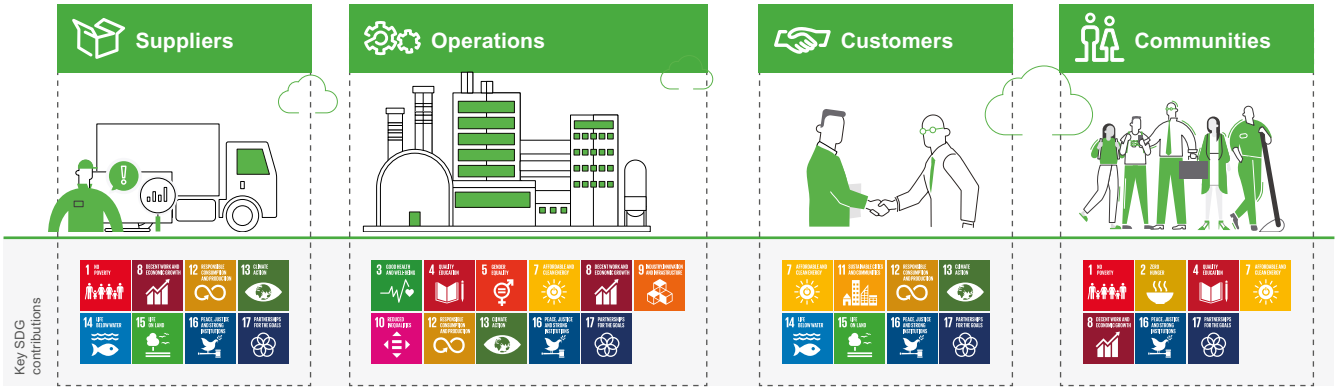
6 Long-term Commitments		25 targets for 2021-2025	Baseline[1]	2023 Progress[2]	2025 Target
Climate	1.	Decarbonize our operations with Zero-CO_2 sites	2020: 30	101	150
	2.	Substitute relevant offers with SF_6-Free medium voltage technologies	2020: 26%	60%	100%
	3.	Source electricity from renewables	2020: 80%	88%	90%
	4.	Improve CO_2 efficiency in transportation	2020: 0%	1.6%	15%
Resources	5.	Improve energy efficiency in our sites	2019: 0%	13%	15%
	6.	Grow our product revenues covered with Green Premium™	2020: 77%	81%	80%
	7.	Switch our corporate vehicle fleet to electric vehicles	2020: 1%	24%	33%
	8.	Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	66%	100%
	9.	Give a second life to waste in 'Waste-to-Resource' sites	2020: 120	137	200
	10.	Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	2020: 157,588	311,229	420,000
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	73%	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%	97.3%	100%
	14.	Decrease the Medical Incident rate to 0.38 or below	2019: 0.79	0.51	0.38
	15.	Reduce total number of safety recalls issued to 0	2020: 25	23	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	3,248	4,000
Equal	18.	Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.00% 0.67%	<1% <1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	61%	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	x1.5	x4
Generations	22.	Support the digital upskilling of our employees	2020: 41%	78%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	67%	90%
	24.	Increase our employee engagement level	2020: 69%	73%	75%
Local	25.	Increase the number of volunteering days since 2017	2020: 18,469	58,177	50,000

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

Read more about the SSE indicators methodology on **pages 206 to 211**.

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 (SSI) and Essentials (SSE) programs contribute to those global goals, either directly or indirectly, 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 (UNGC), notably with its Chairman being a member of the global Board. Schneider discloses each year its Communication on Progress, and was one of the 850 participants in the UNGC Early Adopters program in 2022. The following mapping of the Group contribution by SDG and stakeholder was realized by reviewing all 169 targets and leveraging the SDG Compass tools.



SDG	Stakeholders	Schneider's contribution to SDGs	Key programs
1 NO POVERTY	Suppliers Communities	As a responsible employer, manufacturer, and buyer, Schneider Electric committed to ensuring the well-being of employees throughout its value chain. Through sustainable procurement, fair compensation and development opportunities, the Group ensures all its stakeholders can live fulfilling and thriving lives.	**SSI #9; SSI #10; SSI #11; SSE #20**
2 ZERO HUNGER	Communities	Food is a basic need and a necessity for livelihood. Schneider contributes to strengthen food security by improving access to energy in rural areas, through better irrigation, food storage, and processing.	**SSI #9**
3 GOOD HEALTH AND WELL-BEING	Operations	Schneider's holistic view of well-being translates into programs that support the physical, mental and emotional well-being of its people, but also across its operations, safeguarding the reliability of the healthcare sector by powering their facilities.	**SSI #6; SSE #12; SSE #14; SSE #17**
4 QUALITY EDUCATION	Operations Communities	Learning is a Core Value of Schneider Electric. The Group actively promotes a mentoring culture, connecting generations together to help tomorrow's energy leaders to grow and build a sustainable future.	**SSI #10; SSI #11; SSE #25**
5 GENDER EQUALITY	Operations	Schneider Electric believes in equality between all genders. 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 diversity, equity and inclusion benefit all.	**SSI #8; SSE #18**
6 CLEAN WATER AND SANITATION	Communities	Schneider takes great care in ensuring its operations have no impact on biodiversity and water quality. The Group protects water on its sites, with a specific conservation strategy and solutions in water-stressed areas to limit the impact on local communities.	**SSE #6; SSE #11**
7 AFFORDABLE AND CLEAN ENERGY	Operations Customers Communities	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.	**SSI #1; SSI #2; SSI #3 SSI #9; SSE #1 SSE #3; SSE #5; SSE #6, SSE #7**

SDG	Stakeholders	Schneider's contribution to SDGs	Key programs
	Suppliers	For Schneider Electric, protecting workers' rights, guaranteeing their dignity and creating work opportunities is essential to enable all its stakeholders to thrive. Its Decent Work program aims to improve working conditions for its employees and for workers across its supply chain.	SSI #6; SSI #10; SSE #12; SSE #14; SSE #17; SSE #18; SSE #20; SSE #22; SSE #23
	Operations	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.	SSI #1; SSI #2; SSE #1; SSE #2; SSE #4
	Operations	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.	SSI #8; SSI #10; SSI #11; SSE #18; SSE #20
	Customers	Schneider offers a solution to ensure sustainability in urban areas, with smarter homes and buildings. The Schneider Electric Foundation acts to provide access to sustainable energy to all, turning our global commitments into local realities.	SSI #1; SSI #12; SSE #1; SSE #4; SSE #9
	Suppliers Operations Customers	Schneider Electric considers that circularity is key for sustainability. Using fewer resources and producing higher-quality products is the ideal combination to ensure safety for employees, consumers, and the environment.	SSI #4; SSI #5; SSE #6; SSE #9; SSE #10; SSE #15
	Suppliers Operations Customers	Schneider Electric has been leading the fight against climate change for 15 years. Its strategy focuses on acting for climate protection, preserving resources, and maintaining ethical practices to fight for the planet.	SSI #2; SSI #3; SSE #1; SSE #3; SSE #4
	Suppliers Customers	Resources are essential to our business; preserving them not only makes 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.	SSI #5; SSE #8; SSE #11
	Suppliers Customers	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.	SSI #4; SSI #5; SSE #8
	Suppliers Operations Customers Communities	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.	SSI #6; SSI #7; SSE #12; SSE #13; SSE #16; SSE #17
	Suppliers Operations Customers Communities	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.	SSI #3; SSI #6; SSI #11; SSI #12; SSE #2; SSE #11; SSE #12; SSE #17; SSE #24; SSE #25

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

1.4 Open dialogue with stakeholders

Schneider Electric engages in open and continuous dialogue with each of its stakeholders. In particular, the Sustainable Development 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, new improvement plans, and during the design of the SSI programs, 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.	27% 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 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
Distributors and end-customers	To enable a more sustainable future we ensure our customers are provided 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 deliver strong customer experience.	553M tonnes of CO_2 emissions saved and avoided for our customers
Financial partners	Our more than 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, offering our financial partners attractive returns.	74% Impact revenues
Institutions and technical bodies	The Group is involved with various local and international organizations supporting sustainability, working with key players from all levels of society. Schneider Electric makes it its priority to maintain a transparent and constructive dialogue with policymakers and regulators so that our views are represented on issues affecting our industry.	300+ associations and organizations 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 investments supporting high social and environmental impact, the Group hopes to have a positive impact on its ecosystem.	200+ local commitments that positively impact communities

1.5 Materiality assessment

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 and 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 Sustainability team, the Strategy team, the Group Risk Management function and the Duty of Vigilance Committee play a key role. Other topic-specific committees contribute to the assessments and oversee the Group's strategy on those issues, such as the Carbon Committee, Human Resources Committee, and 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 SSI 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 business activity, its image, its financial performance, its results, or the achievement of its objectives. For more details about the Enterprise Risk Management (ERM) please consult Chapter 3, pages 326 to 357 of the 2023 Universal Registration Document.
- The Vigilance risks matrix, which is presented and described in chapter 2.2 "Vigilance Plan" on page 49, 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 are conducted regularly, dedicated among others to Ethics & Compliance (including Anti-Corruption and Conflicts of Interest), Climate, Water and Biodiversity, supplier, and cybersecurity risks.

Internal tools are complemented with external inputs, such as:

- Regulatory frameworks: for instance, the key topics listed under Article R. 225-105 of the French Commercial Code (Extra-Financial Performance Declaration), the European Taxonomy Regulation or European Sustainability Reporting Standards (ESRS);
- International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability;
- 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 Taskforce on Nature-related Financial Disclosures (TNFD), and various other frameworks (SASB, GRI, etc.).

The assessment covers the entire value chain of the Group and its stakeholders: suppliers and subcontractors, financial transactions, customers, as well as Schneider Electric's scope – on cross-functional, environmental, social, and societal topics, including human rights and anti-corruption.

The main identified risks, opportunities, and impacts are quantified based 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 337 of the 2023 Universal Registration Document in accordance with "Prospectus 3" requirements.

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

Six main risk categories were identified in 2023 and are presented in detail in the following pages:

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

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 transformative programs under the 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 described above, as well as best practice benchmarks.

Zoom on the latest materiality analysis

In 2020, Schneider Electric built its third materiality matrix by consulting 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 change is the main trend identified externally and internally. It includes the move towards energy transition and electrification, on which external stakeholders expect Schneider Electric to take the lead.
- Inclusion and deploying a just transition benefits all equally, covering the Company's extended responsibility to its ecosystem, in particular in the supply chain, to ensure the low-carbon transition. Stakeholders also mentioned the growing expectations in providing ethical and sustainable products.

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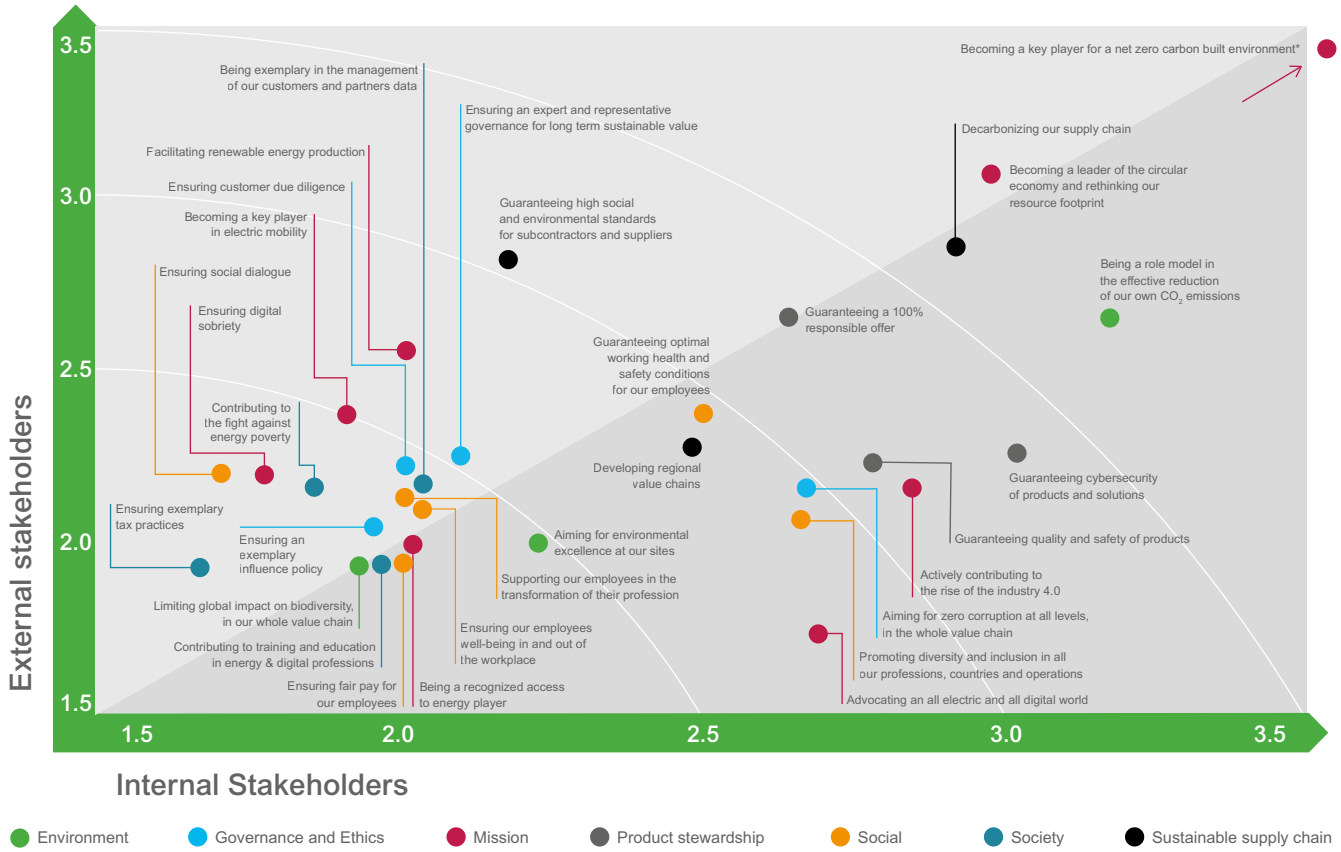
- Resilience, and the move towards more local supply chains, specifically post-COVID-19, can be a way to mitigate geopolitical uncertainty and a rise in protectionism.
- Ethics in digital: the growth of digitalization and the need for stronger ethics represents both an opportunity and a risk for Schneider Electric. This covers topics such as the power of data and the ethical use of it, the potential opportunities and dangers of Artificial Intelligence (AI), as well as people's well-being and 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, and corruption).
   - Key transformational topics – those which have the potential to transform markets and differentiate Schneider Electric from others (e.g., climate change adaptation and mitigation, the circular economy, and human engagement).
4. The SSI is a renowned and transformative program which is a source of pride internally, with external recognition, 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.

In 2023, Schneider Electric started to perform its double materiality assessment in line with the European Sustainability Reporting Standards (ESRS) as a first step to comply with the Corporate Sustainability Reporting Directive (CSRD). This assessment involves the collaboration of various teams, especially the Sustainability team, the Group Risk Management function, and the Duty of Vigilance Committee.

The double materiality assessment leverages various internal analyses and external inputs, including stakeholders' consultations, to determine the materiality of relevant sustainability topics for the Group, both from a financial and/or impact perspective. Material risks, impacts, and opportunities across the value chain will be validated by the Company's highest governance bodies. The results of this assessment will be disclosed in Schneider's Universal Registration Document 2024.

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. For more details about risk management at Schneider Electric, see Chapter 3 on page 324 of the 2023 Universal Registration Document.

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Ethical business conduct			
Competition law			
Non-compliance with competition laws and regulations could result in: • Fines • Brand and reputational impact • Other consequences	Trust Charter Competition Law Policy Competition Law Guidelines Channel Contract Review and Approval Policy Conflict of Interest Policy E-learnings Trust Line whistleblowing system	• New Competition Law Guidelines and Processes issued • Competition law e-learnings issued • Commercial Compliance Program • Refreshed channel contract templates • SSI #7: 82% achieved in 2023 (stable since 2022)	Increase trust among our customers, partners and larger community Increase business opportunities Increase employee risk awareness
Corruption and bribery			
Corruption links to B2B and project business may occur through third parties' activities (partners, suppliers, intermediaries, companies to be acquired, public officials, public-private partnerships, and extractive industries) and cause various impacts: • Legal proceedings, prosecutions, and sanctions • Subverting local social interests and/or harming local competitors • Debarment from public tenders or public funds • Increasing costs for companies, and further down the chain, their customers • Public relations backlash	Trust Charter Anti-Corruption Policy Whistleblowing Policy Case Management & Investigation Policy Conflict of Interest Policy Business Agents Policy Third Party Due Diligence Policy Gifts & Hospitality Policy Philanthropy Policy Sponsorship Policy Specific Marketing guidlines Specific M&A guidelines Dedicated Trust Standards Risk mapping dedicated to "Ethics & Compliance" risks	• New and updated policies • Anti-corruption e-learning and ad hoc anti-corruption learnings • Communication campaigns • Third-party management processes enhancement • Anti-corruption controls enhancement • Dedicated Key Internal Controls and central monitoring process • SSI #7: 82% achieved in 2023, aiming for 10 pts increase by 2025 • SSE #13: 97% of employees trained on Cybersecurity and Ethics in 2023 (vs. 96% in 2022)	Increase employee satisfaction Improve workplace culture Strengthen legal compliance and public reputation Reinforce customer, partner, supplier, and local communities' engagement and loyalty

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Export Controls			
Non-compliance with export controls and sanctions, lack of third-party screening, could result in: • Criminal penalties and fines • Brand and reputational impact • Business disruptions • Denial of export privileges	Export Control Policy Export Control Directive Global Export Control Program	• Export Control program • Export Control Center of Excellence (CoE) transformation project • Global Export Control awareness and training • Global Export Control Network of 806 Single Point of Contact (SPOC) sharing standards and best practices • About 2,250 hours of training delivered to SPOC Network • 3rd Party Screening • Created a Global regulation change advisory board (GCAB) created to review impact of new and updated global regulations, manage change, internal communications, and training	Building trust with customers and partners Ensure compliance to global export controls and sanctions Transparency and traceability in the supply chain, reducing the risk of disruptions and enabling smoother operations
Corporate governance			
Sustainability Commitments and Regulatory Requirements			
Failure to deliver on long-term public sustainability commitments such as the SSI and the Group Net-Zero commitment, as well as **failure to comply with regulatory requirements**, may 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 progress, ensure compliance with regulatory requirements, and oversee Sustainability risks through a global Sustainability Committee 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, or SSERI)	• SSI 2023 performance reached 6.13/10, above the 6.00/10 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 17% 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 and transformation
M&A and Integration			
Insufficient due diligence when acquiring new companies and implementing controls post-acquisition could result in: • Suboptimal acquisition strategies or flawed selection of acquisition targets, overestimating an acquisition's future performance or potential, revenue or cost synergies with Schneider Electric • Post-M&A risks may include failure in: – Acquisitions' strategic intent realization – Acquisitions' value creation – Acquisitions' integration process – Divestiture strategy execution	M&A and divestment assessments Risk mitigation systems Trust Standards Integration Task Framework	• Trust Standards and Integration plan status reviewed twice a year in Function Committee • Compliance with applicable Trust Standards across less than 3 years majority owned acquisitions: 45% in 2023	Trust Standards as opportunity for business enabler and integration standardization

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Cybersecurity and data privacy			
Cybersecurity			
Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Groups' customers and partners) may result in a risk of a malicious exploitation or a risk of intrusion into the infrastructures of Schneider Electric production and distribution centers, the potential consequences of which are: • Impacts on productivity, data privacy, and 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 Product and System Security Policy Source Code Security Policy Cyber Badge Principles Third-Party Security Principles Malicious Software Policy	• 220+ 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 • 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 • OT network, monitoring and threat detection, incident response process • IT/OT network segmentation secured industrial Personal Computers (PCs), secure remote access, backup restore for PCs, and Programmable Logic Controllers (PLC) • SSE #13: 97% of employees trained on Cybersecurity and Ethics in 2023 (vs. 96% in 2022 • 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

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Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Compliance			
Non-compliance with data laws could result in: • Endangerment, modification, and exfiltration of data from Schneider Electric's data systems • Potential fines • Brand and reputational impact	Trust Charter Global Data Privacy Policy Data Classification Policy Global Data Retention and Disposal Policy Record Creation Backup and Recovery Policy Log Management & Monitoring Policy Acceptable Use of Assets Policy Digital Certification Policy	• 30+ Data Protection Officers and Correspondents at country level • Data Risk Resource scale up • Data Risk Maturity assessment • Mandatory Cybersecurity & Data Privacy annual training sessions • 40+ Data Privacy Champions appointed globally • Annual review of all policies • Data Retention • 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
Data Management			
Inappropriate Data Management could result in: • Breaches in data security and privacy, leading to reputational damage, legal consequences, and financial losses • Non-compliance with data protection regulations leading to regulatory penalties and compliance issues • Ineffective decision-making • Hinder innovation and digital transformation	Data Classification Policy Global Data Security Policy Global Data Privacy Policy Schneider Electric Data Charter Global Data Retention and Disposal Policy	• 20+ Data Risk Managers and Data Security Leaders • 30+ Data Officers globally Data Classification Enforcement • Data Classification Education • Data Risk Resource scale up • Data Risk Maturity assessment	Increase trust with customers and partners Maintain excellence and drive business performance Drive innovation Improve operational efficiency
Sustainable Supply Chain			
Supply Chain Disruption			
Lack of Supply Chain flexibility and resilience due to increase of climate-related risks as well as the evolution of international trade and market barriers may result in: • 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 lifecycle visibility and taking the opportunity to standardize electronic components

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Sustainable value chain transition failure			
Sustainable value chain transition failure due to climate transition and adaptation failure over the value chain, may threaten business continuity: • Access to critical raw materials • Transportation and distribution disruption • Damage to assets • Logistic bottlenecks	Power of two in Manufacturing Logistic nodes monitoring system Third-party critical sites assessment EcoDesign resource parameters	• Performed a forward-looking climate risk and vulnerability assessment • Scenario-based analysis of direct and indirect climate physical and transition risks • SSI #3: 27% CO_2 emissions reduction from top 1,000 suppliers operations • SSI #4: 29% of green material content in our products • Suppliers assessed through EcoVadis / ISO 26000 evaluation. Score 2023: 61.9 (vs. 60.3 in 2022) • Deployed a full business continuity plan process	Growing demand for green, low-carbon product and services Increasing interest in decarbonization and digitization Accelerate the adoption of circular business models and technological solutions
Human Rights			
Violations of human rights and fundamental freedoms, in particular in supply chain and off-site projects, linked to the 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: 21% of strategic suppliers conform to Schneider's Decent Work requirements (vs. 1% in 2022) • 'Social Excellence' program through multiple tiers of suppliers in progress (SSE #12) • SSE #17: 3,248 suppliers assessed under our 'Vigilance Program' since 2018 (+1,165 vs. 2022)	Increased cooperation with suppliers Increased trust with our customers
Resources			
Scarcity of resources used in the products or in their manufacturing, due to 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 Project risk controversy management Water stewardship in water-stressed areas Proactive product returns and take-back policies for a range of offers	• SSI #4: 27% green material content in our products (vs. 18% in 2022) • SSI #5: 63% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard (vs. 45% in 2022) • SSE #11: 73% of sites in water-stressed areas have a water conservation strategy and related action plan (vs. 48% in 2022) • 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

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Product, project, system quality and 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 New Quality Strategy Implemented Advanced Product Quality Planning Deploy 10 Fundamentals of design assurance, liability, 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: 23 safety units recalled in 2023 • 98% reduction in the number of parts affected by recalls compared to 2022	Work in collaboration with customers Challenging innovation and research & development (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: 0.51 Medical Incident rate (vs. 0.58 in 2022)	Increase confidence of current and prospective employees. Continuous Safety improvement
Well-being and mental health			
Lack of focus on well-being and mental health, by 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 Flexibility@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 97% of employees (vs. 98% in 2022), and by 76% of new hires	Improved talent attractivity and retention

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Talent acquisition and retention			
Talents and skills attrition linked to the failure to attract, develop and retain the best talent on the market, especially for critical skills, leads to: • Cost of recruiting and onboarding • Gaps in critical skills • Succession pipeline for critical expert and leadership positions • Less positive brand perception by talent pool	New talent acquisition platform to simplify the application process and track the candidate journey by stages Annual performance and development approach, with fair, transparent and competitive rewards and development A robust talent management system to review annually the development plans for all employees, identify key talent such as experts and high potentials, prepare key successions and developments Grow the early talent pipeline through global program and country-specific initiatives Learning and Development programs for employees at different stages of their professional career and specific talent segments and critical skills 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 Days in over 100 countries and >100 events • SSE #21: x1.55 employee-driven development interactions in 2023 vs 2020 on the Open Talent Market platform • SSE #22: 78% performance in digital upskilling through the Digital Citizenship program • SSE # 23: 67% of employees having access to meaningful career development programs during later stages of their career (vs. 43% in 2022) • Launched global candidate feedback tool to track recruitment experience • SSI #10: Created more opportunities by hiring x1.52 early career talents vs. 2019 • Digital Boost was completed by almost 50K employees • Functional and digital skills program (CoMET) deployed (>40K employees)	Recognized as an employer of choice and market leader for talent development for everyone, everywhere, leading to greater talent attractivity

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, management, 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 & CSRD Committee. In 2023, this Committee was renamed Governance, Nominations & Sustainability Committee. It meets at the initiative of its Chairperson or at the request of the Chairperson of the Board or CEO. The agenda is drawn up by the Chairperson, after consultation with the Chairperson of the Board. The Committee meets at least three times a year (6 meetings in 2023). The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

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

The Function Committee

In 2022, the Group Sustainability Committee (created in 2010) became the Function Committee. The committee is composed of the Executive Committee members in charge of key Functions: Governance, Global Marketing, Human Resources, Strategy, Sustainability, Finance and Digital. The committee meets quarterly. In 2023, this committee met 7 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 (SSI);
- Informs the Board Governance, Nominations & Sustainability Committee.

The Stakeholders Committee

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 Peter Herweck, CEO of Schneider Electric, while Agustin Lopez Diaz, the Chief Sustainability and Customer & Quality Officer of Schneider Electric, acts as its secretary.

Coordination and monitoring

The Group Sustainability department

The Sustainability department was created in 2002. 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;
- Organize and drive the work of Global Sustainability Committee

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 SSI, and external ESG reporting;
- Sustainability Transformation, in particular driving the ENGAGE and INVENT programs.

Territory Sustainability Leaders (TSL)

In 2021, Schneider's Country and Zone Presidents worldwide made 200 local commitments that impact their communities, in line with the Group's 6 long-term commitments. To manage these programs and to better answer the needs of local stakeholders, a new internal sustainability governance model was created with a network of +60 TSL. This new network meets once a month 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 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

Governance, Nominations & Sustainability Committee

- Approve the sustainability strategy and SSI
- Approve LTIP and STIP for the CEO

Executive Committee

Function Committee

- Validate strategy and alignment with the United Nations SDGs
- Challenge and monitor global sustainability performance and progress of initiatives

Stakeholders Committee

- Participate, challenge and oversee the execution of Schneider's Purpose, Sustainability strategy and delivery of long- and short-term commitments

Coordination and monitoring

Sustainability Department and Global Sustainability Committee

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

Diffusion

360-degree ESG implementation

Businesses, operations, and corporate functions

- Implement strategy and Company programs and policies
- Execute sustainability objectives (SSI, variable compensation)
- Support awareness
- Innovate

360-degree ESG vision

SSI Pilots and 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

Network and expert committees

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.

Invest in Sustainability talents

To drive its Sustainability strategy, Schneider Electric has been investing for the past years in the development of its talents across ESG fields.

While its talent pool continues to flourish, the Group redefined in 2023 its organization strategy to best harness its collective potential, resulting in the launch of the INVENT program and a Sustainability Academy. This latter acts as a key enabler to deploy the INVENT program and push the needle further on talent management and allow continuous growth across the organization.

Engage Employees in Sustainability

In 2022, the Group launched the ENGAGE initiative, with the ambition to make every employee an advocate for sustainability, thereby accelerating the Group's transformation and contribution to the UN SDGs.

In complement, the Sustainability School was launched the same year to help employees and partners understand how they can act personally and professionally on sustainability through different learning paths covering a large range of environmental and social topics, including challenges of our decade and Schneider's detailed 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 employees since 2012 to participate in volunteering missions through partnerships with NGOs from all around the world.

Internal governance model and policies

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 42.

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

Human rights and 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 70). 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 and 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.

Products 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 lifecycle; from creation to supply, manufacturing, and delivery, when in operation and when being serviced. The Group has deployed a specific Quality Directive "Managing Customer Safety Risks" and a Quality Procedure "Offer Safety Review" to protect its customers. These are supported by the Quality Management System, which is improved continuously. It is in full alignment with the Trust Charter and the ISO 9001 standard.

1.8 Global and local external partnerships 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. The Group confirms its commitment to and participation in discussions on challenges related to climate change, social equity and ethics. The main memberships are presented in the following table.

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.	In 2023, Schneider strengthened its sponsorship and took part in several events such as the Energy Access Investment Forum 2023 (Abidjan), panels, webinars and newsletters, and collaborated on a position paper about Microgrid in Africa.
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 contributing to the achievement of at least five SDGs. In 2023, they partner to host the exhibition '1000+ Solutions for Cities' in Schneider's Grenoble site "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.	Through ITI, Schneider Electric contributes to provide inputs and influence national governments about global digital policy and regulations. ITI, in coordination with its members, submit feedback reflecting their input on various topics such as digitization, cybersecurity, data privacy, IT supply chains, and public procurement.
Information Technology and Innovation Foundation (ITIF)	ITIF is a non profit think tank whose mission is to formulate, evaluate, and promote policy solutions that accelerate innovation and boost productivity to foster growth, opportunity, and progress.	In 2023, Scheider Electric collaborated closely with ITIF on various topics such as clean energy and data education for policy makers.
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 ecopassport® program 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.	Schneider is a founder of the association, chairing the Steering Committee and Technical committee to ensure the rules to perform PEP are compliant with international standards and use in a consistent manner. In 2023, Schneider supported PEP methodology through the Ecoplatform association and participated to the Lifecycle Management Conference, among other events. In 2023, 80.6% of Schneider's products were covered by PEP-Green Premium™.

1 Sustainability for all

Organization	Description	Key actions with Schneider
Climate		
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. The Group contributed to the publication of several reports, notably on energy productivity, and the supply chain in the new energy economy. It also organized expert workshops and participated in major events such as the COP 2023.
Entreprises pour l'Environnement (EpE)	French association that brings together some sixty major French and international companies committed to lead their own and society's ecological transition.	Schneider worked closely with EpE in 2023, notably on several publications such as the report "2030 Milestone for the Ecological Transition", a report on Climate dialogue with stakeholders. and a joint tribune published ahead of the COP28 asking to accelerate the Climate transition.
Cybersecurity and Data		
ISA Global Cybersecurity Alliance (ISAGCA)	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 2023, the ISAGCA and Schneider worked with the Cybersecurity and Infrastructure Security Agency (CISA) to map ISA/IEC 62443 to CISA Cross-Sector Cybersecurity Performance Goals. Through ISA/CEI, Schneider contributed to several publications and to the development of standards (primarily through ISA/IEC and aided by ISA GCA), and defended ISA/IEC 62443 cyber standard as the reference for OT cybersecurity.
Confederation of Europe Data Protection Organizations (CEDPO)	CEDPO contributes to promote the role of data protection officer, provide advice on balanced, workable and effective data protection, and contribute to better harmonization of data protection law and practice in the EU/EEA.	Schneider works closely with CEDPO, through working groups, contributing to the writing of documents such as "Ten questions at the intersection of AI/ML and data protection", and by commenting on EU privacy laws.
Diversity, Equity and Inclusion		
Valuable 500	The Valuable 500 is a worldwide corporate alliance of 500 CEOs and their organizations that collaborates on innovations for disability inclusion.	Schneider Electric is committed to ensure that disability inclusion is on its senior leadership agenda, and that its commitment is shared with the business and the world. The Group is committed to reporting on the following 5 criteria: Workforce representation, objectives, training, ERNs, Digital accessibility.
International Labour Organization Global Business and Disability Network (ILO GBDN)	The ILO GBDN is a platform dedicated to ensuring that the employment policies and practices of companies of all types are inclusive of people with disabilities worldwide.	Schneider signed the ILO Charter on Business & Disability and has committed to applying these principles in its organization. In November 2023, the Group participated in a panel discussion during the ILO GBDN Summit "No social and environmental sustainability without disability inclusion". With a view to continuous improvement, Schneider also benefits from peer-to-peer sharing on a quarterly basis.
Education		
HEC Paris - Movement for Social and Business impact	The goal of HEC Specialization "Movement for Social and Business" is to achieve a more inclusive economy, in which companies seek to maximize their social impact alongside their economic performance.	In 2023, HEC and Schneider have worked very actively together. They co-founded « The Impact Company Lab », a new experimentation platform that harnesses the power of companies and the expertise of HEC Paris researchers to amplify the impact of business leaders' just transition agendas. Furthermore, Schneider has engaged with climate entrepreneurs/innovators, as part of the Creative Disruption Lab, to support and promote technological start-ups with high growth potential.

Organization	Description	Key actions with Schneider
Energy Efficiency/Electric mobility/Digital Renewables		
European Alliance to save Energy (EU-ASE)	This coalition actively advocates to advance the European energy efficiency agenda, in particular through more stringent legislation on energy efficiency and buildings.	EU-ASE 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 aims to turn the energy transition into an opportunity for reindustrialization, by combining the efforts of the Government, industrial companies, and trade union players under a common roadmap.	In 2023, Schneider participated in the definition of the new organization's roadmap (2024-2027) and led the "I decarbonize" initiative, which consists in decarbonizing French industry and offer decarbonation solutions with a significant local content.
Ethics		
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.	Schneider is actively involved in defining the challenges of Ethics and Compliance in France, and to exchange with its peers to better meet those challenges. In 2023, Schneider focused on ethical challenges in artificial intelligence, internal speaking and inquiry, gift management and hospitality.
Mouvement des Entreprises de France (MEDEF)	MEDEF is the leading employers' association acting in the interests of businesses. It takes part in social negotiations and intervenes in tax and regulatory decisions affecting companies.	Schneider engages to establish private sector's position in all matters related to Ethics & Compliance within the dedicated Committee, particularly with regard to laws and regulations on anticorruption, Human rights and whistleblowing, at French and European levels.
Human rights		
Entreprises pour les droits de l'Homme (EDH)	EDH aims to promote the understanding and integration of human rights within companies through the deployment of vigilance approaches.	In 2023, Schneider worked in collaboration with the association and participated in the organization of several events such as workshops, learning and awareness sessions about Human rights.
UN Global Compact (UNGC)	Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.	Schneider is Patron of the UNGC Labour and Decent Work program as well as Sponsor on Climate. In September 2023, Schneider committed to take action as an early mover of the UNGC Forward Faster initiative in the area of the living wage.
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.	OPC and Schneider continued to work together in 2023, through several technical working groups 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 2023, Schneider supported FDT Group technical work in various project groups and contributed to the maintenance and evolution of the international industry standard ("FDT - Field Device Technology", IEC 62453 / ISA 103).
FieldComm Group	FieldComm Group is in charge of industrial protocols implemented in Process Automation Systems (HART, FieldBus, FDI).	FieldComm and Schneider have been working together in 2023 to reduce gap between Process automation and Factory Automation networks.
Philanthropy		
Alliance pour le Mécénat de compétences	Coalition of French companies involved in volunteering of big companies employees.	The group has participated in the creation of a multi-enterprise impact study about the social impact of skills-based sponsorship.

1 Sustainability for all

Organization	Description	Key actions with Schneider
Smart Grids and Sustainable Cities		
T&D Europe	T&D Europe is a grid technology providers association. It represents electricity transmission and distribution equipment and services providers in Europe.	T&D and Schneider have published a joint report on IEC 62443 adoption and promoted its representativeness in sectorial regulations.
Smart Energy Europe (smartEn)	SmartEn integrates consumer-driven clean energy transition solutions. It aims to create opportunities for companies to integrate increasingly renewable energy system.	Schneider and SmartEn have worked hand in hand to publish different position papers on renawable energy systems efficiency and other related topics.
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 Equity & Human Rights; PACT (Partnership for Carbon transparency) on carbon accounting and avoided CO_2 emissions; and SOS1.5, a cross-sectoral framework designed to assist businesses in modernizing their processes and preparing for a 1.5°C scenario.
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 worked jointly with the WEF on various subjects such as transforming energy demand, through public-private collaboration and presenting use cases of Schneider buildings, Net Zero Industry, Zero Carbon Project, Smart Factories, via the WEF Global Lighthouse Network. Schneider also collaborated with peers on the AI Governance Alliance launched in 2023, the Urban Decarbonization roadmaps of San Diego and the Global Parity Alliance and the Good Work Alliance.
GIMELEC	GIMELEC is a trade association grouping digital electronics companies in France 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, and 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.	Schneider has been working closely with the NEMA to update the National Electric Code in the US. In 2023, 8 US States adopted this new Electric Code standard (NEC2023).

1.9 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 lifecycles 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

Schneider's experts are involved in National Committees in the 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.

European Commission DG Grow (Internal Market) decided to create a High-Level Forum for Standardisation to be launched in January 2024. Schneider Electric, through T&D Europe (European Association of Transmission & Distribution manufacturers) will represent the European Power System stakeholders, together with Grid Operators, Manufacturers, national Electricty Associations. The workstream is dedicated to propose strategic topics and standardisation moves, to better activate Energy Transition across Europe through Digitalization, Green and Resilience.

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, and solar (photovoltaic) electricity systems.

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 through 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.

Schneider's 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 (LCA) dedicated to electrotechnical products;
- Product Specific Rules for high and low voltage equipment, low voltage switchgear and controlgear, and power electronics;
- Extension of Product Specific Rules and Environmental conscious design to cover material efficiency or digital format;
- Quantification of greenhouse gas (GHG) 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, repairability, reusability, recyclability, and ability to be remanufactured, which fall within the scope of the EcoDesign Directive and the new Ecodesign for Sustainable Products 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. At the same time, Schneider Electric is actively present in ACTAD (Advisory Committee for Transmission and Distribution) to ensure electricity and environment are closely considered.

- Schneider is particularly heavily involved in the working groups on sustainability (chairing environment and circular economy groups, participating in working groups in product technical committees (TC) dealing with environmental aspects (IEC TC121, IEC TC17, CLC TC22X) and in the work on the rational use of energy.
- The Group 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).
- The Group is the secretary of IEC SC23K on Energy Efficiency Products, Systems and Solutions.
- In 2018, Schneider 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.
- The Group 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).
- The Group 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).
- Schneider chairs Industrial Digital Twin Association (IDTA) to deep dive and deploy the Asset Administration Shell as standardized digital twin.
- The Group also chairs UniversalAutomation.org association to address a more functional and distributed approach for the orchestration of industrial systems.

1.10 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 bringing higher efficiency and sustainability to customers, and excluding revenues from carbon intensive segments and equipment with SF_6. The Group uses this indicator to measure progress towards a low-carbon transition. In 2020, the EU adopted the Taxonomy Regulation aimed at driving investments towards environmentally sustainable activities, which the Group applauds and supports. Both methodologies are progressively converging (for example on the exclusion of revenues from fossil fuel industries and equipment that utilizes SF_6), but currently differ in the scope of activities covered or in applicability of specific criteria. These methodological differences may be changed or reduced in the future, as new economic activities are gradually included in the EU Taxonomy framework.

Early-adopter of transparent disclosures on sustainable revenues

For nearly 20 years, Schneider Electric has led by example and transparently presented its ESG performance, and worked to develop new market practices, such as its saved and avoided CO_2 methodology and biodiversity footprint assessment.

In 2019, the Group was one of the first companies to proactively disclose information on the share of its Impact revenues, i.e., revenues coming from offers bringing energy, climate, or resource efficiency to customers. 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 Schneider Sustainability Impact (SSI) program. The performance of the SSI impacts short-term incentive plans for 64,000 employees.

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).

Schneider Impact revenues exclude revenues derived from activities with fossil sectors. These encompass oil & gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, even though Schneider's technologies deliver resource and carbon efficiency here as well.

Climate

SSI #1

Our 2025 Commitment

Grow our Schneider Impact revenues to 80%

As the data center industry has grown to keep pace with increasing digitization, major data center operators have made sustainability central to their strategy, setting bold targets for efficiency, waste, and decarbonization.

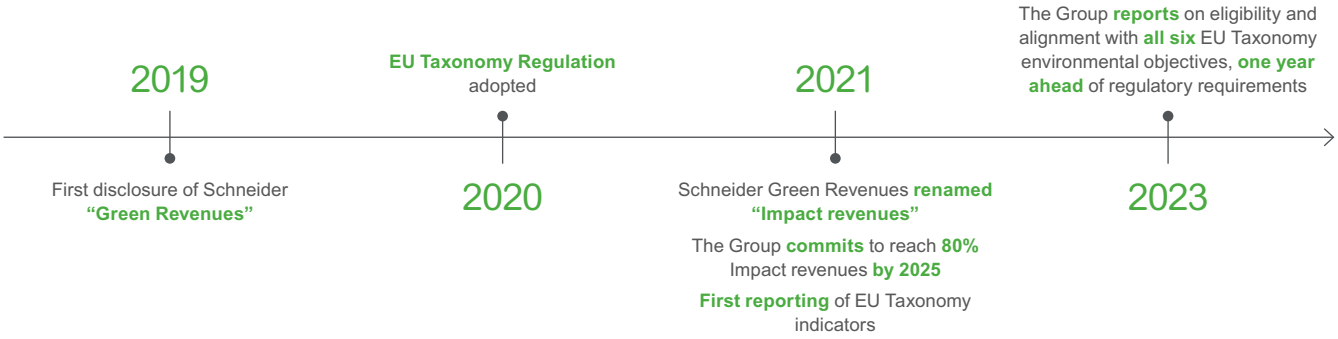
Schneider Electric is proud to partner with its customers to realize their growth and sustainability ambitions simultaneously. Schneider provides digital solutions, efficient equipment, and expert consulting to address every part of the data center sustainability challenge. Digital Realty, a global provider of data center, colocation and interconnection solutions, is supported by Schneider Electric for renewable energy procurement in numerous global markets. It also uses EcoStruxure™ Resource Advisor to track the production and emissions associated with these investments, along with the energy use and expenditure in its facilities. Connected Schneider equipment gives Digital Realty the ability to optimize its efficiency in real time. Additionally, the two companies collaborated on a circularity pilot at one of Digital Realty's campuses in France, in which the companies conducted a joint inventory of Schneider's portfolio of equipment in the data center to evaluate and execute opportunities to extend equipment life, take back equipment at end-of-life, and maximize reuse and recycling.

Our progress

2019 Baseline	2023 Progress	2025 Target
70%	74%	80%

In line with the Group's strategy to gradually substitute SF_6 with air in its offers, SF_6-containing switchgears for medium voltage applications are also excluded, as well as neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting.

(1) Schneider Impact revenues are calculated using Schneider's own consistent methodology and are distinct from revenue eligible or aligned under the EU Taxonomy.



Out of all revenues of Schneider (as published in the financial statements), the total share of Schneider Impact revenues is 74% in 2023 vs. 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 includes 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 capital expenditure (CapEx) and operating expenditure (OpEx) eligible or aligned under the EU Taxonomy.

Reporting requirements under the EU Taxonomy Regulation

The adoption of the Taxonomy Regulation[1] in 2020 establishes a EU-wide classification system to identify economic activities that are considered as environmentally sustainable as part of the EU's long-term plan to connect finance with its sustainability goals. Dedicated Delegated Acts (DA) specify for six identified environmental objectives[2], which economic activities are included in the EU Taxonomy (eligibility), as well as 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, corruption, fair competition, and taxation (alignment).

Pursuant to Article 8 of the regulation, the proportion of turnover, CapEx and OpEx resulting from products, systems, software, or services associated with economic activities considered sustainable is due to be reported progressively over the fiscal years (FY) 2021 to 2024. In FY 2023, large undertakings are required to disclose those three KPIs for eligible and aligned activities for climate environmental objectives according to the EU Climate Delegated Acts published prior to 2023, as well as the eligible activities for "new" climate change activities and non-climate environmental objectives according to the amended Climate Delegated Act[3] and new Environmental Delegated Act[4] published in 2023. Schneider Electric is proactively going beyond this requirement and already reporting the eligibility and alignment of its economic activities under all six environmental objectives in its FY 2023 reporting, which is expected of large undertakings only from 2025 (FY 2024).

As a sustainability leader, the Group is committed to communicating transparently and consistently on its sustainable economic activities and preparing for upcoming requirements from the Corporate Sustainability Reporting Directive (CSRD). Disaggregated data is disclosed in section 7.2 on pages 211 to 227.

Importantly, the phased application of reporting requirements as well as their evolving nature means that the KPIs disclosed in this report may evolve in line with changing regulatory and reporting requirements. Regular revisions of the Delegated Acts are expected in order to include missing activities and strengthen the technical screening criteria and DNSH requirements for existing activities, in line with technological developments, EU policy priorities, or usability challenges. This means that the share of eligible and aligned revenues of Schneider Electric is expected to gradually increase, as the EU Taxonomy framework gets closer to full maturity and companies improve their data collection and reporting capabilities.

Notably, some provisions of the text are subject to differing interpretations, while the data needed to evaluate certain criteria remains unavailable or challenging to obtain; for example, the Group is unable to assess alignment of its remote monitoring and predictive maintenance systems with technical screening criteria for activity CE 4.1 (provision of IT/OT data-driven solutions and software), as it does not have granular data on whether its systems or software are being used by customers to manage engines powered by fossil fuels. While the Group is in the process of collecting the relevant information, in such cases the Group has taken a conservative approach to interpreting and calculating its activities' Taxonomy alignment. As such, the reported proportion of Taxonomy-aligned revenues may be lower than if full granularity on usage data had been available.

(1) Regulation (EU) 2020/852.
(2) The six environmental objectives include two climate environmental objectives (climate change mitigation (CCM) and climate change adaptation (CCA)), and four non-climate environmental objectives (sustainable use and protection of water and marine resources (WTR), transition to a circular economy (CE), pollution prevention and control (PPC), and protection and restoration of biodiversity and ecosystems (BIO)).
(3) Regulation (EU) 2023/2485 amending Regulation (EU) 2021/2139.
(4) Regulation (EU) 2023/2486.

2023 EU Taxonomy reporting covers all 6 environmental objectives

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Protection of water and marine resources (WTR)
- Transition to a circular economy (CE)
- Pollution prevention and control (PPC)
- Biodiversity and ecosystems protection (BIO)

Climate environmental objectives | Non-climate environmental objectives

1. Illustration of Schneider Electric's eligible activities

Energy efficiency equipment and services in buildings	• Energy efficient building automation and control systems • Smart monitoring and regulation of electricity or heating systems • Zoned thermostats and devices for the smart monitoring of electricity loads or heat loads • Energy efficient cooling systems • Service plans related to building management and power metering systems • Technical consultations such as energy audits, simulations, and trainings
Low CO_2 mobility end segment	• Electric vehicle charging stations and 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
Medium and low voltage equipment for electrical transmission and distribution	• Low voltage electrical products equipment, systems and services increasing energy efficiency • SF_6-free medium voltage switchgears and control gears • Communication and control technologies for the controllability and observability of the electricity system • Demand response and load shifting equipment, systems and services that increase flexibility of the electricity system and support grid stability • Transmission and distribution wiring devices that improve energy efficiency and Tier 2 transformers
Electrical and electronic equipment	• Manufacture of electrical and electronic equipment
IT/OT data-driven solutions and software	• Asset performance management • Remote monitoring and predictive maintenance systems • Lifecycle performance management software • Design and engineering software
Services and activities supporting the circular economy	• Repairing, refurbishing, or remanufacturing products that have already been used • Sale of spare parts beyond legal obligations • Product-as-a-service and other circular use- and result-oriented service models

Eligible activities
89% of revenue | 86% of CapEx | 48% of 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)	47% of revenue not compliant with technical criteria 5% of revenue not compliant due to exclusions (revenues from fossil sector, products with SF_6)	Section 7.2 page 211
2. Compliance with DNSH?		
• Climate change mitigation (CCM)	Compliant	Section 3 page 88
• Climate change adaptation (CCA)	Compliant	Section 3.1 page 90
• Sustainable use and protection of water and marine resources (WTR)	Compliant	Section 4.5.4 page 137
• Transition to a circular economy (CE)	22% of revenue not compliant(1)	Section 4.6 page 141
• Pollution prevention and control (PPC)	Compliant	Section 7.2 page 211
• Protection and restoration of biodiversity and ecosystems (BIO)	Compliant	Section 4.2 page 121
3. Compliance with minimum safeguards?	Compliant	Section 7.2 page 211

Aligned activities (complies with all 3 criteria)(2)
31% of revenue | 35% of CapEx | 48% of OpEx

(1) 16% of revenue are double counted due to non-compliance with the requirements of both Technical Screening Criteria and the DNSH
(2) Due to the impact of rounding on individual elements within this disclosure table numbers may not exactly sum to the Group total.

Schneider Electric's support to the EU Taxonomy

Schneider Electric supports the purpose of the EU Taxonomy. When fully developed, it will act as a tool for decision-making on sustainable investments and channel funding where it is needed to accelerate the transition to a sustainable economy.

Schneider Electric has experienced both the value as well as the challenges of conducting a mapping of sustainable business activities early on and is leveraging this know-how to support the development of the EU Taxonomy. 2023 saw the addition of over 35 new economic activities across various sectors to the EU Taxonomy framework, an evolution that the Group has actively supported. Schneider Electric has engaged with the European Commission as well as with the Platform for Sustainable Finance directly and via trade associations. The Group joined the latter to help draft the technical screening criteria for the new activity CCM 3.20 on low, medium, and high voltage electric equipment for transmission and distribution.

Schneider Electric will continue active involvement in the discussions to improve the framework on two fronts: speeding up the completion of the framework with missing sustainable technologies; and improving the usability and practical implementation of the technical screening criteria. Going forward, the Group will also continue to engage with its peers, through industry bodies, to discuss interpretation of the technical screening criteria.

Calculation of Taxonomy-eligible and -aligned revenue

Schneider Electric identified several Taxonomy-eligible business activities, contributing to at least one of the six environmental objectives defined in the corresponding Delegated Acts. The list of those activities is provided in our methodological notes on pages 277 and 293 of the 2023 Universal Registration Document.

In 2023, Taxonomy-eligible and -aligned revenues amounted to 89% and 31% respectively, representing EUR 32,099 million and EUR 11,240 million respectively out of EUR 35,902 million total 2023 consolidated revenue, as disclosed in the consolidated statement of income on page 452 of the 2023 Universal Registration Document. Schneider Electric's Taxonomy-eligible revenues increased significantly compared to 2022, leveraging on the publication of additional activities complementing the climate objectives, and the new Environmental Delegated Act detailing the four non-climate environmental objectives.

There are four reasons for the difference between Schneider Electric's Taxonomy-eligible and -aligned revenue.

Firstly, challenges in assessing the alignment of economic activities with the technical screening criteria for manufacturing of electrical and electronic equipment (CE 1.2) led to a conservative disclosure whereby all revenues eligible under this activity have been declared as non-aligned (39% of total revenues). Challenges encountered include a lack of clarity of some terms used (e.g., "superior recyclability"), and lack of applicable requirements of some criteria (e.g., no clarifications on how hardware can qualify as being designed for long lifetime).

Schneider Electric is continuously reviewing and improving its circular practices via its EcoDesign Way™ process and Green Premium™ program to further reduce the environmental impact of its products. See more details in section 4, on page 118.

Secondly, SF_6-insulated switchgears are eligible but not aligned due to non-compliance with technical screening criteria for activity CCM 3.20 (manufacture of high, medium, and low voltage electrical equipment for transmission and distribution aimed at GHG emissions reductions). Notably, the exclusion of SF_6 switchgears from Taxonomy-aligned revenues is in line with the Group's methodology for calculating Schneider Impact revenues (SSI #1).

Thirdly, eligible revenues derived from activities with fossil fuel sectors are not aligned. This affects alignment under activities including but not limited to CCM 3.20 (manufacture of high, medium, and low voltage electrical equipment for transmission and distribution aimed at GHG emissions reductions). This exclusion is also in line with the Group's Schneider Impact revenues methodology.

Finally, non-compliance with some of the requirements listed in the generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals accounts for non-alignment of 22% of Schneider Electric's total revenues. This comprises exclusions on two grounds.

- 9% are related to non-compliance with the EU Restriction of Hazardous Substances (RoHS) Directive or in the list of restricted substances (Annex XVII) to the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).
- 13% are related to products with substances identified in the candidate list for inclusion in the list of substances subject to authorization from Annex XIV of REACH regulation and for which no exemption could be applied, i.e., when no other suitable alternative substances or technologies were available.
- In both cases, substances that have been granted exemptions under the requirements of the RoHS Directive are not excluded.
- Schneider has deployed tremendous efforts to be able to measure and improve its proactive compliance to REACH and RoHS even outside of the EU, as part of its environmental programs. The Group is continuously working on substituting hazardous chemicals from its products, processes, and supply chain, and when substitution is not technically possible, ensures that risks posed by such chemicals are under control at all lifecycle stages to minimize any potential harm towards the environment and people's health.

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 the respective Delegated Acts.

Calculation of Taxonomy-eligible and -aligned CapEx and OpEx

In 2023, Taxonomy-eligible and -aligned CapEx amounted to 86% and 35% respectively, representing EUR 1,444 million and EUR 592 million respectively out of EUR 1,675 million total 2023 consolidated CapEx, as per EU Taxonomy definition.

To compute the Group's Taxonomy-eligible and -aligned CapEx, CapEx related to assets, processes, and business combinations associated with Taxonomy-eligible and aligned activities were calculated with a high level of granularity using allocation keys of eligible and aligned revenue 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. The allocation keys methodology is considered a conservative approach as it is based on the current activity of each product line, which does not consider transformations driven by the product lines' investments in the calculation of Taxonomy-eligible and -aligned CapEx KPIs. Meanwhile, CapEx associated with product-related R&D projects are considered Taxonomy-eligible and -aligned under the activity CCM 3.6 (manufacture of other low carbon technologies). This is because each product-related R&D project of the Group enables a substantial carbon footprint saving through more efficient products and systems. Those improvements are measured with a lifecycle assessment (LCA) shared publicly in the Product Environmental Profile, aligned with ISO 14067 and verified by an independent third party. This is described more exhaustively in section 3.4, on page 100.

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

In 2023, Taxonomy-eligible and -aligned OpEx amount to 48%, representing EUR 844 million out of EUR 1,758 million total 2023 consolidated OpEx, as per EU Taxonomy definition.

To determine the Group's Taxonomy-eligible and -aligned OpEx, only non-capitalized costs related to R&D are analyzed for the establishment of the numerator of the OpEx KPIs. This includes non-capitalized costs relative to product-related R&D projects but also, among others, costs incurred in relation with support and platforming, costs of IT global applications dedicated to R&D, and costs relative to continuous engineering costs for quality, productivity, and obsolescence. As mentioned for CapEx, each product-related R&D project of the Group demonstrates a substantial carbon footprint saving and therefore 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 activity CCM 3.6 (manufacture of low carbon technologies).

Spotlight on EcoStruxure™ Microgrid Advisor: empowering efficient grids

While the influx of decentralized renewable power (such as rooftop solar) is integral to both mitigating climate change and providing for growing electrification to customers and utilities, electricity grid operators must find ways to balance the hourly fluctuations of renewable electricity generation without compromising reliability and stability. To this end, microgrids can be leveraged, either by installation both in front of and behind the meter to incorporate these energy resources and maintain electricity service in case of wider grid outages.

Schneider Electric's EcoStruxure™ Microgrid Advisor provides optimization of distributed energy resources and on-site energy demand alongside the grid through automatic and intelligent orchestration and control of when to consume, produce, or store energy on a single interface, thereby optimizing on-site energy usage. The software delivers energy cost efficiency by using electricity when it is lowest in cost and emissions, and on-site renewable energy when the cost is high. Optimization is made possible by leveraging behind-the-meter flexibility provided by battery storage or other flexible applications. In addition to greater energy efficiency and smooth integration of renewable energy, EcoStruxure™ Microgrid Advisor enables the facility to participate in demand response programs, helping to reduce strain on the grid in times of peak electricity demand. This qualifies the activity under EU Taxonomy activity CCM 3.20 for the provision of services essential to the functioning of microgrid management systems.

For example, EcoStruxure™ Microgrid Advisor is deployed for customers as part of full microgrid solutions via Faith Technologies Incorporated (FTI), a leader in engineering, construction, manufacturing, and clean energy solutions. By implementing integrated microgrid solutions, FTI facilitates reduced energy usage and costs and increased resiliency to grid events, whilst supporting growing electrification needs such as EV charging infrastructure.

Through their work to date, FTI has saved and avoided over 90 thousand metric tons of carbon emissions across industries. For enabling smarter and lower-carbon energy for customers, FTI was recognized as one of 6 winners of the Schneider Electric Sustainability Impact Awards for Partners, chosen from 241 award submissions.

1.11 Key external frameworks and ESG ratings

External guidelines

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

Parties signing the UN 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 135; ISO 45001, page 56; ISO 9001, page 58; ISO 27000, page 336 of the 2023 Universal Registration Document; and ISO 14025 and 14021, page 128.

The Global Reporting Initiative (GRI)

Schneider Electric has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023. 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 294 to 295 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 296 to 301.

The Science Based Targets 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 4,700+ companies globally that have committed to reduce GHG emissions in alignment with prevailing climate science through and get their targets approved by the SBTi. The Group's GHG footprint is calculated following the World Resources Institute (WRI) Greenhouse Gas Protocol (see page 235). The Group's Net-Zero commitment was validated with the Corporate 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 Trust Charter was 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**

ESG ratings and awards

Dow Jones Sustainability Index (DJSI)

In 2023, Schneider Electric ranked 1st among industry peers in S&P Global's Corporate Sustainability Assessment (CSA) with a score of 88/100 (top 1%). The Group was included in the DJSI World Index for the 13th year in a row, which is comprised of 321 corporate leaders in sustainability, representing the top 10% from among around 2,500 companies worldwide.

CDP Climate A List and Supplier Engagement Leader

In 2023, Schneider Electric was among just 353 Climate Change A List companies out of 21,000+ companies assessed by CDP, and the only one in its sector to achieve this 13 years running. Schneider Electric also scored A in CDP's Supplier Engagement Rating (SER) in 2023. 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, and Global ESG Environmental Leaders indices.

CDP Water

In 2023, Schneider Electric received an A- score for its participation in CDP's Water Security questionnaire, a significant improvement on its 2022 score of B.

Moody's Analytics

Following assessment in June 2023 by Moody's Analytics (formerly Vigeo Eiris), Schneider Electric achieved an overall rating of 73/100, with an Energy Transition Score at the highest level (Advanced). Thanks to this score, as of January 2024, 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 Outstanding level and Platinum medal

In 2024, Schneider Electric has achieved Outstanding level with a rating of 88/100 (a significant increase from 79 in 2023) and obtained a Platinum medal (top 1% of all companies assessed) for the 4th 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 2024, Schneider Electric was recognized as an Industry Top-Rated ESG Performer, ranking 1st out of 289 companies in its industry group with a 10.5 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

In 2023, Schneider Electric is at Prime level on ISS-ESG with an absolute B rating, the best rating in its industry (Electric Components) out of 187 companies.

Global 100 Most Sustainable Corporations

Schneider Electric has been featured on Corporate Knights' Global 100 list of corporate sustainability leaders every year since 2012 and ranked top 10 for the 4th consecutive year, ranking 1st in 2021, 4th in 2022, and 7th in 2023 and 2024.

Terra Carta Seal

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

TIME's World's Best Companies of 2023

In September 2023, Schneider Electric was ranked 39th in TIME Magazine's World's Best Companies of 2023 list, with a sustainability ranking of 34th.

Sustainability external ratings	DJSI	CDP Climate Change	Vigeo Eiris Moody's Analytics	EcoVadis(1)	MSCI ESG Ratings	Sustainalytics
2023 Schneider score	88/100	A	73/100	88/100	AAA	Low risk
Industry average score	21/100	C	39/100	47/100	BBB	Low risk
Progress vs. 2022	-2 pts	Unchanged	Unchanged	+9 pts	Unchanged	Unchanged
Highlights	13th year in world index	13th year in A List	World 120 and Europe 120 Indices	Platinum medal for 4th year	AAA for 13th year	1st in industry
Assessed universe (# companies)	9,400+	21,000+	4,800	90,000	8,500	15,100

(1) 2024 score

Other awards in 2023

Workforce Disclosure Initiative (WDI)

In 2024, Schneider obtained a disclosure score of 80% (up from 79% in 2023), above the industry average of 65%, in the investor-backed WDI survey, which aims to improve corporate transparency and accountability on workforce issues.

Impak Finance

Since 2022, the independent, B-Corp Certified, impact rating agency, has ranked Schneider Electric 1st in CAC 40 for its contribution to the UN SDGs. The Group obtained a score of 495/1000, way ahead of the CAC 40 average of 216/1000.

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 2024, the Group ranked 7th worldwide.

Supply Chain

Gartner 2023 Supply Chain Top 25

Schneider ranked 1st in 2023 in the Gartner Supply Chain Top 25, and 1st in the Europe Top 15 for the fourth consecutive year, recognizing the exemplary management of its value chain.

2023 CIPS Excellence in Procurement Awards

In 2023, Schneider Electric was awarded "Best Commitment to Carbon Reduction in Supply Chains" and "Sustainable Procurement Champion" for its The Zero Carbon Project and sustainability leadership.

World Sustainability Leaders 2023 Sustainable Supply Chain Award

Schneider Electric received the Sustainable Supply Chain Award at the World Sustainability Awards 2023 in recognition of its engagement efforts through The Zero Carbon Project.

CPOstrategy Sustainable Procurement Champions Index 2023

In 2023, the Group's leadership in sustainable procurement was recognized by CPOstrategy magazine's Sustainable Procurement Champions Index.

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. 2022 and well above the index average of 73%.

Financial Times Top 50 Diversity Leader

In November 2023, the Group was recognized as a Top 50 Diversity Leader by the Financial Times in their Diversity Leaders 2024 rankings, for the 5th year in a row, ranking 8th among 850 companies and 2nd in its industry.

Equileap Global Gender Equality Report and Ranking

In February 2024, Schneider Electric ranked 56th globally out of 3,795 publicly listed companies assessed based on 21 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.

Forbes World's Top Companies for Women 2023

Forbes teamed up with market research firm Statista and ranked the "World's Top Companies For Women 2023", and Schneider Electric was included in the list.

Brandon Hall Group HCM Excellence Gold Award

In September 2023, Schneider Electric was recognized by Brandon Hall Group with an HCM Excellence Gold Award in the Diversity, Equity and Inclusion category for its Global Family Leave Policy.

Ethics and Governance

Ethisphere

In 2024, 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 one other French company was included in this year's ranking.

Grand Prix de la Transparence

In 2023, Schneider Electric received a Transparency Award in the "ESG information" category, and was included in the Top 20 most transparent companies with an overall ranking of 7th out of 125 French companies.

Employer awards

Universum Top 50 World's Most Attractive Employers

In 2023, Schneider Electric was recognized by students worldwide as one of the World's Most Attractive Employers ranking 24th in Engineering. Over 172,000 respondents from the Universum Talent Surveys participated in the ranking.

Fortune's World's Most Admired Companies

In 2023, Schneider Electric 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.

Forbes World's Best Employers 2023

In 2023, Schneider Electric was included the Forbes World's Best Employers 2023 ranking.

Glassdoor

Schneider Electric received a score of 4.3/5 from Glassdoor as of January 2024. Based on more than 10,000 reviews, 89% of surveyed participants would recommend the Group to a friend, and 95% approve of the CEO.

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.

Present in over 100 countries, Schneider Electric is committed to behaving responsibly with all its stakeholders. As our responsibility extends beyond compliance with local and international regulations, the Group is committed 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, sustainability, and quality. The Trust Charter 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 2023 under the Trust pillar of our Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs.

"The Trust Charter, Schneider Electric's Code of Conduct, provides us with a framework to help us foster trust with all our stakeholders. It underpins every aspect of our business – fostering integrity, transparency, and resilience – and serves as a compass in a complicated and volatile world where even with the best risk management systems in place, setbacks can still occur."

Hervé Coureil,
Chief Governance Officer & Secretary General

Progress of the Trust commitments

Schneider Sustainability	#	2021 - 2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	6.	Strategic suppliers who provide decent work to their employees	2022: 1%	21%	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%	97.3%	100%
	14.	Decrease the Medical Incident rate to 0.38 or below	2019: 0.79	0.51	0.38
	15.	Reduce total number of safety recalls issued to 0	2020: 25	23	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	3,248	4,000

These programs contribute to UN SDGs

(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI andSSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) 2023 performance is in progress for SSE #12 'Social Excellence' because the program is still in development.

2023 Highlights

2023 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE™

Schneider was named by Ethisphere's as one of the "most ethical company in the world" in 2023, for the 13th consecutive year

GRANDS PRIX DE LA TRANSPARENCE

Schneider received the ESG Information Award, and ranked 7th among the winners of the Transparency Awards 2023

RoSPA Health & Safety Awards ROSPA

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

The Gartner Supply Chain Top 25 for 2023

#1 of Gartner Supply Chain Top 25 for 2023, and in the top five for the 4rd consecutive year

2.1 Trust, Foundation of Schneider Electric's Business

2.1.1 Context

Trust is a foundational value, core to Schneider Electric's Environment, Sustainability and Governance (ESG) commitments.

Schneider Electric has earned the trust of stakeholders through quality products and sustainability commitments. Business integrity is equally important. Trust powers interactions with customers, shareholders, employees, and communities. It is manifested through trusted teams, customer/partner relationships, investor trust, and community engagement. Leaders set the tone and exemplify the Trust culture, prioritizing equality, well-being, and safety. Schneider Electric upholds high standards in cybersecurity, anti-corruption, fair competition, and responsible supplier management, and remains mindful of the responsibility to prevent insider trading, deliver accurate financial statements, and protect intellectual property. The Company acts for a climate positive world, efficient resource use, and responsible citizenship.

Discover our Trust Charter on **www.se.com**

2.1.2 Risks, impacts, and opportunities

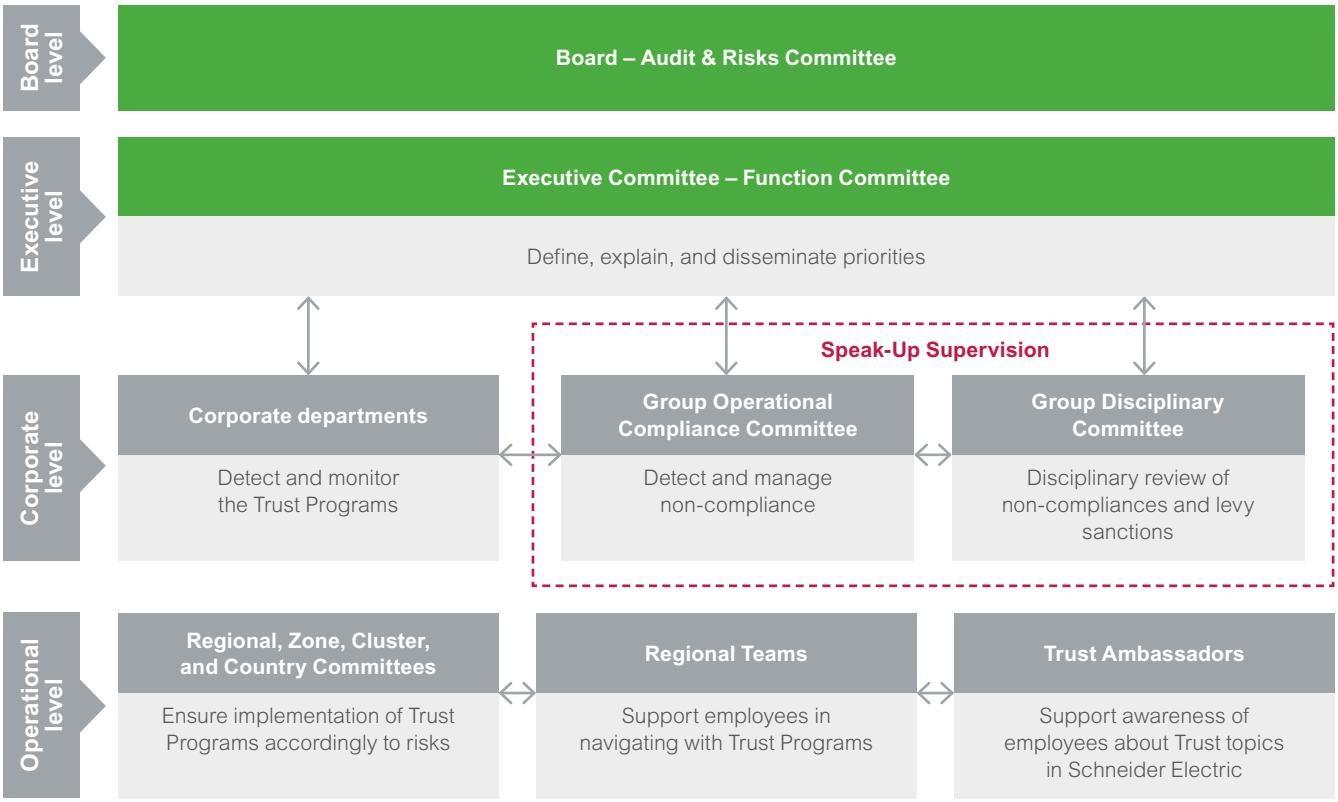
Resilience is a cornerstone in building and maintaining stakeholder trust. Schneider Electric's commitment to effective risk identification, assessment, and management, coupled with a thorough understanding of potential impacts illustrates the Group's strategic approach to building resilience in a robust and proactive manner.

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. 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. See Chapter 3 on page 324 of the 2023 Universal Registration Document, for specific risk factors.

2.1.3 Governance

The Trust Programs are managed through a dedicated governance framework:

- **Board level:** Schneider Electric's Board of Directors oversees the maturity level and effectiveness of the governance and organization, risk management systems, processes and controls, and communication and training through the Audit & Risks Committee.
- **Executive level:** Schneider Electric's Executive Committee decides the Trust agenda, acts as a sounding board for corporate departments in charge of Trust topics, and coordinates highly transversal programs such as the Schneider Sustainability Impact.
- **Corporate level:** Schneider Electric has created a standalone Ethics & Compliance department, chaired by a Chief Compliance Officer, and reporting to the Chief Governance Officer & Secretary General, to drive the strategy of the Ethics & Compliance program. The department works closely with the Legal, Human Resources, Finance, Digital, Strategy, Quality & Sustainability departments, as well as Internal Control and Audit; which are directly responsible for managing certain specific risks.
- **Operational level:** Regional committees may ensure implementation of the Trust programs (such regional Ethics & Compliance Committees for the Ethics & Compliance Program) in alignment with risks identified. Operationally, they may rely on Regional Teams who drive the implementation in the zone, with the support of Trust Ambassadors and relevant subject matter experts at local levels.



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 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.

Ethics Delegates, one of Schneider Electric's Trust 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 2023, the community had 400+ members.

"I have been an Ethics Delegate for two years in Mexico. I serve as a listening ear, allowing individuals to share their concerns, worries, or any topic they feel the need to discuss. Through this role, I can provide accurate information to effectively manage situations, offer support, peace of mind, and instill hope for positive change"

Paulina Gomez
Ethics Delegate in Mexico

2.1.4 Trust Charter, Schneider Electric's Code of Conduct

The Trust Charter (available in more than 30 languages on Schneider's website), acts as the Group's Code of Conduct and demonstrates the Group's commitment to ethics, safety, sustainability, quality, and cybersecurity. It serves as a compass, showing the true north in an ever more complex world. Trust is a foundational value of Schneider Electric, and it is core to its environmental, social, and governance (ESG) commitments.

All Schneider Electric employees are expected to comply with Schneider's Trust programs. They are 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.

Through its Trust programs, 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, tax law, quality, cybersecurity, as well as data privacy and protection. The program design and operation are influenced by the Group's risk profile, business model, organizational structure, and culture.

Each section of the Trust 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.

Discover our Trust Charter on **www.se.com**

2.1.5 Actions and resources

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. 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.

Top management regularly expressed its commitment through statements and extensive communication (called "tone from the top"), such as during the Trust Week organized in June 2023. Its launch was supported by the 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 Electric's Chairman 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).

Awareness

Internal communication provides employees with essential baseline information on Schneider Electric's integrity commitment while also raising awareness and understanding of the Trust programs. To do this, the Group created a dedicated intranet page: the Trust Portal, which gives access to resources (policies, useful contacts, sites, guidelines, templates, etc.) to all employees when they face situations in which they need support. The portal aims at giving employees the confidence to alert any unethical behavior they witness and stay informed of new Trust programs or policies. Schneider Electric also regularly distributes videos and other communication assets on integrity-related subjects to its employees.

In 2023, the Trust Week, the largest global internal communication campaign, combined all the pillars of Trust into a single event. The campaign consisted of one keynote and 13 webinars with over 2,000 attendees. By offering different activities and involving all employees in the events the Group noticed a very high level of engagement and impact. Additionally, Schneider Electric communicated all year long on Speak Up mindset, in particular through a video from the CEO and awareness sessions.

As a testimony of rising awareness and engagement to Trust, the Group saw an increase of global policy views of +19% in 2023 compared with 2022, with 21,800 unique views recorded on the Trust Portal, and over 14,000 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.

External communication informs stakeholders of Schneider's integrity and implementation of the Trust programs. The Group communicates through a dedicated webpage and specific external communications. Schneider Electric also responds to several questionnaires from extra-financial rating organizations related to Trust. In 2023, 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.

Training

Each year a global campaign of mandatory training is run for all employees, called Schneider Essentials, from March to the end of September aiming at ensuring that all employees are trained on the most important topics covered by the Trust Charter. The training is available in 18 languages in the Group's Learning Management System. In 2023, Schneider Essentials focused on Trust, Cybersecurity, Sustainability, and Quality, along with additional courses based on function or location. For employees exposed to corruption risks, an Anti-Corruption training is required each year as a functional essential training. The course dedicated to Trust was completed at more than 99% overall.

Several specific trainings are also delivered:

- A dedicated module on Ethics & Compliance was prepared for Country Presidents raising their awareness of their role and responsibility in supporting integrity at Schneider Electric.
- The Trust Programs include trainings for leaders of acquired companies, as a part of the integration process. The training entails a specific focus on what is expected from the leadership teams, including endorsing the programs and actively following up employees' completion of mandatory trainings.
- In 2023, ad hoc learnings were organized for all employees and managers as part of the Trust Week in June 2023 (e.g, Speak-Up) in sensitive geographic areas (e.g, Brazil and 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). At the end of 2023 SSE #13 achieved a 97.3% completion rate.

Trust

SSE #13

Our 2025 Commitment

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: "Great Experiences and Knowledge."

Trust at Schneider Electric training: "Very useful set of information, makes me aware of how to act when facing dilemmas, or witness a situation that can compromise the ethics of the Company."

Anti-Corruption training: "Excellent training. Proud to work for a company that operates within strict guidelines to protect the longevity of the business."

Our progress

2 Driving responsible business with Trust

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 compliance, regulations and reputation issues. In 2023, the Group strengthened its due diligence programs for third parties (suppliers, customers, intermediaries, as well as donation and sponsorship operations).

Schneider Electric is also a third party for its clients and is subject to evaluation as such. The Group regularly responds to questionnaires and other additional requests regarding the Company's compliance policies, programs, trainings, governance, and audit controls.

In 2023, the Group has launched a dedicated internal platform – called Trust Center – to respond to those requests.

Additionally, M&A operations represent risks for the Company. A specific process and guidelines were put in place to ensure full compliance of M&A operations with anti-corruption, export control regulations and human rights risk. In 2023, they were updated to identify, manage, and mitigate those risks at the earliest possible stage. Guidelines aim to cover the very first steps of identifying potential targets, what to look out for in data-rooms, when and how to interview personnel at the target entity, and finally how the Group plans to integrate the acquired entity through dedicated Trust Standards.

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. To voluntarily report a potential violation of laws and regulations, and/or of the Group's Trust Charter and Group policies, whistleblowers can use all reporting channels available, regardless whether they are employees, contractors, or external stakeholders (suppliers, subcontractors, customers, business agents, etc.)

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 Ethics & Compliance

1. Report

Report potential violation

By employees, third parties

2. Assess

Confirm (or not) validity of alert

Assign investigator(s)

By Ethics & Compliance

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 Ethics & Compliance and management

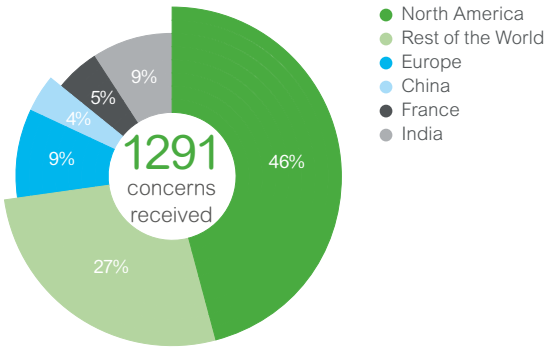
5. Follow-up

Check implementation of actions decided and non-retaliation

In 2023, Schneider Electric updated its Whistleblowing Policy, and therefore 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 was implemented, in particular:

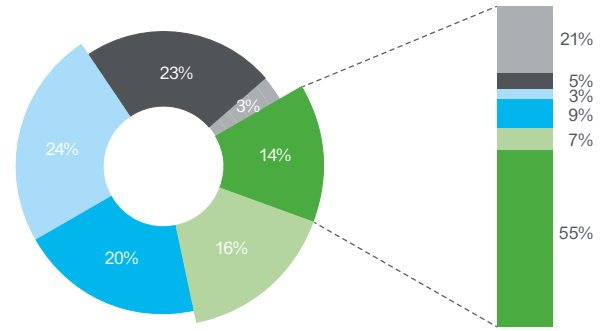
- a new procedure to ensure Schneider Electric's zero-tolerance policy against retaliation by prohibiting retaliation or other discrimination,
- a set of protection and care measures that can be offered during investigation, in case he/she needs and as per local legislation, such as: security measures (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



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

*as of January 1st, 2024

2 Driving responsible business with Trust

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". In 2021, 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 2023, 82% of employees surveyed answered "yes" which constitutes an improvement of +1 point over a two-year period.

Corrective actions

Deficiencies in 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 Trust Charter and programs are an integral part of the Group's Key Internal Controls (KICs). In effect since 2022, this KIC framework has been enhanced by increasing the number of KICs for the Trust programs aligned with new policies and processes.

Furthermore, the Group's Internal Audit program includes specific tasks related to the Trust programs, 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 2023 resulting in recommendations related to the improvement of the Trust programs.

Trust

SSI #7

Our 2025 Commitment

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 India in 2023.

"Throughout the process, I felt extremely supported by the Ethics & Compliance Department. They listened patiently to my concern and assured me of the confidentiality of our discussions and guided me on my behavior and actions with the concerned employee. This really helped during the process of the investigation. It was a long process but there is nothing to get discouraged about. I recommend anyone at Schneider Electric to report any concern and let the Ethics & Compliance Department guide you. Once finalized, you will recognize that you took the right step."

Our progress

2021 Baseline	2023 Progress	2025 target
81%	+1pt	+10pts

2.2 Vigilance plan

2.2.1 Context

Schneider Electric seeks to be a role model in its interactions with customers, partners, suppliers, and communities on ethics and the respect and promotion of human rights. The Group strives to have a positive impact on the planet and the environment by contributing to limit climate change, being 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 and has been adapted to comply with the Norwegian Duty of Vigilance Law and the German Law of 2023 as well. The plan includes:

- a risk analysis specific to vigilance risks that Schneider Electric poses to the ecosystem and environment (i.e, externalities);
- a review of the key actions implemented to remediate or mitigate these risks;
- an alert system and
- governance specific to vigilance.

In this Universal Registration Document, Schneider Electric reviews the risk analysis and describes the related mitigation actions. Readers are also directed to other sections of the report for relevant and detailed 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**

2.2.2 Risk, impacts, and opportunities

Risk assessment methodology

Schneider Electric has developed a specific vigilance risk matrix, using a methodology consistent with other risk evaluations performed 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. These interviews are conducted every year, to take evolutions of the risk levels into account. Since 2021, Schneider includes the risk to local communities living close to Schneider locations and customer project sites. Since 2022, Schneider runs specific workshops that include members of the European Work Council. The conclusions of these workshops have been integrated in the 2023 risk assessment.

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

Risk categories

For a granular assessment of the risk level and the magnitude of the impact on Schneider Electric's ecosystem, the Group has identified more than 60 natures of risks relating to different risk areas such as Decent workplace, Ethical business conduct, or Offer safety. However, to simplify the reading, they have been grouped into four risk categories 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 greenhouse gases (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, research and development (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:

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

In this 2023 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 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, GHG, etc).

For more information on actions taken, please see **section 2.12 on page 72**.

Medium to high risk: Contractors

Among Schneider's 53,000 tier 1 suppliers, 12,000 are off-site contractors (or otherwise called solutions suppliers), working on the construction sites for customer projects.

- **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.

For more information on actions taken, please see **section 2.13 on page 83.**

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.

- **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. For more information on actions taken, please see section 2.14 on page 85.

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 3 "Leading on decarbonization", page 154 of the 2023 Universal Registration Document.

Schneider Electric 2023 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 customer's project sites
Human Rights	**Decent workplace**	Low	Low	Medium	Medium	Low	Low	Medium	Medium	High	Medium	Medium	Medium	Medium	Low	Medium	Medium	High
	Health and Safety	Low	Low	Low	Medium	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, water, and circularity	Low	Low	Medium	Medium	Low	Low	Low	Medium	Medium	Low	High	Medium	Medium	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	High	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		

Comparison of the 2023 analysis with 2022:

The following items have evolved:

- In the Decent Workplace section, the level of Human Rights risks for migrant workers has been re-evaluated, as a consequence of the increased migration flows. The origins of these displacements are multiple, from climate change to conflicts or economic hardship. They are not a consequence of Schneider Electric's policies, however, Schneider, like other companies is confronted to that reality. Although the lack of data and measurement does not allow to precisely assess the risk, and Schneider, throughout its field audits has not come across specific cases, temporary workers are more likely to be exposed to this kind of risk, both within Schneider and throughout our supply chain.
- Psycho-social risks remain high and with perhaps a still increasing trend. 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.
- Fighting all types of harassment has been the object of specific programs for several years, including awareness actions, a "Speak Up" program, and a reinforcement of our alert system Trust Line. Over the last two years, the analysis of data from the alert system and other alternative tools such as Workers Voice have allowed a much better qualification of the risk level, mainly on sexual harassment and work harassment. The risk level is considered stable, but the actions and the Speak Up program are now better focused on prevention.
- Globally in 2023, the overall Business Ethics risk remains unchanged from 2022, except for Raw Materials where pressure from customer industries results in a higher risk for corruption or conflict of interests. To better qualify this risk, a specific study has been launched in 2023 and will carry on throughout 2024. This study is focused on our key raw materials.
- Schneider's focus on data privacy has allowed to better evaluate the level of risks. In some areas like biometric access control and video surveillance security, our level of awareness has improved and the risk matrix has been updated accordingly. In the global context of an increased digitization at all levels, Schneider's focus on data privacy, as well as cybersecurity is a top priority.
- In the Waste, Water and Circularity section, given the events of 2023 related to water scarcity and droughts, the level of risk has been increased for specific types of factories. Although Schneider is not a massive user of water in its operations, we have decided to increase the focus on operations located in water stressed areas.

2023 German Law on Supply Chain Due Diligence *(Lieferkettensorgfaltspflichtengesetz)*: Schneider Electric has significant operations in Germany and is subject to the new vigilance law that came into force in January 2023. The Vigilance plan of Schneider Electric was already compliant with most requirements before the German law came into force, and additional actions required by the law have been implemented in 2023, such as a training program for German employees, specific communication to local partners and stakeholders, the appointment of a dedicated expert within Schneider Electric's Germany organization, etc.

2.2.3 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, 17 Committee meetings have been held (five in 2017 and twice per year in 2018, 2019, 2020, 2021, 2022, and 2023). 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

2.2.4 Group policy

The Group has designed a Vigilance plan that covers all areas specified by the soft laws (UN Guiding Principles on Business and Human Rights, OECD, International Labor Organization (ILO)) and by the existing hard laws (2017 French Law, UK and Australia Modern Slavery Acts, 2023 German Law, etc.). This plan is also fully consistent with Human Rights major actions included in our Decent Work program.

The ambition of our Vigilance plan is to be at the forefront of all these important topics, and from one single corporate program, being able to answer the different requests from all laws and regulations.

2.2.5 Actions and resources

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 (i) section "2.11 Human Rights" and (ii) section "2.4 Employee health and safety" 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 70; (ii) page 55
Environment	**Pollution and specific substances management** **Waste and circularity** **Energy CO_2 and GHG**	See section "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 SF_6 emissions; • Schneider Energy Action program for energy efficiency; • Reduction of waste and increased circularity.	page 88
Business Ethics	**Ethical business conduct** **Alert system, protection, and non-retaliation**	See (i) section "2.1 Trust, Foundation of Schneider Electric's Business " and (ii) section "2.7 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 42; (ii) page 64
Offer safety	**Offer safety**	See section "2.5 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 58
Cybersecurity and Data privacy	**Cybersecurity** **Data privacy**	See section "2.6 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 61
Suppliers			
Suppliers	**Supplier vigilance**	See section "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; • The Zero Carbon Project.	page 72
Subcontractors			
Sub-contractors	**Subcontractors vigilance**	See section "2.13 Vigilance 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 83
Local communities			
Local communities	**Around Schneider Electric sites** **Around customer projects sites**	See section "2.14 "Ethical relations with downstream stakeholders" 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 85

2.3 Responsible Workplace

2.3.1 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 requires everyone to be treated fairly, to acknowledge and value differences, and everyone feeling free from any type of harassment, victimization, and discrimination.

2.3.2 Risks, impacts, and opportunities

Not creating a responsible workplace may expose Schneider Electric to liability for harassment or discrimination claims from the person who has allegedly been harassed or discriminated or the alleged perpetrator for failure to protect employees against such conduct. 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, to capture operational risk exposure at zone level, based on local interviews led by the Regional Compliance Officers and the Legal teams. In 2023, 59% of the substantiated valid alerts, reported through whistleblowing, concerned Discrimination, Harassment or Sexual Harassment(1).

The process at regional level is 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.

Fighting harassment and discrimination in the workplace has several positive impacts, including creating a positive work environment which promotes collaboration and productivity, retaining talent, enhancing Company reputation, fostering diversity, and reducing legal risks.

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

2.3.3 Governance

Schneider Electric has "zero tolerance" for any kind of workplace misconduct. This commitment is a key focus of the Ethics & Compliance program which is led by a dedicated HR Compliance team in the Ethics & Compliance department, under the authority of the Chief Compliance Officer.

HR Compliance defines and deploys measures to prevent harassment and discrimination and other workplace-related conducts at Schneider Electric and manages the most severe compliance cases. Locally, it is operationalized by Regional Compliance Officers under the supervision of their regional Ethics & Compliance Committees defining the local strategy. They are supported by a network of HR Compliance Champions to align with HR roadmap for each function, business, and operation, and Ethics Delegates to raise awareness on Responsible Workplace.

2.3.4 Group policy

Schneider Electric implemented in 2018 an Anti-Harassment Policy, serving as an employee manual to address and prevent misconduct violating the dignity of employees. In 2023, Schneider has deployed a new Anti-Harassment & Anti-Discrimination Policy which reinforces Schneider Electric's zero tolerance for any kind of harassment (sexual, physical, discriminatory, psychological, etc.) or discrimination (direct or indirect) in the workplace and sets forth clear rules and processes. It also reinforces employees' rights and responsibilities, notably regarding anti-retaliation. Managers and Human Resources Business Partners' roles have been highlighted as well as the possible reporting mechanisms.

2.3.5 Actions and resources

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 in 2022 and 2023. In addition, some specific trainings were deployed in line with local initiatives to prevent sexual harassment in specific countries (e.g, India.).

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 HR internal investigators which has been expanded in 2023. This aims to ensure full impartiality and fair common practices everywhere. More than 250 HR investigators were trained. In addition, workshops have been conducted for internal investigators in many geographies, and a pilot mediation program was launched in France.

In 2023, a dedicated communication plan was carried out, promoting the new Anti-Harassment & Anti-Discrimination Policy and raising awareness. Schneider Electric also organized specific communication actions promoting a responsible workplace as part of the Trust Week that took place in June 2023. 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.

(1) As of January 1st, 2024

2.4 Employee health and safety

2.4.1 Context

The world in which Schneider Electric operates is changing fast with many drivers such as digitization, new technologies, connectivity of data, and ESG giving opportunities to positively impact Health and Safety. At Schneider Electric, Health and Safety is a value that will not be compromised, as it is one of the five Schneider Electric Trust Charter pillars. In addition, the Group has set ambitious 2025 Health and Safety targets.

As a pillar of corporate social responsibility, providing a safe workplace for employees, customers, and contractors is fundamental. In a world where the Group relies on contractors to deliver its solutions, it becomes important that contractors comply with the Schneider Electric's Health and Safety program and standards.

Schneider Electric's ambition is to provide a safe and healthy environment for all its employees and contractors, so they can perform to their full potential, positively impact the safety of our customers, and return home safely.

The ambition is to enhance the safety maturity level by leveraging the employee engagement through our safety culture program, digitization, visualization of data, and contractor Safety Qualification program.

2.4.2 Risks and opportunities

Health and Safety is one of the risk drivers of the Enterprise Risk Management (ERM) model, which is part of a formal risk assessment, identifying Key Risk Indicators and implementing action plans to reduce risk. The focus of this model is to concentrate at global level, on risks that can result in serious or fatal accidents. This involves looking beyond the top 5 hazards and analyzing the controls preventing accidents from occurring and connects to Schneider Electric's High Potential Severity (HiPoS) program. Those hazards that have the potential to result in serious accidents have a deeper analysis by global experts, and the learnings are then shared with the full organization.

As well as driving specific actions, the ERM and HiPoS programs also contribute to the annual global Health and Safety Improvement program.

Regarding legal compliance risk, all Schneider Electric sites prepare a Health and Safety legal register, audit themselves against the required regulations and implement actions to close the gaps. The full process is audited as part of the ISO 45001 Occupational health and safety management systems external certification.

Injuries based on the Top Hazards

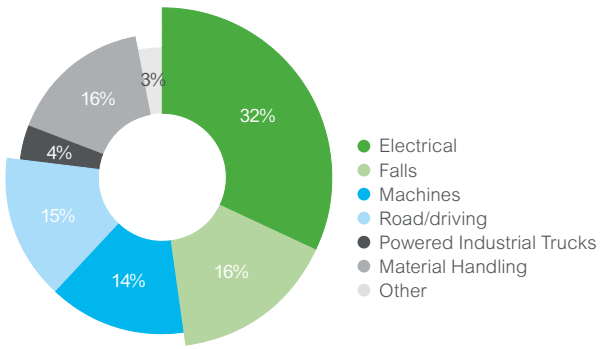


Fig. Last 5 years

2.4.3 Governance

Schneider Electric has a strong Health and Safety governance in place with several instances of control to ensure the Health and Safety strategy is fully deployed.

Steering Committees

Quarterly Health and Safety Report to Executive level: A report is created each quarter by the VP, Global Health and Safety and presented to the Executive level. The report includes Health and Safety performance vs. targets and Health and Safety program deployment update.

Monthly Global Health and Safety Steering Committee: Each month the Global Health and Safety team share Health and Safety performance vs. targets and Health and Safety program deployment, with the Regional and Organizational Health and Safety VP's.

2.4.4 Group policy

Schneider Electric is committed to invest in its people and its workplace as stated in its Group Health and Safety Policy, which is reviewed each year and is fully aligned with ISO 45001 standard.

Each employee 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 Health and Safety as defined in the Global Safety Strategy (see details below);
- empowers employees to take ownership, for themselves and their team of Health and Safety;
- gathers 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;
- recognizes employees who propose Health and Safety innovations or implement solutions;
- 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 Health & Safety vision and goals;
- complies to external legal requirements and internal directives.
- embeds Health and Safety into its business practices and is an integral part of all major decisions, from acquisition, product development, the launch of a businesss and ;change management.
- is determined to eliminate hazards and reduce risks.

2 Driving responsible business with Trust

The Group communicates in an open and transparent manner and:

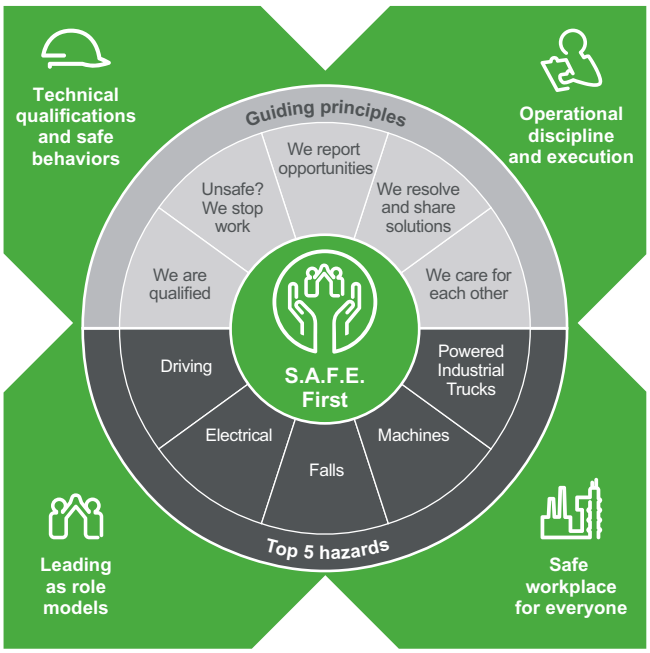
- continually improves its Health and Safety Systems by benchmarking, adopting best available techniques, and through continuous learning;
- captures, analyzes, and communicates safety improvement opportunities, near-misses, and incidents in a systematic manner;
- creates global action plans and shares with all potentially impacted employees to prevent incident (re)occurrence;
- sets Safety and Occupational Health goals and objectives, monitors performance, and reports progress internally and externally.

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

2.4.5 Actions and resources

The fundamentals of the Health and Safety 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, regularly reviewed to prevent serious accidents.
- Five guiding principles, set the expected Health and Safety behaviors.
- Four strategic priorities, which have been identified as strong levers to deliver the Schneider Electric Policy.



The 2025 vision is connected to the four pillars of the Health and Safety strategy – Technical qualifications and Safe behaviors, Operational disciplineand and execution, Leading as role models, and Safe Workplace for Everyone.

Each year a global action plan is generated by the Health and Safety corporate team to implement the 2025 vision. In 2024 the plan will cover a safe driving program, reducing cut accidents, machine safety, office and R&D safety, and Health and Safety leadership training for Managers and safety professionals. A local action plan, managed by each region, complements the global plan and includes the improvements identified by the Environment Health and Safety Assessment (EHSA) deployment, the ISO 45001 implementation, and the safety culture assessment. The safety culture assessment has evolved into a program called "Safer Future", which includes a safety climate tool (NOSACQ50) that is an internationally recognized questionnaire, which was piloted in 12 countries in 2023. The next step will be to deploy it in the rest of the countries.

Communication, through webinars, safety intranet, and internal social media, 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 enhance risk prevention.

Each quarter, Schneider Electric focuses on key topics "Quarterly H&S Spotlights" to raise awareness of both workplace Health and Safety and human factors, promoting the importance of safety globally, through 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 Health and Safety updates, interact with the community, and collect feedback from employees. Schneider Electric also encourages employees to report safety opportunities, which are translated into risk reduction actions to engage employees in the Health and Safety program. In 2024, the completion rate of improvement actions connected with the safety opportunities will be measured.

Audits and 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 external certification is in place for 211 locations, including 176 manufacturing and logistics sites and the headquarters.

Annual Environmental Health and Safety Assessments (EHSA): To ensure successful implementation of the Schneider Electric Health & Safety strategy, annual EHSA's are performed in industrial and customer facing sites worldwide, by the site Health & 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.

Global Risk Consultants (GRC) perform loss prevention audits for industrial sites to ensure that the required standards for fire prevention and emergency planning are in place.

Externally published Health & Safety KPI's are audited by an independent third party as part of our non-financial performance reporting.

Health and Safety performance results

In 2020, Schneider set a five-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 more than 24 hours, are classified as Serious.

Trust

SSE #14

Our 2025 Commitment

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 one 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.

Our progress

2019 baseline	2023 Progress	2025 target
0.79	0.51	0.38

The MIR performance has reduced to 0.51 in 2023, meaning that we are at 2% off target, which represents a 68% progress of the 2021- 2025 program. 2023 was the best performance ever showing a MIR reduction of 12% compared to 2022, this translates to 154 medical incidents, of which 2 were classified as serious, without any employee fatalities.

As a result of all the Health and Safety 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 been reduced by 56%, and the severity of incidents (Lost Time Incident Rate (LTIR)) by 55%.

Recognition and awards

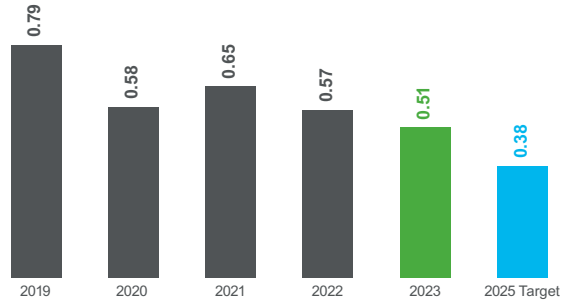
95 locations won the Operational Excellence award including several GSC sites. This represents 78% of all North America (NAM) locations.

Schneider NAM has also won the Corporate Culture of Safety award given to organizations with 50 or more locations achieving Occupational Excellence. Schneider Electric UK & Ireland has been awarded the RoSPA Gold Medal (6 consecutive Golds) Award for health and safety performance and the RoSPA Fleet Safety Gold Medal (7 consecutive Golds) Award for managing occupational road risk.

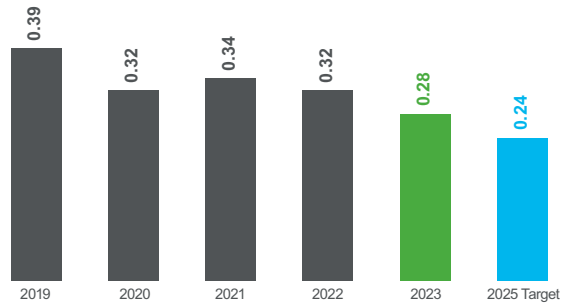
Schneider Electric Canada has been awarded a partnership in injury reduction. Schneider Electric Perú received an award from the insurance company RIMAC for its excellence in the category "Best Comprehensive Occupational Risk Management."

Employee safety participation trend

MIR historical trend



LTIR historical trend



Future evolutions

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 two-year improvement plan aligned with the 2025 vision:

- to strengthen Health and Safety knowledge, skills, and abilities of all employees and contractors.
- to equip all leaders to role model Health and Safety at every opportunity and encourage employees to speak up and engage in Safety program.
- to accelerate transformation with digitization and data analytics, and promote local innovation to accelerate Health and Safety 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.

2.5 High standards for the quality and safety of our products

2.5.1 Context

Schneider Electric holds dear the trust customers and employees place in its products and services to protect themselves and their property. Moreover, Schneider recognizes from events in other industries the value that customers place on quality and the significant damage to the brand loss of customer trust and perception of quality can bring. Therefore Schneider raised it's already high expectations to include setting a new standard for quality in our industry. 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 continues and accelerated its Company-wide quality transformation.

2.5.2 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 with new or more stringent standards or regulations could result in capital investment.

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

- Design-related safety and quality concerns
- Manufacturing and logistic problems
- Field execution and services related
- Software security and quality
- Supplier and supply chain related

The above-mentioned risks could significantly impact the Group's financial performance. 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).

2.5.3 Governance

The Group policy is realized through a robust Quality Management System (QMS), 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 ISO 9001 standard: 230 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 by creating the role of Chief Sustainability and Customer & Quality Officer reporting directly to the CEO. Together they and the Executive Committee hold regular operating rhythms to review 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 regular leadership reviews of Schneider operations worldwide. During the process reviews, visiting leadership personally compares the current standard to actual conditions and to industry best practice to identify necessary corrections and opportunities for improvement.

2.5.4 Group policy

In 2023, under the leadership of the new CEO, the Group elevated our commitment to quality though a new quality policy, stating:

"We rise to a new challenge! Meeting quality, product safety, and reliability requirements is our baseline at Schneider Electric; but we aim for more! Our customers expect nothing less than continuous improvement and innovation beyond expressed needs, to set new industry standard. Quality, product safety, and reliability demand the active engagement of all, without exception because the quality of our solutions is the safety of our customers."

The policy of Schneider is to only propose products, solutions, and services which are safe when properly used for their intended purpose or for other reasonably foreseeable purposes which also contribute 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 lifecycle. 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.

2.5.5 Actions and resources

In support of the new Quality Policy, Schneider continues its company-wide transformation as illustrated hereafter.

Quality strategy

Quality strategy

Schneider's Quality strategy seeks to embed quality throughout each value stream from the earliest moments of design, through industrialization and launch, in production and supply chain, and in the field. In each of those lifecycle phases, the key principles are applied. In 2023 the Group made significant progress in the quality transformation.

Building Quality culture, the Group emphasizes the role and responsibility of every employee from the front line to the CEO for Quality as highlighted in the new Quality Policy. A Quality Academy was created with the mission to enable employees throughout the Company with learning and development. The Group also launched Quality Fundamentals across the value stream and held hundreds of radical week-long Quality Improvement workshops wherein thousands of employees learned the Quality Fundamentals through hands-on kaizen-style implementation.

Quality Management System and Internal Audit

Strengthening and simplifying the QMS processes and Internal Audit. To ensure complete implementation and disciplined adherence to processes, the Group is significantly strengthening the quality of the internal audit program. This program will now cover both system audits and process audits simultaneously, evolving internal audits into valuable tools for continuous improvement and risk mitigation. Furthermore, Schneider Electric has enhanced collaboration with certification bodies to ensure adherence to globally recognized quality standards and to increase the value of audits beyond mere compliance.

The scope of audits within the QMS has expanded to encompass compliance, strategic alignment, process optimization, and continuous improvement. This approach adds value by uncovering insights that drive meaningful changes and contribute to the overall success of the organization. In highlighting the Group's commitment to continuously improving the QMS, fostering collaboration with external stakeholders, and leveraging audits as powerful instruments for driving positive change, we demonstrate our dedication to excellence.

Quality in design phase

The Group accelerated its commitment to Safety, Reliability, and Robustness with the launch of a brand-new Design for Safety and Reliability Standard with new mandatory Quality Fundamentals for Design domain, to increase both safety, robustness, and reliability of new offers; the Customer Satisfaction and Quality (CS&Q) function puts a strong focus on stopping any launches that do not comply to quality standards. In addition, roles and responsibilities were better defined and the number of resources focused on design quality has greatly increased.

Recognizing the importance of software and firmware, Schneider established a new Software Quality Leader position and created Software Quality Fundamentals based on Development, Security, Operations and Agile development principals.

Quality in industrialization and launch

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.

Therefore, the Group reinforced quality in Industrialization by adding Quality Fundamentals, based on APQP from the Automotive Industry Action Group, for prototypes, pre-series, and launch. Roles and responsibilities were redefined, and the resources refocused on industrialization quality will continue to expand. This adoption of the highest applicable standard positions Schneider Electric for even more proactive identification, prioritization, and mitigation of product and process risks. This “zero-defect” and data-driven program aims to ensure our products achieve 100% first time right and on-time flawless launches. The resulting safety, robustness, quality, and cost optimization strives to exceed our customers’ expectations.

Quality throughout the Supply Chain

Demonstrating its zero compromise on safety and regulatory requirements, the Group rigorously sustains a living Potential Failure Mode and Effects Analysis process whereby the most important risks are identified, and in 2023 a breakthrough level of risk elimination or mitigation actions were taken across the Supply Chain.

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 deploy the quality basics special radical change events (kaikaku) were held to immediately implement quality basics in all regions and products, implementing the basics on hundreds of manufacturing and distribution center lines across the Company. The radical change events serve to build quality capability in participants and organizations, further strengthening the Group quality culture.

To further the quality culture and accelerate transformation, the Group developed a Quality Index to measure quality-centric behaviors and outcomes for all plants and distribution centers. The new Quality Index provides transparency and focus to the quality transformation; recognizing leading plants for their quality and identifying any lagging plants in order to allocate regional or global resources for success.

Shifting from reactive to proactive quality, the Group has strengthened its change management processes wherein changes to the supply chain are now evaluated early and at key milestones, their potential risk and quality gaps are closed before the start of production, preventing potential problems from ever occurring.

Three major initiatives were launched with our supply base in 2023. First, the Supplier Qualification process was analyzed and updated for efficiency and robustness including the addition of the Quality Fundamentals, addition of software supplier qualifications, and counterfeit component programs. Second, the Group is standardizing on widely known APQP process with external suppliers for new project offers. In addition to new offers, the Group launched a program to apply Production Part Approval Process (PPAP) to legacy critical parts and changes of suppliers. In 2023 the Group executed over 1000 new PPAPs. Finally, in support of the strategy, the Group continues to invest in building quality expertise, most recently expanding battery and electronics competencies.

Continued implementation of digital solutions for real time process control and statistical process control, traceability, and other digital capabilities to over 500 manufacturing lines. Leveraging Schneider’s formidable Smart Factory capabilities, the Group is innovating ways to digitally build-in quality. From process quality assurance and control to reducing administration, the Group has identified hundreds of applications for Artificial Intelligence (AI) and Machine Learning.

Quality in projects and Field Services

The Group enhanced the efficiency of service and project execution by incorporating risk management and mitigation strategies throughout the entire process, from offer definition to maintenance. The Group also so integrated Quality Fundamentals for Project and Service into daily activities to strengthen processes and establish standardization for proactive identification, prioritization, and mitigation of risks. By implementing this approach, we seek to improved safety, robustness, quality, and cost optimization, surpassing our customers’ expectations while ensuring their safety. Additionally, this will help us establish consistent standards across the Company.

Quality improvement

Schneider Electric’s “Issue to Prevention” process continues to deliver valuable insights to root causes of problems and their responding 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. Through the combined effects of the Quality Strategy, the Group made progress setting a new standard for the industry by declaring and driving toward zero recalls.

Trust

SSE #15

Our 2025 Commitment

Reduce total number of safety recalls issued to 0

In 2023, the Group issued 23 product recalls as approved by the OSAC, vs. 24 in 2022. In addition to Safety, the Group understands the significance of recalls for their large environmental footprints consisting of reproduction of the recalled units and multiplications of packaging and transportation.

While the count of recalls has not changed significantly year-on-year, the quantity of parts affected reduced 98% vs. prior year, and the cost of poor-quality materially declined. The radical improvement is attributable to earlier detection and significant progress implementing the Quality Strategy throughout the value stream.

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

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

Our progress

2020 baseline	2023 Progress	2025 target
25	23	0

2.6 Digital trust and security

2.6.1 Context

Schneider Electric commits to provide solutions to achieve a greener low-emissions future, a shift mostly driven by digitalization and fueled by innovation. Data and cloud driven digital solutions play a key role in that endeavor supporting optimization and efficiency initiatives for organizations.

While this hyperconnectivity and subsequent digital enablers provide transformative business and operational value, they also increase the attack surface, thus cyber risks, in an already dynamic threat landscape. This is compounded by the fact that the Group is aggressively developing software, firmware, and digital services, operating in 5 continents and in more than 100 countries with complex regulations, sourcing goods and services from more than 50,000 unique suppliers.

Cybersecurity, product security, and data protection are essential business imperatives for Schneider Electric. The Group takes a risk-based and threat-informed approach for its cybersecurity strategy, managing cyber risks holistically for its operations, customers, its supply chain and its subsidiaries, working to shape a Company-wide cybersecurity culture while partnering with experts to reach the highest cyber standards.

2.6.2 Risks, impacts, and opportunities

Schneider Electric recognizes that the security of its offerings and its ability to safeguard its customers' data while complying with regulations is key to building sustainable relationships. To reach the highest level of trustworthiness, the Company continuously enhances its security posture through five core pillars:

1. Cybersecurity fundamentals and awareness.
2. An enterprise-wide, risk-based approach.
3. Cyber defense, threat intelligence, and incident response and recovery.
4. Supply chain and installed-base security.
5. Customer and authority relationship and expectations.

By diligently implementing these pillars throughout everyday operations, Schneider Electric aims to continuously build resilience and nurture Trust, while mitigating risks over its digital and operational landscapes.

Schneider Electric works collaboratively with the ecosystem sitting along its value chain (suppliers, authorities, customers, etc. especially those in critical infrastructure) to build trust so to raise the defense level of the industry at large and strengthen digital trust.

As a result, the Group is:

- 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 works with partners towards addressing supply chain security.
- an active contributor to the World Economic Forum's Cybersecurity Center, sitting at the advisory board of its Oil and Gas group to strengthen resilience across the industry, leveraging collective intelligence and expertise. Public reports are an output of this strong collaboration, as well as tighter connections with leaders from other companies.

2.6.3 Governance

Cybersecurity, product security, and data protection are integral to the Group's corporate strategy and digital transformation journey, and at the core of our 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 Company-wide cybersecurity portfolio, coordinating the execution of strategic and operational initiatives, and orchestrating a broader community of security practitioners distributed across businesses and territories.

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

Schneider Electric is committed to doing business responsibly, earning and sustaining trust by relying on mechanisms, not just on intentions. Therefore, the Group aim to apply objective, transparent, and data-backed decision-making processes.

2.6.4 Group policy

Cybersecurity policies are foundational to the Group's security posture as they are compulsory for all employees and contractors. They set management's tone and provide requirements for 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 ISO 27001, NIST Cybersecurity Framework, ISA/IEC 62443, and General Data Protection Regulation (GDPR).

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

Requests	Schneider received and handled 1,400 requests related to cybersecurity, product security, and data protection in 2023, stemming from customers and authorities.
Maturity	The Group averaged a score of 800 with BitSight during the course of 2023. It have 4 sites ISO 27001 certified(1). Our global product penetration testing labs are CREST certified(2). 10 internal audits were conducted in 2023. Schneider received a score of 3.2 in a 2023 annual NIST maturity assessment by a top consultancy.
Training	Its mandatory training has been performed by 99% of employees in 2023. On top of the annual mandatory training, the Group deploys role-based cybersecurity training for its Admins, HR, R&D, and customer-facing employees. 95% of the customer-facing employees obtained their "Cyber Badge" in 2023.
Industrial security	1 Cyber Leader per site monitors alerts and vulnerabilities and supports incident response. 100% of sites are monitored in real-time for physical and digital penetration. Since 2022, every new line is ISA/IEC 62443-3-3 & 2-4 Security Level 2 compliant.
Supplier risk management	Out of ~52,000 unique suppliers tiered, ~5,000 are monitored, according to their criticality and exposure. ~50% of critical risk profile suppliers went through C-level security discussions. Exposure-based cybersecurity and data privacy Terms & Conditions for all new suppliers.
Vulnerability management	Throughout 2023, the Group's Vulnerability Management process has been certified ISO/IEC 30111:2019. Security notifications are published, in response to vulnerabilities reported, on Schneider Cybersecurity Notification Portal(3).
Cyber defense	Security Operations Center (SOC) operates 24/7 across Schneider's worldwide digital and operational landscape. In 2023, the Group did not experience any cybersecurity incident impacting materially its financial statement. 100% of high severity incidents are contained and debriefed at the highest level of the Company. Schneider leads periodical crisis simulations with its critical infrastructure clients and authorities.

(1) For more information, visit the "Cybersecurity and Data Protection Posture" page on www.se.com
(2) Read the press release "Schneider Electric's Global Security Labs receive CREST pen-test accreditation" on www.se.com
(3) Acces Schneider Cybersecurity Notification Portal from www.se.com

2.6.5 Actions and resources

Schneider Electric seeks to align with broadly recognized standards and has received several recognitions for its cybersecurity, product security, and data security performance.

ISO 27001 demonstrates our ongoing commitment to manage our high value assets securely in compliance with regulations.
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

Our global Secure Development Lifecycle process and central office is certified to Maturity Level 4 of the TÜV Rheinland Cyber Security Management (CSM) certification, as well as the ISASecure® SDLA certification.
See the TÜV Rheinland Cyber Security Management certification
See the ISASecure® SDLA certification

Schneider Electric's Vulnerability Handling & Disclosure process is certified with ISO/IEC 30111:2019 and ISO/IEC 29147:2018 standards. This affirms our commitment to address vulnerabilities affecting our products and protecting our customers.
See the certification

Schneider Electric was certified mature based on international information security standards such as ISO 27001, NIST Cybersecurity Framework and Cybersecurity for ICS, PCI-DSSs and GDPR.
See the certification

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

Our 2025 Commitment

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 these 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 800 for the year 2023. Schneider Electric's external rating since 2018 has risen by +56%.

Our progress

2.6.6 Data privacy and protection

Schneider Electric implemented the 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.
- 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 the People's Republic of China's Personal Information Protection law and the California's Privacy Rights Act. A new data protection addendum has been deployed, including the new Standard Contractual Clauses of the European Commission.

2.7 Zero-tolerance for corruption

2.7.1 Context

Corruption is illegal and refers to the abuse of entrusted power for private gain. It damages ecosystems by eroding trust and confidence, which are crucial for sustainable economic and social relationships. Additionally, corruption poses threats to the rule of law, democracy, and human rights. It undermines good governance, fairness, and social justice, distorts competition, hampers economic development, and jeopardizes the stability of democratic institutions and the moral fabric of society. In recent years, global anti-corruption regulations have been strengthened. Many countries now have stricter controls and impose sanctions for misconduct to combat corruption effectively.

2.7.2 Risks, impacts, and opportunities

Engaging in corruption exposes organizations 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.

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;
- 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. In 2023, 11% of the substantiated valid alerts, reported through whistleblowing, concern a potential violation of the Anti-Corruption Policy(1).

(1) As of January 1st, 2024

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 implemented in 2021 and 2022. In 2023, Schneider Electric established risk maps for newly acquired entities currently being integrated.

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.

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.

2.7.3 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 strong and continuously developing Anti-Corruption actions, which are part of the Ethics & Compliance program. The Ethics & Compliance program is led by the Ethics & Compliance department, under the authority of the Chief Compliance Officer, to ensure its efficiency through a dedicated Compliance Program team in close collaboration with the Anti-Corruption Controls and the Fraud Examination teams.

The Compliance Program team is made of a central team, covering Policy, Awareness, Learning & Change Management; Compliance Operations; and Risk & Control, and is locally operationalized by Regional Compliance Officers under the supervision of their regional Ethics & Compliance Committees defining the local strategy, and supported by a community of Ethics Delegates.

2.7.4 Group policy

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.

To reinforce the Anti-Corruption Policy, Schneider Electric has established specific policies and procedures on Conflict of Interest and Gifts & Hospitality. Both policies were updated in 2023, accompanied by extensive digitalization, simplification, and clarification of the processes. These enhancements were made with a particular focus on providing practical examples to facilitate comprehension. To ensure that employees grasp the modifications effectively, a range of informative and explanatory resources have been made readily accessible.

2.7.5 Actions and resources

Management commitment

Group management demonstrates unwavering commitment to anti-corruption efforts through their actions and initiatives. The Anti-Corruption Policy was updated in 2021 and signed by the Chairman and CEO. Management regularly releases informative videos, which are extensively communicated to all employees, and which highlight the Company's zero-tolerance policy towards corruption, emphasizing the importance of integrity and ethical decision-making at all levels of the organization.

The program is supervised at Board level, by the Executive Committee through the Group Function Committee, and through dedicated committees, notably for the anti-corruption controls program. These committees also approve certain program actions, including risk mapping. Management has also made some call for actions to all middle- and first-line managers through dedicated communication channels.

Awareness

In 2023, several communication campaigns on anti-corruption were organized within the Company, with specific focus on third-party management and anti-corruption controls, gifts and hospitality, as well as conflict of interest to support the 2023 Annual Conflict of Interest Disclosure Campaign for targeted employees exposed to corruption risks. The objective was to effectively communicate updates on the anti-corruption program, enhance employee awareness of corruption risks, and equip them with the necessary tools to address it, encouraging them to seek help whenever needed.

Schneider Electric organized a live event on December 7, 2023, to raise awareness about combating corruption. The event aimed to educate employees on preventing unethical conduct. An external speaker shared his personal experience with corruption – including time spent in prison – and provided practical advice to avoid similar situations. Schneider Electric reiterated its anti-corruption policies and processes, ensuring employees were well-informed. The event saw over 5,000 employees actively participating and engaging in discussions. A recording of the session will be available throughout 2024.

Training

Schneider Electric has developed a suite of anti-corruption e-learnings, providing guidance on real life risk scenarios, designed to meet the trainees' needs and expectations. Trainings are supported by videos from top leaders demonstrating the "tone at the top", are available in 14 languages, and is mandatory for targeted employees exposed to corruption risks, as identified by the corruption risk mapping. In 2023, those e-learnings were rolled out to more than 40,000 employees, with a completion rate of 98.5%.

Moreover, the year saw ad hoc anti-corruption learnings delivered to specific audience in functions deemed to be priorities (e.g. Services).

Third-Parties Due Diligence

Schneider Electric has established procedures to prevent, detect, and manage corruption risks in business relationships. These procedures involve steps such as risk assessment, screening, investigation, review, and audit. They ensure that adequate actions are taken to mitigate risks effectively.

Customers & Suppliers: When forming relationships with customers and suppliers, Schneider Electric employs a meticulous screening and continuous monitoring process to assess the risks of anti-corruption and export control.

Business Agents: Schneider Electric updated its policy on intermediaries in 2023. It aims to minimize their use, except for specific exceptions.

Sponsoring & Donations: To ensure legal and ethical operations in sponsorship activities and mitigate corruption and reputational risks, comprehensive risk screenings are conducted. Additionally, Schneider Electric's Philanthropy program is governed by strong practices, including thorough due diligence to assess donation-related risks in compliance with laws and local contexts.

Anti-Corruption Controls

Schneider Electric implemented enhanced accounting control procedures to prevent corruption. In 2022, a cross-functional program was launched, involving Accounting, Internal Control, Digital, Ethics & Compliance, Procurement, Sales, and Marketing teams. The program focused on digitizing preventive and detective controls, with sponsorship from Executive Committee members. Priorities were determined based on the 2021 Ethics & Compliance risk assessment, covering areas like Gifts & Hospitality, Travel & Expenses, Sponsorship, Donations, Business Agents, Marketing Development Funds, and Performance Bonuses. Most entities have implemented the designed controls in 2023.

In addition, Schneider Electric continued to execute in 2023 – like in 2022 – the central monitoring of key processes of the Anti-Corruption program such as Business Agents, Conflict of Interest and Anti-Corruption training results. The outcome of these controls is regularly shared with key stakeholders to ensure continuous process and design improvements.

2.7.6 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 influence activity, and donations. As a global 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 2023, 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 the 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 2023, the Group discloses membership fees expenses towards trade associations, business coalitions, and think-tanks that are dedicated by those organizations to lobbying or advocacy. Generally, the budget allocated to lobbying in these organizations is small as these associations mostly organize business workshops, peer-learning groups, or work on standardization. Schneider Electric updated its reporting methodology compared to previous years and since 2022 discloses the budget allocated to lobbying or representation rather than total membership fees. The data collected covers the main Group geographies, in particular Europe, and also including, North America, China, India, Indonesia, and or the Philippines.

Total contributions globally amounted to about €0.5 million in 2019, €0.6 in 2020, €1.2 million in 2021, €1.1 million in 2022 and €1.4 million in 2023.

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 business and climate opportunities related to the new energy landscape. Contributions and expenditures on this topic amounted about €0.9 million in 2023 (€0.6 million in 2022) 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 €0.3 million in 2023 (€0.2 million in 2022) globally.

2.8 Compliance with Competition Law

2.8.1 Context

As outlined in Schneider Electric's Trust Charter, upholding fair competition and complying with applicable antitrust and competition laws is a core business principle for Schneider Electric and governs our activities across the world.

Competition law sets out the legal framework to ensure that markets remain open and competitive and to protect customers from market arrangements where competitors agree not to compete with each other. Although the scope and content of competition law may vary from jurisdiction to jurisdiction, it is generally prohibited for companies to (i) enter into agreements with its competitors which, for example, seek to fix prices or otherwise limit competition, and (ii) abuse a dominant position on a given market.

Schneider Electric has a strong brand and is present in many markets and at many levels of the supply chain. The activities of Schneider Electric are subject to a variety of competition laws and regulations on both national and supranational levels, affecting all aspects of Schneider Electric's business strategies and day-to-day operations. Any violation can cause severe consequences for Schneider Electric, and the individuals involved in such activities, including substantial fines and a serious loss of reputation.

2.8.2 Risks, impacts, and opportunities

Schneider Electric's Competition Law Compliance Program is an integrated and essential part of Schneider Electric's commitment to trust and serves to:

- identify and assess risk areas where the Group may be exposed to anti-competitive behavior;
- manage potential risks through internal procedures, escalation routes, and controls;
- prevent potential anti-competitive behavior through training and communication;
- detect early violations of competition law through a strong risk awareness throughout the business and accessible reporting mechanisms;
- manage any exposure to violation of competition law.

To raise awareness about applicable competition laws and manage areas of risk, Schneider Electric's Competition Law Compliance Program is based on:

- Policies, guidelines, and procedures.
- E-learnings and in person trainings.
- Internal controls and audits.
- Internal reporting mechanisms including local management, HR, Regional Compliance Officers, Legal, and Schneider Electric's whistleblowing tool Trust Line.

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.

2.8.3 Governance

Schneider Electric's Competition Law Compliance Program is endorsed by the Board of Directors and has backing from Executives and Senior Managers.

The Competition Law Compliance Program is managed by a Global Competition Law team with full support from the Global Legal team. It is continuously assessed and adapted to developments in applicable antitrust and competition laws and the interpretation of such laws as well as the development of Schneider Electric's activities and market presence.

2.8.4 Group policy

Schneider Electric published and deployed an updated and enhanced Group Competition Law Policy in 2022. In addition, nine topic specific Competition Law Guidelines were also launched in 2022 including topics related to information exchange, procurement, distribution, e-commerce, and mergers and acquisitions.

Both the Group Competition Law Policy and the Competition Law Guidelines have been translated into over 30 languages and are accessible to all employees via Schneider Electric's internal policy platform.

2.8.5 Actions and resources

During 2023, Schneider Electric continued the work started in 2022 to strengthen our Competition Law Compliance Program. This work included:

- A continued deployment of the updated Group Competition Law Policy and the nine topic specific Competition Law Guidelines that were launched in 2022.
- The development and launch of 16 topic specific e-learning modules accessible to all employees globally via Schneider Electric's internal learning platform.
- The development of guidance documents and template agreements.
- Targeted in-person Competition Law trainings to employees in identified risk teams and roles.

One of the key cornerstones to a successful Competition Law Compliance Program is continuous efforts to train employees and communicate the Group Competition Law Policy, the accompanying Guidelines, and other internal rules and recommendations. During 2023, a focus has been on providing targeted in person competition law trainings to employees in identified risk teams and roles. Raising awareness of competition law risks and providing various forms of trainings to the business will continue to be an essential part of our program in the years to come.

Considering the size and scope of Schneider Electric as a global company, another cornerstone to a successful Competition Law Compliance Program is to reinforce the Program across the Group, including:

- strengthening connections with other internal functions, including marketing, purchasing, data, HR.
- determine and coordinate existing compliance efforts in other areas, including commercial compliance, ethics and compliance.
- reinforcing compliance network across the entire geographic scope of the Group, including local legal teams and regional channels.

2.9 Compliance with tax regulations

2.9.1 Context

The current international tax system in which the Group operates is made of multiple complex international and local tax regulations since all the countries in the world have their own set of tax rules.

To operate responsibly, ethically and efficiently in this complex and uncertain environment the Group believes that a fair and sustainable Group tax policy is a fundamental requirement. It aims at preventing operational, transactional, and reputational risks.

2.9.2 Group policy

The Group's global Tax Policy focuses on four key principles:

Governance and Control

- The Tax Policy is endorsed by the Tax Department and the Group CFO and validated by the Audit and Risks Committee.
- The tax department reports to the Group CFO and is a global function which allows consistency and standardization wherever possible. In addition, dedicated tools and processes, as well as a strong presence of tax experts in the most significant countries, ensure strong and consistent decision process.
- Regular reports are done on noteworthy new tax regulations and risks to the Audit and Risks Committee.

Compliance with national and international tax regulations

The Group and the Tax department are committed:

- to comply with the national and international tax laws, rules and regulations as the ones set out by the OECD regarding notably the minimum 15% taxation implemented under the Pillar 2 set of rules;
- to respect in good faith both the letter and the spirit of the law;
- to align the tax strategy with the Group's commercial strategy and operational activity, to challenge the in-house reading and interpretation of the law, with external tax advisors as required to ensure correct analysis and treatment are conducted.

Transparency and Trust

All employees with tax responsibilities or activities are committed:

- to cooperate openly and transparently with the tax authorities on the Group's tax affairs and to disclose relevant information in a timely, positive and professional manner for them to carry out their audits;
- in the event a tax discussion arises, to work proactively to seek a consensual agreement, where possible, and reach solutions.

Last and whenever necessary, the Group discusses issues and raises questions to the tax authorities to obtain clarifications in a preventive manner. As an example, the Group made the election for the "Trust relationship" ("Relation de confiance") regime existing in France.

Preserve value and competitiveness

The Group strives to preserve the value created by its operations. The Tax Department assists operational business by providing tax advice and determining the tax positions best suited to operational reality.

The Tax Department thus contributes to creating value and protecting shareholders' assets by limiting tax risks while remaining compliant with national and international tax regulation.

The Group's detailed Tax Policy can be consulted on our website at **www.se.com**

2.10 Export Control and Sanctions

2.10.1 Context

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, products, and end-uses.

Schneider Electric, being a multi-national corporation 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.

2.10.2 Risks, impacts, and opportunities

The key risks for export controls and sanctions are related to conducting business with restricted parties, sharing restricted software, technology, products, or services without a license, and ensuring those we do business with abide by applicable export control and sanctions regulations. These risks create opportunities for Schneider Electric to develop and automate processes related to third-party party screening, export control classification for products, software and technology, and ensuring we obligate our third-parties through contractual commitments to comply with applicable export controls and sanctions regulations.

Schneider Electric's robust Export Control Program increases our competitive advantage by demonstrating our commitment to ethical business practices and compliance with international regulations and sanctions.

2.10.3 Governance

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 Global Export Control Center of Excellence team continuously monitors and reviews export control activities to identify potential risks. Schneider Electric has established mechanisms for reporting any suspicious or non-compliant activities and takes appropriate corrective actions via the Trust Line and Trust Center.

The Schneider Electric Export Control Program includes, 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/ classroom training sessions for all relevant Schneider Electric employees.

The Global Export Control Center of Excellence team conducts regular training programs to educate all Schneider Electric permanent and temporary employees about export control regulations, their responsibilities, and the potential risks and consequences of non-compliance. The goal is to foster a culture of compliance by promoting awareness and providing resources for employees to seek guidance.

The Schneider Electric Export Control Program will continue to evolve to meet the requirements of the ever-changing regulatory global landscape.

2.10.4 Group policy

Schneider Electric's export control approach is articulated around our mission to provide education, advisory, business operations support, and enforcement of the Export Control Policy and strategy. The policy outlines our commitment to prevent the unauthorized export of goods, services, technologies, and information that could pose risks to national security, international trade, or other regulatory concerns. The roles and responsibilities of businesses, functions, and employees to ensure export control compliance are clearly defined. The responsibilities include designating individuals or teams responsible for overseeing export control activities and implementing necessary controls. The policy, signed by the Group Chief Executive Officer, sets the tone from the top, and is applicable to all Schneider Electric employees.

2.10.5 Actions and resources

The Schneider Electric Export Control Center of Excellence has streamlined and standardized export control and sanctions processes globally. A change management process with a supporting communications and training plan has been developed and executed transversally across Schneider Electric. This includes but is not limited to a change review board to review regulations, impact, and give guidance to ensure compliance. A key initiative has been the automation of third-party screening. In 2023, Schneider Electric has developed a new capability to automatically screen all legacy and newly created/modified third-parties for risks of anti-corruption and export control. The Group integrated authoritative data sources of third parties with a best-in-class external screening engine which is updated with the latest regulatory and sanction lists in real-time. A dedicated screening team was formed to independently review potential matches arising and flag entities by risk level with a new screening flag attribute. Third-party master data systems synchronize the screening flag values with major business systems in real time to ensure consistency. Screening flags are used to develop upstream and downstream processes needed to mitigate risk as explained in the relevant sections of this document.

Additionally, the Export Control Center of Excellence is subject to periodic internal compliance reviews and audits to assess the effectiveness of export control measures, identify any areas of non-compliance, and implement corrective and preventive actions. In parallel, the topic of export control is also part of Schneider Electric's KICs program applicable to all Schneider Electric Entities and their subsidiaries. This helps ensure ongoing compliance to current export control regulations and continuous improvement.

In 2024, the Global Export Control Center of Excellence team aims to evolve with data-driven program, quantitative performance improvement objectives that allow for predictive analysis and are aligned to Schneider Electric's export control strategy.

All existing and new export control risks will be continuously monitored and managed with mitigation plans. The Export Control Center of Excellence team and its extended network will continue to evolve.

2.11 Human rights

2.11.1 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 AI. 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.

2.11.2 Risks, impacts, 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 2023, 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 49).

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.

2.11.3 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 and Global Supply Chain Departments as well as countries, Internal Audit team and Compliance functions.

Human Rights Global Policy has been validated in 2022 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* (Businesses for Human Rights), a leading French association of businesses providing its members with tools and advice on implementing the UN Guiding Principles on Business and Human Rights (UNGPs). In 2018, Schneider Electric also joined the Responsible Business Alliance (RBA), a non-profit coalition of more than 120 companies from various 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.

Partner of *Ressources Humaines sans Frontières* since 2017, Schneider Electric joined in 2023 the action-research project "Lab 8.7" that gathers pioneer companies to work on preventing the risks of child labor, forced labor, and more broadly indecent labor in supply chains.

The Group is also patron of the Global Compact "Labour and Decent Work" working group. In September 2023, Schneider Electric has committed to take action as an early mover of the Forward Faster initiative of the United Nations Global Compact in the area of the living wage. Lastly, Schneider Electric is part of the Equity Action platform of the World Business Council for Sustainable Development (WBCSD).

2.11.4 Group policy

Schneider Electric's Human Rights Policy 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.

In 2022, Schneider published the second version of its Global Human Rights Policy. The Company intends to increase its commitments by stating clearly its position on new challenges such as migrant workers and AI. 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 was finalized in 2023 and the creation of an e-learning is planned for 2024. The Policy is available in 9 languages.

In 2023, as part of the deployment of the Human Rights policy and in line with Schneider Electric's vision, the Group decided to go include a focus on migrant workers. Guided by the "Dhaka Principles for migrating with dignity", Schneider Electric published internal guidelines for migrant workers. The document provides a frame that will help Schneider Electric's teams, as well as partners such as recruitment agencies, ensure that any migrant worker related to Schneider Electric is protected from any abuse or malpractices.

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

(1) Report: Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (ilo.org)
(2) Human Rights Policy Institutional Document | Schneider Electric (se.com)

Alignment with international standards and frameworks

Schneider Electric endorses 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 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 Institute for Human Rights and Business Dhaka Principles for migrations with dignity

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

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:

Policies	Policy description	Reference in this URD and online
Human resources		
Diversity, Equity & 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 150 to 159 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 155
Anti-Harassment & Anti-Discrimination	States Schneider Electric's commitments to have zero-tolerance for any kind of harassment or offensive behavior.	Page 153 Consult and download the Policy: https://www.se.com/fr/fr/download/document/GAHP/
Flexibility@Work	Defines global Flexibility@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 154
Employee Benefits	Defines the global principles, standards, and governance for the provision of employee benefits at Schneider Electric.	Pages 171 to 173
Health & Safety		
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 55 to 57 Consult and download the Policy: https://www.se.com/ww/en/download/document/SE-Health-Safety-Policy/?ssr=true
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 336 of the 2023 Universal Registration Document

2.11.5 Actions and resources

In front of the risks described in section 2.10.2, the Group engaged into several programs that span across its supply chain and its workforce.

Internal actions

Schneider Electric entities and subsidiaries are monitored through the implementation of KICs. These controls are designed in co-ordination with the Internal Audit team and consist of an annual self-assessment covering different operational topics. Human rights and health and safety controls are included in this annual review. The results of these assessments allow Schneider Electric to benchmark the entities and to prioritize mitigation plans when necessary.

Internal actions regarding respect and dignity, freedom of association, health and safety, working time and leave, wages and benefits, harassment, discrimination, diversity and inclusion, and development of competencies are described in section 5 on page 144.

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 5.3 on page 160.

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 2.4 on page 55.

External actions

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 workers and protecting their rights. This program is being rolled out to the Group’s employees and strategic suppliers. For more information, please see section 2.12.12 on page 80.

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. For more information, please see section 2.12.6 on page 75.

Incubation of a Social Excellence Program. For more information, please see section 2.12.13 on page 81.

2.12 Sustainable relationships with suppliers

2.12.1 Context

Maintaining a sustainable relationship with suppliers is crucial for ensuring ethical sourcing, minimizing environmental impact, and fostering long-term business resilience. By prioritizing sustainable practices and open communication with suppliers, companies can enhance supply chain transparency, reduce risks, and contribute to overall industry sustainability goals.

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 2023, Schneider Electric sourced goods and services from more than 53,000 suppliers, across more than 60 categories, amounting to approximately €17.5 billion. This diverse supply base represents a unique combination of mature companies operating on a global scale, from small and medium scale enterprises serving local or niche markets and categories which require simple assembly to complex manufacturing activities. Deeply committed to advance all United Nations Sustainable Development Goals (UN SDGs), and delivering solutions for sustainability and efficiency, Schneider Electric is in a unique position to influence and support its supply chain partners to progress and embrace more sustainable social and environmental practices.

2.12.2 Risks, impacts, 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 are estimated to be 25 times higher than its operations emissions.

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

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 the impacts on its business resilience and increases its attractivity to customers, investors, or new talents.

2.12.3 Governance

Vigilance plan

For many years, Schneider Electric has measured its sustainability performance through a dashboard called 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 disruptive changes The SSI is completed by a second level of programs called SSE to keep focus on other long-lasting programs. The Vigilance plan corresponds to SSE #17. For this particular program, Schneider Electric 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. The plan is governed by a Steering Committee, set up in 2017, chaired by the Executive Committee member in charge of the supply chain, and composed of senior leaders. The Steering Committee objective is to provide decisions on strategic orientation, prioritize initiatives and allocated resources, review actions in progress, and define decisions on next steps for actions.

2.12.4 Group policy

The Group's global procurement mission is aligned with our strategy of delivering customer value through transformation of energy management. Schneider Electric does this by contributing to top line and bottom line growth, while establishing a leadership position in sustainable sourcing. Key priorities of quality, innovation, cost, cash, and sustainability are 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 fourth-step process comprising of a Supplier Qualification process (SAM), Parts / Products Qualification process (SQM) , Supplier Performance Process (SPM), and Supplier Development Process (SDP) to qualify new and legacy suppliers for continued business association, where sustainability performance is a key evaluation criteria.

Supplier Qualification (Supplier Assessmement Module (SAM))

The journey of a new supplier starts with the SAM, when a supplier's capabilities are assessed to assure alignment with Schneider's expectations. This process has a dedicated evaluation on labor, ethics, environment, and occupational Health and 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 the next stage of functional and technical audits required for business qualification.

Part/Product Qualification Process (Supplier Qualification Module (SQM)

Post the successful approval module the suppliers undergo supply qualification, 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 Process (SPM)

During the commercial stage the performance of the 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).

Supplier Development Process (SDP)

Also during the commercial stage there is a collaborative process to drive systemic and sustained improvements on identified gaps to reach specifics expectations.

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's 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 sustainability performance as a key criteria of evaluation.

General Procurement Terms & Conditions

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

Suppliers also commit to respect all national legislation / regulations, Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, Restriction of Hazardous Substances (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 & 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, andoccupation 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**

Supplier Screening Program

Before entering a relationship with a supplier, all Schneider Electric legal entities must ensure that the supplier is adequately evaluated, screened, and approved. Schneider Electric must carefully select, appropriately monitor, and continuously manage its suppliers' relationships throughout the entire course of a business relationship. Clear boundaries and efficient processes ensure that risks are taken to avoid any form of bribery, corruption, or export control sanction and regulation violations.

All suppliers are subjected to due diligence involving risk assessment, screening, investigation, review, or audit to verify facts and information about a particular subject.

To find out more about our Third-Party Screening in relation to Export Control and Corruption, please refer to **section 2.10 on page 68**.

2.12.5 Sustainable Procurement framework and strategy

Schneider Electric has deployed a Sustainable Procurement framework, which institutionalizes mechanism to proactively screen, identify, and mitigate sustainability risk from suppliers and embed preventive controls into the procurement processes. 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, and human rights, and challenging status-quo allows us to unlock newer areas of growth. The Group's ambitious sustainability roadmap leads its partners to define the next wave of evolution of industry, making them fore-runners who shape the future. This pursuit of sustainability helps identify new and several hidden avenues of efficiency, operational improvement, and creating and capturing new markets, which provide competitive advantage and positively correlate with financial performance. All engagements within Schneider Electric and its supply base establish that sustainability is good for business and has to be looked at as an opportunity.

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 Minerals/Cobalt**	**Decent Work**	**Social Excellence**	
Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%	Increase green material content in products to 50%	100% packaging uses recycled cardboard and no single-use plastic	Continued adherence and compliance to regulations governing hazardous materials and conflict minerals		100% of strategic suppliers provide decent work to their employees	Deploy a "Social Excellence" program through multiple tiers of suppliers	• Supplier Approval Module (SAM) & Quality Mgt (SSQM) • Sustainable Development, Environment, Ethics & Compliance Terms & Conditions • Quarterly Business Review • Trust Line • Sustainability throughout our Procurement Excellence System
(SSI #3)	(SSI #4)	(SSI #5)			(SSI #6)	(SSE #12)	

ISO 26000:	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

2.12.6 Vigilance plan for suppliers

Supplier risk categories and audit plan

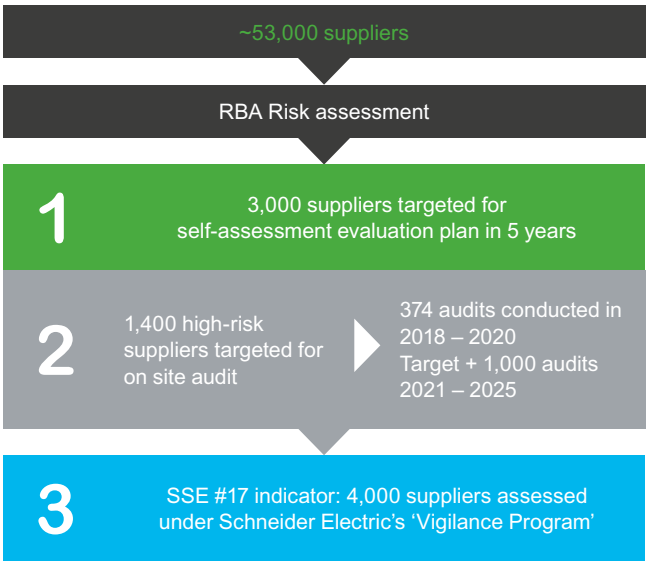
In order to evaluate and mitigate the sustainability risk from its global suppliers, Schneider Electric conducts a risk evaluation of its entire supply base on an annual basis. This evaluation covers sustainability risks and specific parameters such as the type of industrial process used by the suppliers, 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 (RBA methodology, ex-EICC, of which Schneider Electric has been a member since January 2018). Schneider Electric's entire network of about 53,000 tier 1 suppliers is processed through this methodology and is refreshed every year with the new supplier baseline in order to identify high risk suppliers.

Overall plan

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

From 2021 to 2025, Schneider Electric has defined an objective as part of its sustainability strategy 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 SSE #17 and progress is externally assured and published each year

For the Group's 2023 plan, about 1,400 "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 2.5 on page 58.
- Business Conduct: 11 questions
- Cybersecurity: non-applicable in RBA framework. More details about Schneider's end-to-end cybersecurity approach are provided in section 2.6 on page 61.
- In 2023, the Group conducted 212 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 found in 2023 were related to health and safety, labor standards, and management systems (34%, 26%, and 21% 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. An analysis of the 114 "top priorities" raised in 2023 shows the following issues are the most recurring:

- Labor standards (60% of top priority non-conformance issues): lack of respect of working time and resting days (time measurement systems are often insufficient); and wages for regular and overtime hours correctly calculated and paid to all workers.
- Health and safety (25% of top priority non-conformance issues): insufficient fire alarm and protection systems; and appropriate controls for worker exposures to chemical, biological, and physical agents.
- Environment and management systems (15% of top priorities): insufficient waste management and pollution prevention systems.

As of end of 2023, Schneider Electric has closed 97% of 2022 and 36% of 2023 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 2023, one business relationship with a supplier was decided to be stopped due to Vigilance plan. In 2023, 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; only one case was identified, due to the complete change of supplier management team, and later closed.

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.

During 2023, 953 suppliers submitted answers. Procurement teams reviewed the answers and identified some suppliers where on-site audits will be conducted in 2024.

Trust

SSE #17

Our 2025 Commitment

4,000 suppliers assessed under our 'Vigilance Program'

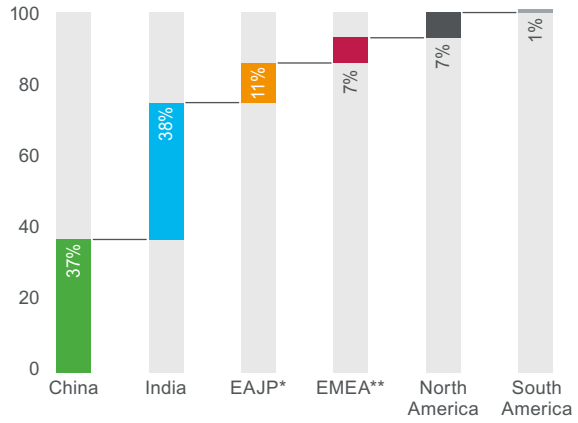
Overall, the resolution of non-conformances identified since the program's inception in 2017 has supported the improvement of the working conditions for 320,000 employees.

- Labor: during an audit, Schneider Electric identified a small-sized company active in assembling that made employees' payment delayed. Payroll records were reviewed and indicated that monthly wages had been delayed for more than one month. The supplier realized the situation and proceeded to correct it. Five months after the audit, the situation was corrected. During the on-site closure-audit, Schneider Electric validated the resolution, and the non-conformance was closed. The supplier now manages its payments properly and assures employees' monthly wages are paid on time.

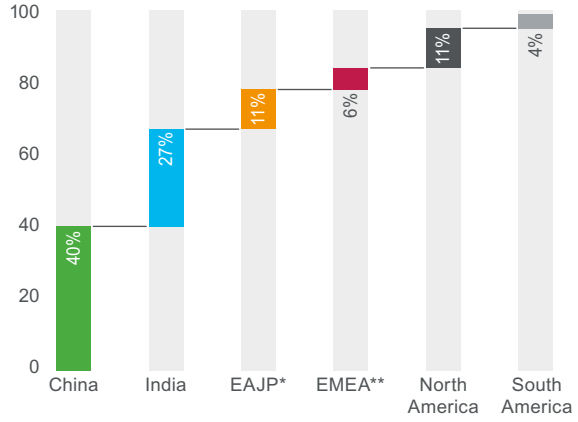
- Health and Safety: During an audit at a large panel builder's site, Schneider Electric's auditor identified 2 non-conformities. Operators were found to be working without appropriate Personal Protective Equipment (PPE) which could have long-term effects on their health. Supplier had not taken any action before implementing the process, and thanks to the audit, immediately ensured that the workers had the required masks, gloves, and full body protection. Subsequently, a PPE deployment, usage, and management system was set, and stakeholders were identified to manage this process on the long term. Secondly, the fire alarm/fire detection system was not in operation due to a faulty control panel. An analysis of the root cause showed that the contract for the maintenance of the emergency system had lapsed a year ago, leading to a failure of the system. 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.

2020 baseline	2023 Progress	2025 target
374	3,248	4,000

% Risky suppliers identified in 2023 by geography – Graph 1

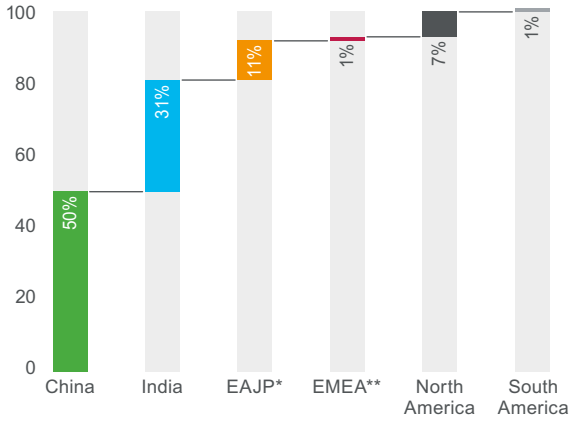


% Audits carried out in 2023 by geography – Graph 2



% Non-conformances in 2023 by topic – Graph 3

% Non-conformances in 2023 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 2023, about 1,000 suppliers had been audited on site, and 12,000+ non-conformances were raised, and subsequently remediated. The 212 on-site audits performed in 2023 have allowed Schneider to raise 2,100+ non-conformances. Out of these non-conformances, 110+ are assessed as “top priority” and are given very specific attention during the re-audits of the suppliers. Schneider Electric’s objective is to close 100% of all types of non-conformances identified, whatever their priority level.

2.12.7 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/ ISO 26000 evaluation is a key element of the sustainable development strategy and Supplier Risk Management 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.

Strategic suppliers are identified based on several criteria (quality, productivity, delivery, innovation, sustainability, etc.) and represent the supply base with the best overall performances, to whom Schneider Electric is allocating business. This supply base is regularly reviewed by Procurement Commodities teams (minimum once per year) so to update strategic business decisions. This dynamic process allows highest-performing suppliers to become or remain our "strategic" suppliers, while worst performing ones are demoted from this status.

The Group has set out to engage all its strategic suppliers in a process of continuous improvement in sustainability. At the end of 2023, strategic suppliers represented c. 56% of Schneider Electric's purchases volume. Strategic suppliers who have passed the third-party evaluation process cover approx 90% of total strategic purchasing volume.

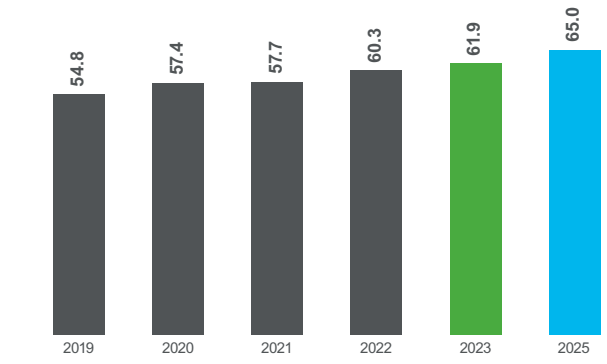
In 2018, the Group took on the ambitious target of achieving +5 points out of 100 in the average ISO 26000 assessment score of its strategic suppliers up to end of 2020 as part of the SSI. At the end of 2020, +6.3 points were achieved, with an average of 57.4 points.

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

Both in 2022 and 2023, targets were achieved with an increase of 1.6 points each year, ending 2023 with 61.9 points as result.

Overall, since end 2017 the average ISO26000 score of Schneider's strategic suppliers has increased by almost 11 points.

ISO 26000 Program Progress



Note that average score of 100,000 companies assessed by EcoVadis is approximately 46 points. It means Schneider's strategic suppliers' sustainability position is much more mature than the global average.

2.12.8 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.

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 & 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. is the Group is committed to contribute to this responsible sourcing initiative as well as responding to its customers' potential concerns, even though this represents a long-term effort, namely on data collection.

At the end of 2023, more than 75% of relevant suppliers have replied. 94% of the identified smelters and refiners in Schneider Electric's supply chain were designated as compliant (low- or medium-risk) with a recognized third-party validation scheme or actively engaging in same approach (equivalent to approximately 69% of the relevant spend being compliant). The Conflict Minerals campaigning period starts in June and ends with issuing our Final CMRT in next March. The campaign includes all the 5 due diligence steps recommended by the OECD. 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 benefited armed conflict in the covered countries, nor supported illegally operating or sanctioned entities.

Where are 3TGs used?

Tin – Used in electronics and batteries, wire, cable coatings, resistors, solder, and more; often used to coat other metals to prevent their corrosion and to create alloys.

Tantalum – used in electronics, capacitors and resistors, and wires; galvanized, hardened, heavy duty, tempered or heat-treated steel.

Tungsten – commonly used in heat-resistant and wear-resistant alloys; in hardware, wires, joints and filaments.

Gold – not highly corrosive and highly conductive to electricity, it is commonly used in electronics, connectors, switch and relay contacts, soldered joints, wires, and more.

Consult the page dedicated to Conflict Minerals Program 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 an 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.

Mica and Cobalt usage:

Mica – in electronics it is used in transistors, capacitors, and resistors, ideal for high-speed applications as it can withstand incredibly high temperatures.

Cobalt – used in the cathode of the rechargeable lithium-ion and nickel cadmium batteries.

The program focuses on the responsible cobalt sourcing, used as a key element for lithium-ion batteries in Schneider Electric's supply chain. At the end of 2023, with 91% data collected (that is relevant to 99% of the spend of selected suppliers), 97% of the identified 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 benefited armed conflict in the covered countries, nor supported illegally operating or sanctioned entities.

2.12.9 REACH and RoHS

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

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. Furthermore, the team in charge of supplier environmental data collection has extended its scope, and by increasing the coverage of FMD (full material disclosure) in the collected data, it is able to gain information on compliance against additional regulations such as Persistant Organic Pollutants, The Toxic Substances Control Act, Proposition 65 and more.

2.12.10 The Zero Carbon Project (SSI #3)

The Company aims to achieve 25% absolute reduction in carbon emissions across its entire value chain by 2030 and Net-Zero emissions across the entire value chain by 2050. This means that all Schneider upstream suppliers need to transition towards clean energy. Reaching this ambitious target is a long-term transformative process. As a first step and to onboard the suppliers, Schneider Electric launched The Zero Carbon Project in 2021, which aims to cut 50% of operational carbon emissions from the top 1,000 suppliers by 2025 (SSI #3). At the end of 2023 SSI #3 achieved a 27% performance and has laid the ground to accelerate decarbonization in the coming years.

Read more details on The Zero Carbon Project in chapter 3 on **page 88**, and in chapter 7 on **page 200**.

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

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

Green Materials (SSI #4)

An important element of Schneider Electric's Net-Zero transformation is the elimination of the embedded carbon in purchased materials. This is a challenging undertaking as low-impact raw materials would often need to be co-developed. This requires strategic collaboration between suppliers, R&D, engineering, environment, and business teams, to ensure critical criteria are met. Schneider Electric launched a green material program to increase the proportion of "green material" in Schneider products to 50% by 2025 (SSI #4).

The scope of this initiative includes about 30% of Schneider's procurement volume and includes the following materials:

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

Other materials such as fabricated steel components, other non-ferrous metals (such as copper, silver or brass), and thermoset (direct and indirect), will be considered for the next phases. At the end of 2023, 29% of materials in scope were qualified as "Green", following specific criteria.

Sustainable Packaging (SSI #5)

Since 2021, Schneider Electric is implementing a Sustainable Packaging program, which aims at ensuring all cardboard used in the packaging of Company products are recycled and all single-use plastics are phased out by 2025 (SSI #5). To achieve this transformation, a two-pronged approach is deployed. On one hand, a cross-functional team is deployed across business units to review the packaging design, and explore and authorize the use of alternate materials for packaging; on the other hand, Procurement teams across regions engage with suppliers to ensure the deployment of the roadmap by the suppliers to meet the prescribed requirements.

Dedicated categories of packaging material were included, resulting in 63% of the packaging spend in scope attributed to sustainable packaging at the end of 2023, vs. 45% in 2022.

Read more details on the Green Materials and Sustainable Packaging programs in chapter 4 on **page 118**, and in chapter 7 on **page 200**.

2.12.12 Decent work

Supply chains help companies leverage global capabilities and benefit from collective genius; at the same time, 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 inequality is prominent is the working conditions and rights available to the workers in their workplace. 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 extent and severity of the crisis requires a systematic, preventive approach and not mere 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 aims to ensure that any opportunity of work, extended to the employees is, productive and delivers a fair income, and provides security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize, and participate in the decisions that affect their lives, and equality of opportunity and treatment for all individuals. The program takes inspiration from principles of decent work promulgated by the ILO and also leverages concurrent issues, to make it comprehensive.

Implementation

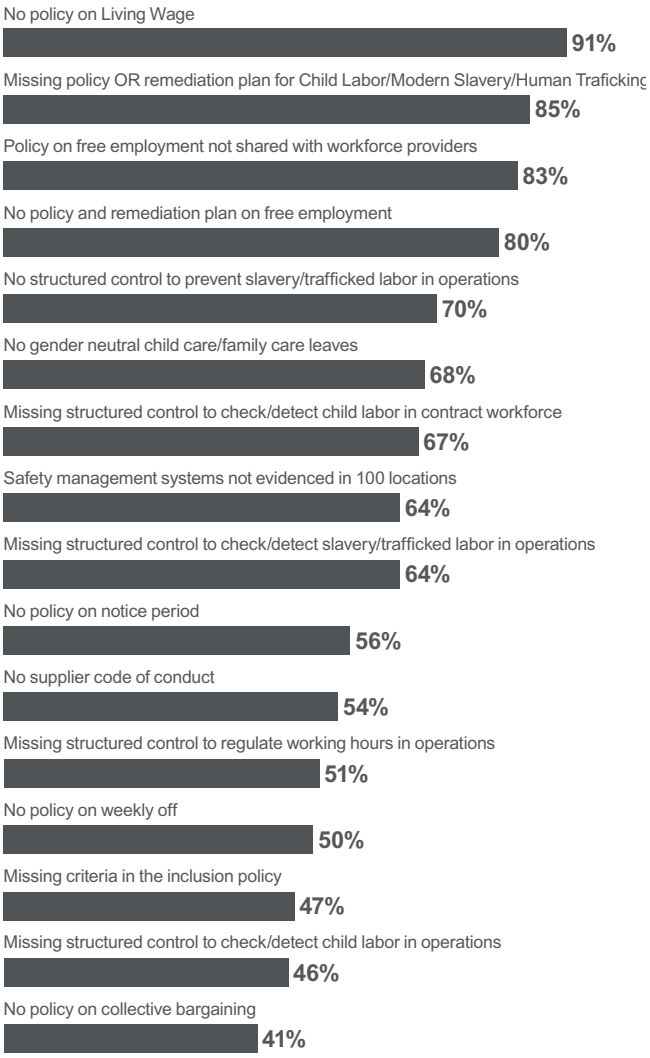
The scope of the program includes strategic suppliers across direct (also known as production) and indirect (known as non-production) procurement.

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

The evaluation of supplier performance is 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. Specially equipped reviewers assess the supplier responses, including the evaluation of the accompanying documentation. The reviewers come from within Schneider Electric as well as third-party agencies who specialize in similar evaluations. 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 better engage suppliers and identify the common areas of improvement for deploying more effective supplier capacity building initiatives, the responses were analyzed. Below is the summary of the most frequent gaps identified during the year.

Most frequent Non-conformances



Owing to the dynamic nature of the supplier categorization, Schneider Electric reviews the list of eligible suppliers on an annual basis and ensures inclusion of relevant suppliers in the program. In addition to English, the program requirements are also translated into Mandarin, including trainings to ensure adequate coverage for suppliers.

2.12.13 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);
- Disabled-Owned Business Enterprise (DOBE);
- Minority-Owned Business Enterprise (MBE);
- Women-Owned Business Enterprise (WBE);
- Historically Underutilized Business Zone (HUBZone), and
- LGBTQ+-Owned Enterprise (LGBTBE).

Trust

SSI #6

Our 2025 Commitment

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

As of December 2023, 802 strategic suppliers are invited to participate in the Decent work program, out of which 683 suppliers are successfully onboarded and invited to respond to the questionnaire, which has been shared with them. 536 suppliers responded to the survey. It takes multiple rounds of review, engagement, clarification and capacity building with each and every supplier to ensure all the parameters are successfully met. By end of 2023 over 168 suppliers were classified as conforming to the stage 1 requirements of the program..

Our progress

As of end of December 2023, the Group is on target to spend more than 7% of its total US Procurement spend with uniquely diverse businesses. This represents an increase of nearly 3% vs. 2022. 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 2023, Schneider Electric enhanced its Supplier Diversity program in the following ways:

- 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.

2 Driving responsible business with Trust

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, and adequate child care). Work environment should act as a leveler/equalizer and not augment the disparity.

2.12.14 Social Excellence program

In its efforts to strive towards more social excellence in its supply chain, Schneider Electric is relying on the Duty of Vigilance and Decent Work programs. In addition, the Group is also experimenting other means to go further and expand its coverage beyond tier 1 suppliers.

To that purpose, in 2023, Schneider Electric has initiated three other pilot initiatives as part of the Social Excellence program:

- Upstream mapping of suppliers: identifying suppliers beyond tier 1 and using a tool allowing a more direct communication, and a monitoring of crucial business, environment, and Human Rights parameters. In 2023, 170 suppliers are being processed.
- "Workers Voice" in sensitive geographies: in collaboration with 16 suppliers located in Vietnam, with the help of an expert company in digital stakeholder engagement, Schneider Electric has reached out directly to the workers employed by these suppliers, to assess the situation for a specific number of Human Rights. The first results are conclusive, as more than 1330 workers participated to the survey, which represents more than three times the minimum threshold of statistical significance.
  As this is a first pilot approach, results need to be taken with caution as we are still on a learning curve. However, to share our first obervations, we can note the following:
  - On the positive side, observed that 88% of workers reported that they feel treated with respect, 92% that they are entitled to pay leave when sick, and 91% understand and have a clear copy of their work contracts.
  - Regarding areas that require additional attention, 20% of workers reported that they have already witnessed sexual harassment, 19% reported that the stress from their jobs affects their personal life, and 16% reported that they have already been unfairly treated or discriminated against. These areas will be followed carefully and actions will be taken in 2024 to mitigate the risks identified through this survey.
- Raw material mapping initiative: Schneider Electric has selected 8 raw materials to be studied, starting from the extraction level, and then moving along the transformation cycles. The objective is to better understand and map potential Human Rights issues present in these industries, how these may affect our portfolio of products, and what actions the Group could take to mitigate any negative impact.

2.13 Vigilance with project execution contractors

2.13.1 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 co-ordinating several project contractors (panel manufacturers, system integrators, building contractors, etc.), usually on the premises of the end-customer. These projects are primarily off-site (mostly on customer premises, existing or future), and they involve several different parties, global or local.

Therefore, relationships with contractors are specific to a contract, and not necessarily recurrent. In 2023, Schneider Electric worked with approximately 12,000 solution suppliers (with a total spend of approximately €1.2 billion).

2.13.2 Risks, impacts, 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 policies recommended by Schneider Electric on Health and Safety, as well as decent workplace, may not be properly implemented. The main risks are physical accidents and injuries, or the unfair 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.

2.13.3 Governance

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.

2.13.4 Group policy

In 2021, the Group introduced an evolution of its project decision-making process. From the moment a business opportunity is identified to the moment it becomes an official offer from Schneider Electric to the customer, a project goes through several selection milestones that ensure its technical, operational, legal, and financial feasibility. Crucial milestones have been added over the last years to that process, to reinforce its compliance to the highest ethical, environmental and human rights standards. Among the elements reinforced:

- Detection and management of any corruption or export control regulation violations during business relationships with our contractors and customers through automated third-party screening. In 2023, Schneider Electric has developed a new capability to automatically screen all legacy and continuous screening of new and modifications of Third-Parties for risks of anti-corruption and export control. A specific focus is put on third-party due diligence implying several steps to ensure that any risk identified is met with an adequate risk mitigation action. For more information, please see sections 2.10 on page 68, and 2.7 on page 64.
- Early identification of the environmental and Human Rights risks that the project may create for the ecosystems and communities potentially affected. This risk assessment can be reinforced by an expert third-party report whenever needed. The risks are prioritized and escalated through the selection process to ensure that any decision is consistent with the highest ethical and Human Rights standards, and that any project execution plans for the adequate prevention and mitigation actions to be implemented. In 2023, around 80 projects have been subject to this process as part of the test pilot. In 2024, this process will be applied to a larger number of projects.

2.13.5 Actions and impacts

Out of the 12,000 solutions suppliers, Schneider Electric has identified about 140 solution suppliers categorized as “high risk”. Since 2018, around 90 of those suppliers have been audited, with 12 audits performed in 2023 leading to Schneider raising 121 non-conformances. Out of these non-conformances, 12 were assessed as “top priority” for 4 suppliers.

The most recurring non-conformances with high-risk solution contractors are related to management systems, in particular in terms of establishing adequate management reviews and defining responsibilities for implementation of management systems.

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.

2.14 Ethical relations with downstream stakeholders

2.14.1 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.

2.14.2 Risks, impacts, 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 (18 formally reviewed so far) 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.

2.14.3 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.

2.14.4 Group Policy

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.

Vigilance with local communities complements other actions aimed at building ethical relationships with downstream stakeholders, such as:

Customer Screening Program

Schneider Electric performs automatic risk-based due diligence on its clients and projects, involving risk assessment, screening, investigation, review, or audit to verify facts and information. This covers export control and compliance risks (sentences or adverse media hits related to act of corruption, bribery, fraud, money laundering, or unethical practices). The due diligence implies several steps, which form an end-to-end process ensuring that adequate risk mitigation actions are handled, including but not limited to terminating the relationship and blocking any related payment.

Business Agents Process

Before entering into a relationship with a Business Agent, all Schneider Electric entities must ensure that the designated Business Agent is adequately evaluated, screened, and approved in accordance with the process set forth in the Business Agent Policy. Management must carefully select, appropriately monitor, and continuously manage its Business Agents throughout the entire course of a business relationship.

Sponsoring & Donations Screening

Compliance due diligence is the process that involves risk and compliance check and conducting a review to verify facts and information about a particular subject or entity. Specific policies were deployed regarding Donations (Philanthropy Policy) and Sponsoring (Sponsorship Policy).

2.14.5 Vigilance with 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, due to the fact that Schneider is usually located in large, urban, or peri-urban areas. Factories 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 risks can also have positive impacts, as it is part of Schneider Electric's policy to include local parameters in its Sourcing Policy: providing employment, including using a percentage of local companies and contractors for services (catering, maintenance, etc.).

2.14.6 Vigilance with 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, and 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 40 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

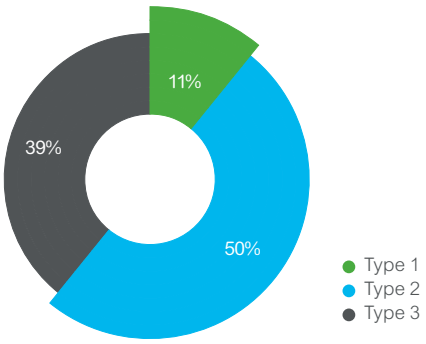
Evaluating the impact for selected sites

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.

As of end 2023, 18 projects have been reviewed and results can be summarized as follows:

Breakdown of projects by type



Type 1: 2 projects – Schneider operating as the main contractor

- Renovation of Medium Voltage electrical substations.
- Very large city, dense urban area.
- Sites already existing, limited surface (1 building).
- Limited civil work (refurbishing) in a closed area.
- Almost no impact on population living nearby (2 days street closing).

Type 2: 9 projects – Schneider as one of the suppliers to a large contractor or customer

- 4 projects are Medium Voltage equipment ex-works delivery: no presence on customer site.
- 2 projects are reinforcements of safety systems on existing mining sites.
- 3 projects are very large new projects on land.
  - 2 are for a customer expanding a refinery
    - Large civil work on previously unoccupied land.
    - End-customer and local authorities are in charge on site.
  - 1 is for a customer building an irrigation network for agriculture.
    - Location in a semi-desertic area – no population living on site.

Type 3: 7 projects

- Projects are mostly software systems, that do not involve any on-site work as there is no hardware to deliver and install.

Although this analysis is done on a limited sample, it points to the following conclusions:

- A large majority of Schneider projects are having limited impact on local communities as they are either:
  - Not located close to any populated area;
  - Taking place on already built facilities;
  - Delivered ex-works to the client, with no on-site involvement from Schneider;
  - Involving software offers only, that are entirely delivered remotely.
  - A minority of projects involve large civil works on-site, that may affect the local environment or local communities. This almost only happens when the end-customer is conducting a complex and highly specialized project (refinery, factory, extraction site, etc.). In these instances, Schneider is only one of the several vendors, and does not handle relations with local population. In such cases however, Schneider wishes to apply the highest level of ethical and responsible commitment in its relations with the end-customer to ensure that the project complies with high sustainable and ethical standards.

Focus on EACOP project

EACOP (East Africa Crude Oil Pipeline), along with the Tilenga project, is operated by a joint venture between two states (Uganda, Tanzania), and two private companies (CNOOC, TotalEnergies). It consists of several extraction sites, and a pipeline to connect these sites to a port on the Indian Ocean coast.

The Group provides equipment for the supervision and safety of the infrastructure and contributes to the integration of renewable energy sources to reduce the CO_2 emissions.

Schneider has commissioned an independent third-party expert, to conduct a risk assessment based on the International Finance Corporation performance standards on Environmental and Social Sustainability. The assessment has been updated with the status of discussions with the EACOP joint venture, local stakeholders (Individuals or NGOs) and Total Energies. In addition Schneider Electric organized a field visit on the project site (in Uganda and Tanzania), led by its Chief Compliance Officer.

Based on these assessments and observations, Schneider Electric estimates that EACOP joint venture, local authorities and local stakeholders are addressing the Environmental and Human Rights concerns raised by certain local stakeholders and media oulets. As the project continues, Schneider Electric will continue to engage with stakeholders and to monitor relevant remediation actions.

Overall, Schneider Electric is confident that the work with EACOP is consistent with its ethical and sustainability standards.

3 Leading on decarbonization

In this section

Context and Group's commitments

2023 was the hottest year on record, and this time, by a lot. The European Union's Copernicus Climate Change Service announced that January 2024 marked the first time that the global average surface temperature exceeded 1.5°C above pre-industrial levels during a 12-month period. The breach of 1.5-degrees may be temporary, but it shows the unprecedented challenge required to keep warming to the 1.5°C Paris Agreement target. The Intergovernmental Panel on Climate Change (IPCC) AR6 Synthesis Report[1] also pointed out in March 2023 that the pace and scale of what has been done so far, and current plans, are insufficient to tackle climate change. Urgent and more ambitious action and a commitment to work together to enable system-wide transformation are needed to deliver the enormous cuts in emissions and the innovation necessary to limit GHG emissions by 2030. If we act now, the report underscores, we can still secure a livable sustainable future for all.

We all need to do more within an increasingly limited amount of time. It is encouraging to see now over 4,500 companies with reduction targets approved by the Science Based Targets initiative (SBTi). For Schneider Electric, it's been more than one year since the company Net-Zero targets, were validated by the SBTi, in line with their "Corporate Net-Zero Standard". And as one of the first companies with targets aligned with science, it requires to work through the challenges, while celebrating the successes, learning, and sharing lessons learned to contribute to the broader understanding of what it will take to accelerate progress. By working with its stakeholders across all areas of influence, the Group is accelerating its action to reduce its environmental footprint across its entire value chain, and beyond.

Schneider Electric works with its partners to inspire change through the communities it works in, through helping push scientific and technological progress and innovation, and using its voice with governments, institutions and NGOs to inspire meaningful change through policy evolution and ultimately driving together the broad societal transformation the world needs in order to tackle climate change.

2023 is the first year in which Schneider Electric achieved a year-over-year reduction in its CO_2 emissions across all Scopes. The granular numbers tell an interesting story about the levers for progress, from individual actions to innovations implemented by the company, the influence it exerts, the commodities it purchases, to the speed at which the world is making the transition to clean energy and the improvement in the data used for carbon accounting.

Starting 2024, Schneider Electric looks to accelerate progress across all of these dimensions: continue to speed actions to further slash emissions in operations, accelerate support for suppliers in scaling the opportunities for high-integrity green materials, advance the work with external stakeholders to accelerate grid decarbonization and drive deeper emissions reductions from the use of the products the company sells, and use the company voice and expertise to support efforts aimed at tackling remaining carbon accounting and measurement challenges. Creating certainty in carbon measurement, paired with enhancing data availability and standardization will allow companies to count carbon accurately and consistently, and will ultimately give everyone the foundation needed to accelerate progress.

"At Schneider Electric, we take full measure of the incredible challenge posed by climate change, as well as the urgency and responsibility to accelerate action, to innovate, and to transform our economies and societies. As we approach the middle of this crucial decade, we will deepen our work with others across and beyond our value chain to push the boundaries of what's possible, to slash carbon and to accelerate the conditions for progress."

Xavier Denoly,
SVP Sustainable Development

(1) IPCC. 2023. Synthesis Report of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

Progress of our Climate commitments

Schneider Sustainability	#	2021-2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	1.	Grow Schneider Impact revenues[3]	2019: 70%	74%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	2020: 263M	553M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operations	2020: 0%	27%	50%
Essentials (SSE)	1.	Decarbonize our operations with Zero-CO_2 sites	2020: 30	101	150
	2.	Substitute relevant offers with SF6-Free medium voltage technologies	2020: 26%	60%	100%
	3.	Source electricity from renewables	2020: 80%	88%	90%
	4.	Improve CO_2 efficiency in transportation	2020: 0%	1.6%	15%

These programs contribute to UN SDGs

(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 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, (for more information, please refer to the 2023 Universal Registration Document).

2023 Highlights

Schneider Electric is on the CDP Climate Change A-List for the 13th year in a row.

The Zero Carbon Project won the CIPS Excellence in Procurement Award as the Best Commitment to Decarbonization in Supply Chain.

In October 2023, The Zero Carbon Project won the Sustainable Supply Chain Award at the World Sustainability Congress by Sustainability Leaders with special focus on Accelerate Zero Carbon Workshops.

Long-term roadmap

2025 → 2030 → 2040 → 2050

- **Carbon neutral operations**
- **25% absolute GHG emissions reduction across the entire value chain from a 2021 baseline**
- **"Net-Zero ready" operations**
- **Carbon neutral across the entire value chain (Scopes 1, 2, and 3), including carbon removals**
- **Net-Zero CO_2 emissions across the entire value chain**

3.1 Climate risks, opportunities, and impact management

The Intergovernmental Panel on Climate Change (IPCC) indicates the last decade has witnessed temperatures higher than any in the past 125,000 years. This is affecting every region of the world, manifesting as rising sea levels, increasingly extreme weather events, rapidly melting sea ice, and declining biodiversity and natural resources. The changes in climate are unprecedented when compared to patterns observed in past centuries and millennia, and further warming will continue to amplify these changes[1].

Beyond environmental consequences, climate shifts also impact society, contributing to the loss of livelihoods and businesses, escalation of health emergencies, and displacement of populations. Schneider Electric has embedded climate-related risks reviews into its decision making, to mitigate risk exposure and ensure resilience.

3.1.1 Risks, opportunities, and impact assessment and adaptation measures

Schneider Electric proactively identifies and measures climate-related risk and opportunity to assess existing and potential impacts to its business, operations, and value chain. This approach encompasses enterprise risk management and climate risk, and vulnerability assessments leveraging on scenario analysis.

The enterprise risk management of climate-related risk and opportunity is a domain specific review led by environmental experts, overseen by the Group Risk Management department and the Internal Audit department. The risk and opportunity assessment covers acute and chronic climate physical risks, legal and regulatory risks and opportunities linked to current and emerging climate regulations, as well as market, technology, and reputational risks and opportunities linked to changes in customer behaviors.

In 2023, the Group performed a forward-looking climate risk and vulnerability assessment with an independent third party to identify and price the materiality of physical and transition climate risks that may affect the Group's 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. In this study, climate risks are quantified under different emissions pathways between 1.5°C and >4°C temperature rise by 2100. Five emissions pathways were considered: SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6, and SSP1-1.9 by 2025, 2030, and 2050.

The Group identifies climate-related risks and opportunities and devise measures for management and mitigation. Schneider references guidance from the Task Force on Climate-related Financial Disclosures (TCFD) to classify its climate-related risks and opportunities into two major categories:

- **transition:** risks and opportunities related to the transition to a lower-carbon economy, and
- **physical:** risks and opportunities related to the physical impacts of climate change.

Transition risks and opportunities

Governments, public institutions, and society are responding to this climate crisis in implementing more stringent regulations and redirecting investments toward low-carbon alternatives. Regulatory, legal, and behavioral changes, and the evolving competitive landscape can present risks for companies delaying their transition to a low-carbon economy or companies highly exposed to sectors slowing down this transition.

Policy: As climate urgency intensifies, regulation appears to be a key lever in driving a faster and more co-ordinated transition. While the EU is framing its transition through the European Green Deal, with policies aimed at driving faster carbon reduction through Fit for 55, enhancing its capability for high-quality carbon removal through the Carbon Removal Certification Framework (CRCF), and enhancing manufacturing and digital capacity in industries, through the proposed Net Zero Industry Act, the Inflation Reduction Act (IRA) in the USA aims to steer capital towards clean energy, transportation, and industry, mainly through tax credits. A number of governments have introduced or are contemplating regulatory changes to address climate change. For example, emissions trading systems, which establish a market price for emissions, are now implemented or scheduled for implementation in multiple large emitting countries including China, Australia, EU member states, Canadian provinces, and several states within the USA. Carbon taxes, which represent tax rates on greenhouse gas (GHG) emissions, are also implemented or scheduled in many countries, including Mexico, Columbia, Argentina, South Africa, and Japan. The outcome of climate regulations may result in additional requirements and fees or restrictions on certain activities or materials, impacting primarily companies slowing down this transition but creating as well opportunities for companies leading this transition towards a low-carbon economy.

Schneider Electric anticipates possible financial impacts of future carbon emission costs by working to address both its operational and value chain footprints. Given the relatively low level of Schneider's Scope 1 and 2 emissions in its carbon footprint, carbon pricing mechanisms primarily present the potential for indirect impacts. Among others, it could result in higher raw materials and manufactured components costs, and increasing costs incurred by consumers during the use of sold products.

(1) IPCC. 2022. Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

The EU Taxonomy, as a cornerstone of the EU's sustainable finance framework, helps direct investments to the economic activities most needed for the transition. In 2023, 89% of the Group's revenues came from economic activities listed in the EU Taxonomy as able to contribute substantially to at least one of the six environmental objectives listed in the regulation. Although Schneider's proportion of revenues aligned with the EU Taxonomy is at 31%, its high share of revenues eligible demonstrates the prominence of Schneider Electric's markets in the transition towards a sustainable economy. This transparency tool represents an opportunity for the companies of the sector who are leading on sustainability, to reinforce trust with stakeholders, to ensure access to green financing with potentially favorable terms and finally to attract and retain environmentally conscious customers, partners, investors, and employees[1] (see details in section 7.2 on page 211).

As a sustainability-leading company, Schneider Electric supports shaping climate policies that can move industries and the world forward. The Group monitors policy risk and is committed to keep its position as a company leading in sustainability to capture associated opportunities through various strategies. Several examples include but are not limited to the following:

- Achievement of Schneider Electric's climate goals, which in turn reduces risk exposure to future changes in carbon prices.
- Incorporation of an internal or shadow price for carbon to understand the potential impact of external carbon pricing on its portfolio's resilience to climate scenarios. The Group internal shadow price is meant to inform the Group's climate strategy and incentivize low-carbon innovation. Also the Group assesses marginal abatement costs (additional cost per ton of CO_2) of some specific decarbonization actions or programs, in order to determine what are the most cost-efficient ones. Schneider uses different carbon price scenarios, varying from EUR 50 - 130/ton (depending on time horizons).
- Management of the legal and regulatory environment to stay abreast with regulatory developments and anticipate future changes, including Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Taxonomy.
- Climate policy advocacy to advance the world's carbon reduction efforts. Read more about this page 114.

Market: The growing demand for low-carbon products and services generally presents a significant business opportunity for Schneider Electric. The Group already explores ways to improve the efficiency and emissions profile of existing products with innovations, such as SF_6-free medium voltage switchgears (read more on page 107). The low-carbon transition can present risks with potential financial impacts for companies delaying the change, as well as opportunities for sustainability leaders. For example, consumer preferences may change and further veer toward environmentally sustainable alternatives. This is a critical element of the Group's sustainability impact goals and ecodesign strategy. In 2023, 74% of the Group revenues qualify as Impact revenues.

Additionally, maintaining industry-leading offers for more efficient, low-emission products and services that support the transition to a low-carbon economy requires adapted investments in research and development (R&D). Schneider Electric invests about 5% of its annual revenues in R&D each year and as outlined during its 2023 Capital Markets Day, expects a step-up in strategic R&D investments over the coming years towards 7% of turnover in R&D. This also includes sharp focus on product quality and performance to prevent potential trade-offs associated with our products' enhanced sustainability profile.

Reputation: Customer sentiment can be influenced by companies' actions or inaction to mitigate and adapt to climate change.

Schneider has been working to reduce its own GHG emissions for over 15 years and continues to raise the bar, setting ambitious targets for both its operations and its value chain. The Group actively manages this risk by building and executing detailed roadmaps for its targets and collaborating with its stakeholders through initiatives such as The Zero Carbon Project.

In addition, the Group remains diligent in protecting brand reputation through accurate and transparent communication and marketing. In 2023, as litigation and legislative developments surrounding green claims rose, and public focus on greenwashing heightened, Schneider Electric sharpened its focus on environmental claims and language used regarding sustainability (see details in section 4.3.5 on page 127).

Although additional measures were implemented in 2023 in response to emerging green claims and greenwashing regulations, reputation management has always been a focus, through:

- continuously monitoring Schneider's sustainability performance and revising strategy to adapt to regulations, and customer demand;
- maintaining robust internal and external controls to ensure information verification and accuracy such as third-party assurance of emissions data and internal audits of sustainability information and processes;
- consistently and transparently disclosing sustainability performance to our stakeholder, across all environmental, social, and governance topics, and
- collaborating with relevant stakeholders to develop and strengthen regulatory frameworks, advance standards to create common methodologies to measure the environmental footprint of products, and improve corporate carbon accounting.

Technology: As the global economy transitions towards a low-carbon future, technological innovation will accelerate the impairment of fossil-fuel intensive assets.

Schneider Electric is committed to be "Net-Zero ready" in its operations by 2030 (see details in section 3.5 on page 101), launching several transformations to deliver on this target:

- 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), and
- shift one-third of corporate vehicle fleet to electric vehicles (EVs) by 2025 (SSE #7), and 100% by 2030 (EV100).

(1) EY. 2023. Why organizations should stay the course with their EU taxonomy reporting.

3 Leading on decarbonization

Physical risks and opportunities

The immediate effects of climate change, known as acute physical risks, can manifest as more frequent and severe natural hazards, such as intensified hurricanes or floods. These incidents are clear examples of how climate-related factors can cause financial impacts on companies. Extreme weather events not only directly affect the Group's operations but also impact crucial infrastructures like power plants, electrical grids, data centers, and transportation networks.

In the long term, the severity of physical impacts will vary based on society's ability to reduce human-induced climate change. However, even with mitigation efforts, the IPCC is highly confident that climate change will lead to numerous risks for natural and human systems beyond 2040[(1)]. It's crucial to prepare for potential intensifying impacts by considering various scenarios, understanding that some degree of impact is inevitable despite efforts to combat climate change.

Schneider Electric has over 300 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. In addition, impacts from chronic environmental changes like average temperature increase could expose some of our sites to drought and increased water stress. These impacts could result in damage to assets, disruption to business operations, as well as human and environmental consequences.

Damage to property and assets: Physical risks resulting from climate change can have financial implications for the Group such as direct damage to property and assets. As a result, climate and weather-related risks are part of the Group's Business Continuity & Risk Management program, leading to preventive investment to secure assets and adapt to material climate and weather risks.

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

GRC measures and weighs:

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

Schneider's industrial and logistics sites worldwide are evaluated every three years. Risk profiles of each site are then regularly updated, and recommendations of adaptation measures are made to mitigate identified risks.

The Group deploys protection measures to mitigate or avoid the risks. For example, Schneider committed for 100% of its sites in water-stressed areas to have a water conservation strategy and related action plan by 2025. In addition, action plans are developed for sites with potential flood exposure. 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 more.

In 2023, several factories in France were identified with exposure to riverine flooding. As a result, the Group took the appropriate adaptation measures to mitigate risk exposure and enhance resilience:

- Development of a flood emergency response plan.
- Implementation of a flood warning protocol, including the monitoring of local weather forecast and river levels.
- Assignment of responsibilities, including designations for safe de-energization and shut-down procedures should an event occur.
- Development of a recovery and clean-up plan with personnel designated responsibilities in co-ordinating post-flood salvage and arranging emergency utility equipment.

The Group maintains robust protocols and response measures if a weather incident should occur. Through its Property Damage and Business Interruption program, aligned with the ISO 22301 standard, Schneider Electric outlines substantive risks on the business and ensures crisis management, from the initial phase following an incident all the way to the recovery of activities.

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 EUR 28 million in 2023.

Supply chain disruption: Extreme weather events and changing climate patterns also present potential risks for the Group's supply chain; in particular, material shortages and logistics bottlenecks in the upstream and downstream. Climate-related supply chain disruptions could translate directly into revenue losses, higher costs, and increased working capital requirements. Delays in production and delivery could impact customer experience.

(1) IPCC. 2022. Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

The Group monitors and tracks vulnerability to supply chain disruption through various strategies:

- Monitor events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time should events occur, and thereby minimizing business impact.
- Analyze the criticality of industrial sites. This is performed by independent experts, covering areas such as interdependency analyses, alternative supply, and time to recover in case of damage.
- The Group's Supply Chain uses a resiliency index that includes natural and climate-related hazards to assess and mitigate business interruption risks.

Results from the 2023 vulnerability assessment indicate that more than a third of the raw material streams assessed are sourced from countries with high risk of hurricanes. Schneider anticipates and responds to these types of risks with adaptation measures focusing on supply chain resilience.

Notably, the supply chain strategy called STRIVE, launched in 2021, includes an increased focus on resilience to continuously improve supply chain flexibility and agility. More than 80% of selected CapEx is engaged in the "Power of Two in Manufacturing" project, whereby Schneider 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, it can dual-source critical components from partners in different geographies to help ensure availability regardless of potential business disruptions, such as natural disasters. The STRIVE strategy aims at securing top manufacturing risks with strategic stocks, and top supply risks under a specific multi-sourcing project. In term of logistics, the Group have deployed a full business continuity plan process, moving from 20% of business securization in 2021 to 70% at the end of 2023, with the ambition to reach 80% in 2024.

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

3.1.2 Climate-related 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 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.

Schneider was one of the first companies to address this topic at the Board level with the creation of the Human Resources and Corporate Social Responsibility Committee in 2014. The sustainability strategy, including climate, is overseen by the Board of Directors with the assistance of the Governance, Nominations & Sustainability Committee (renamed as such in 2023). 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 linked to ESG criteria (for more details on compensation, please refer to section 5.4 on page 168).

Several other governance bodies are involved in this matter: the Executive Committee and its Function Committee, the Stakeholders Committee and the Sustainability department. At Group level, the Chief Sustainability, Customer Satisfaction and Quality Officer, who is reporting directly to the Chief Executive Officer, 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 overseeing the implementation of the Group's climate strategy and decarbonization roadmap, respectively focusing on the supply chain, low-carbon product design, and the decarbonization of Schneider's operational emissions.

Schneider Electric's Chief Sustainability, Customer Satisfaction and Quality 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 program, which identifies, assesses, and prioritizes risks and, through regular reporting and discussion, assists senior management and the Board on the 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 (ecodesign, 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 co-ordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design, and marketing.

3.1.3 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 four years ago, by setting up a dedicated organization, the Schneider Electric™ Sustainability Research Institute. This team, the Company think-tank on the Climate and Energy Transition, reports to the Chief Strategy Officer. A large part of its research is made publicly available on **www.se.com**.

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.

Those scenarios have been regularly updated since. For instance, in 2020, the COVID-19 short-term impact assessment was also reviewed, including the importance and feasibility of climate-compatible recovery plans.In 2021, a set of global scenarios exploring the feasibility of a 1.5°C trajectory was published externally. Since 2022, a number of regional scenarios have also been released. Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, Bloomberg New Energy Finance, and the International Renewable Energy Agency (IRENA), among others, as well as shared and discussed with these organizations.

In addition, further research efforts on decarbonization pathways per sector, policy and socio-economic implications are also published regularly to contribute to inform the debate on global decarbonization. In 2023, a dedicated analysis of climate risks interactions at Schneider Electric was also released.

The effort of this team helps to both contribute to the public debate on global decarbonization as well as inform strategic priorities across businesses and operations.

3.2 Schneider Electric's greenhouse gas footprint

3.2.1 Schneider Electric's 2023 carbon footprint

The Group calculates its end-to-end carbon footprint (Scopes 1, 2, and 3) in alignment with the Standards from the Greenhouse Gas Protocol: the Corporate Accounting Standard and the Corporate Value Chain (Scope 3) Standard.

In 2023, we obtained "reasonable" assurance from an independent third-party verifier on our Scopes 1 and 2 reported Greenhouse Gas (GHG) emissions, and "limited" assurance on our Scope 3 reported GHG emissions.

The charts below represent Schneider's 2023 carbon footprint for Scopes 1, 2, and 3, including all relevant upstream and downstream GHG emissions from suppliers and products sold.

Suppliers Scope 3 upstream	**14%**
Purchased goods and services	6.8 $MtCO_2e$
Freight	0.6 $MtCO_2e$
Other (e.g., business travels, commuting, upstream emissions from the energy sector)	0.5 $MtCO_2e$

Schneider's Operations Scopes 1 and 2	**<1%**
Energy consumption at sites (market-based approach for electricity)	0.13 $MtCO_2e$
Company cars	0.06 $MtCO_2e$
SF_6 leakage	<0.01 $MtCO_2e$

Customers Scope 3 downstream	**86%**
Use-of-sold products	44.2 $MtCO_2e$
End-of-life (mostly SF_6)	4.3 $MtCO_2e$
Freight	0.4 $MtCO_2e$

Emissions from Scopes 1 and 2 are primarily from the use of electricity and natural gas at our sites and from our Company fleet (respectively 40%, 21%, and 31% of total Scopes 1 and 2).

Scope 3 emissions represent more than 99% of the Group's carbon footprint, of which:

- **78% are due to the use phase of products (Category 11 of Scope 3 in GHG Protocol).** These emissions derive from the electricity consumption of Schneider Electric's products, primarily due to heat dissipation (Joule effect). As per the GHG Protocol standard, these emissions are not the volume of CO_2 emitted in the reporting year from the use of products sold in previous years and currently in use by customers; it is rather a forward-looking view based on sales occurring in the reporting year, and the corresponding electricity consumption of the products during their full useful life. It is worth noting that Schneider Electric's products generally have long life spans, which can be up to 30 years in calculations. The methodology is based on a lifecycle approach, leveraging the Product Environmental Profiles (PEPs) of our products.
- **12% are associated with purchase of goods and services (Category 1 of Scope 3 in GHG Protocol).** These are the upstream emissions (i.e., cradle-to-gate) from the production of products and services that the Company is purchasing in the reporting year, with the notable exception of freight services that are accounted in a different Scope 3 category. These emissions are coming from very diverse sources, given 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).
- **8% are a result of end-of-life treatment of products, and particularly end-of life treatment of SF_6 (Category 12 of Scope 3 in GHG Protocol).** These emissions primarily reflect the SF_6 gas used by Schneider in products sold in the reporting year, and that may be released at the end of products' life, a few decades after the reporting year. 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.

3.2.2 CO_2 reduction performance

Since 2021, emissions from Schneider Electric's operations (Scopes 1 and 2) have decreased by 31% in absolute, and Scope 3 emissions have decreased by 17%.

Direct emissions from Scope 1 have decreased by 20% since 2021, largely due to energy efficiency initiatives and electrification of the Group's on-site processes and fleet. In addition, targeted efforts to reduce SF_6 have yielded measurable results. On Scope 2, emissions have decreased by 42% between 2021 and 2023 , primarily due to the outstanding progress on sourcing more and more renewable electricity. All in all, on Scopes 1 and 2 collectively, the emissions have decreased by 31% since 2021.

From 2022 to 2023 more specifically, key drivers of the emission reduction (-12%) on Scopes 1 and 2 included:

- consumption behavior changes linked to the energy crisis which was drastic in 2022, but had some long-lasting effects (with gas consumption at sites in the energy reporting perimeter decreasing by 18% as compared to 2022);
- energy efficiency (SSE #5): 6.6% in 2021, 7.8% in 2022, and 13.2% in 2023; an additional modeled savings of 58 GWh compared to 2022;
- the switch to more renewable electricity consumed by the Group's facilities (SSE #3), whether directly, via on-site renewable energy or green tariffs from the utilities serving Schneider's operations, or indirectly, via unbundled and bundled market mechanisms; the share of global renewable electricity has increased from 85% in 2022 to 88% in 2023 (on the scope of ISO 14001 sites, as per the scope of SSE #3).

Scope 3 emissions decreased by 7% from 2022 to 2023:

- Upstream emissions have decreased by 10%, due to the reduction of volume of commodities being purchased, and the efforts of the decarbonization programs in the supply chain: Green Materials program which contributes to source materials with low carbon footprint, and The Zero Carbon Project which supports the decarbonization of suppliers.
- Downstream emissions, the majority of which come from the use of sold products, have decreased by 6% between 2022 and 2023. This is due to both the decarbonization of the grids that the Group's consumers rely on, and the evolution of the geographic split of sales, with a higher growth in geographies where the current and projected electricity mixes are less carbon-intensive as compared to last year. As explained in the section above, when calculating these emissions, the Group considers the products' lifetime and the projected carbon intensity of the grids where consumers are located.

The rate that Schneider can implement emission reductions is dependent on many factors that can change over time; these include our business growth and geographic distribution, supplier mix and suppliers' decarbonization journeys, and the rate of decarbonization of the grids that power the Group's products.

3.2.3 Evolving calculation methodology and data constraints

Carbon accounting is an evolving discipline where the granularity of calculation changes as new mechanisms for data collection and specifications become available. Schneider Electric regularly assesses data collection and calculation methodology for opportunities to expand data availability and enhance accuracy.

Especially, Scope 3 calculation presents an opportunity for continuous improvement for many organizations, as calculation depends on indirect, value stream emissions which are sources not owned or controlled by the Group. As specifications and availability of both activity data and secondary data change, continuous evolutions and improvements in Scope 3 methodologies can be expected.

In this context, the Group continues to support efforts that enhance data standardization and transparency. There are calculation decisions companies make with consideration to their unique circumstances, such as data type used, data collection method, and emission factors, among other choices. These variables can materially impact the calculation, and as a result, compromise the comparability and standardization of emissions data. Recognizing the opportunity for additional guidance on calculation methods, Schneider Electric has participated in 2023 in the update process of the GHG Protocol standards, and the Group is willing to engage further in this ongoing process.

Schneider Electric remains committed to transparency in disclosing how GHG emissions calculations and methodology evolve. In 2023, key evolutions in calculation methodologies included the following:

- The Group continues to work to use more granular or higher quality emission factor datasets as this is critical to support greater accuracy and reliability of GHG measurement and reporting. For instance on Scopes 1 and 2, in 2023 emission factors were updated in EcoStruxure™ Resource Advisor, the Schneider Electric solution that is used to manage environmental reporting of all ISO 14001 certified sites, in order to better take into account the various types of fossil fuels that are used. Also, it is noteworthy to mention the carbon footprint is using the latest Global Warming Potential (GWP) value of SF_6, as published by the IPCC in its 6th Assessment Report available in January 2024. This change impacts emissions sources under Scope 1 and Scope 3
- In 2023, there was an improvement of calculations for emissions under Scope 3, Category 1: Purchased Goods and Services. The Group incorporated data collected from suppliers, and particularly from plastics suppliers, to leverage both the Green Materials program and The Zero Carbon Project. Also there is growing momentum about supplier specific carbon footprints of products, and the Group is supporting this trend by proactively engaging in the PACT Pathfinder initiative from the World Business Council for Sustainable Development (WBCSD). This is described in the section below.

- In terms of digital tools, in 2023 carbon accounting was migrated to new systems for two Scope 3 categories, Category 4: Upstream Transportation and Distribution, and Category 6: Business Travel. The shift to new systems for these aspects of the emission footprint enhanced calculation coverage and accuracy. For instance, the vast majority of freight paid by Schneider Electric is now incorporated in a dedicated CO_2 reporting tool called Sightness. The Sightness system provides a more robust data collection and analytical capability, as well as the integration with the EcoTransIT World emissions calculation engine to determine GHG emissions. This calculation engine is a globally recognized calculator, conformant with the accounting framework from the Global Logistics Emissions Council (GLEC). Into Sightness, granular shipment-by-shipment data are consolidated, directly from the shippers themselves and GHG emissions are calculated on the full well-to-wheel perspective of transportation (while the Greenhouse Gas Protocol standard requires the tank-to-wheel emissions to be reported)
- Also, the Group is keen to support demand for low-carbon commodities and products, and hence explores ways to reflect the corresponding CO_2 savings in the GHG inventory. For instance, with Sustainable Aviation Fuel (SAF): as part of the decarbonization approach to air transportation, the Group is committed to replace at least 5% of conventional jet fuel use with Sustainable Aviation Fuel (SAF) by 2030, as per the World Economic Forum (WEF) First Movers Coalition. In 2023 the Group started to source SAF and explored ways to source maritime biofuels as well, while the GHG Protocol does not explicitly allow, nor forbid, to reflect the corresponding CO_2 savings in the Scope 3 emissions. This will be one very desirable outcome of the ongoing update of GHG Protocol standards to bring clarity and guidance on how to factor in the decarbonization effects of sound market-based mechanisms.

3.2.4 Collaborating with suppliers to tackle Scope 3 upstream emissions through Product Carbon Footprints (PCF)

The calculation of Scope 3 Category 1: Purchased Goods and Services, involves integrating both volume-based activity data and expenditure records. Indeed, volume-based activity data is leveraged as much as possible, but procurement spend is used when volume is not available or does not have enough global coverage. In the 2023 reporting period, 43% of emissions from procurement were derived from volume activity data, particularly for materials like steel and plastics. The remaining 57% relied on spend-based calculations, notably for complex product categories like electronics and services, encompassing diverse subcomponents. Emissions factors are based on detailed analyses at the commodity level, utilizing databases like the French Environment and Energy Management (ADEME) or Environmental Improvement Made Easy software (EIME) to identify suitable factors. When calculating spend-based emissions, adjustments are made to neutralize the inflationary effects, since inflation itself does not directly contribute to additional indirect emissions.

Product emissions data directly from suppliers is what the Group is striving to receive at scale, but most suppliers are not able to calculate a PCF, nor a broader environmental lifecycle assessment (LCA) today. While Schneider Electric captures some PCFs, specifically from some plastics suppliers and will work to expand the number of PCFs that are received.

Yet capturing product-level emissions data for most of the procurement is pivotal to addressing Scope 3 upstream emissions. To support this endeavor, Schneider Electric joined a pilot from the World Business Council for Sustainable Development (WBCSD) to partner with select suppliers, understand their challenges in providing product data, and accelerate carbon reduction efforts. The pilot involved creating a partnership with select suppliers, selecting an IT tool for data exchange, getting PCF data aligned with the WBCSD Pathfinder Framework from the suppliers and learning about a variety of issues that inhibit the scaling of data exchange. The first phase of the pilot is in its final stages, and it is anticipated to receive the first batch of supplier data in early 2024. Phase two of the pilot will involve even deeper collaboration with suppliers and exploring ways to support them in capturing primary data from their own suppliers.

The pilot program has provided valuable insights. Key areas on which valuable experience was gained include:

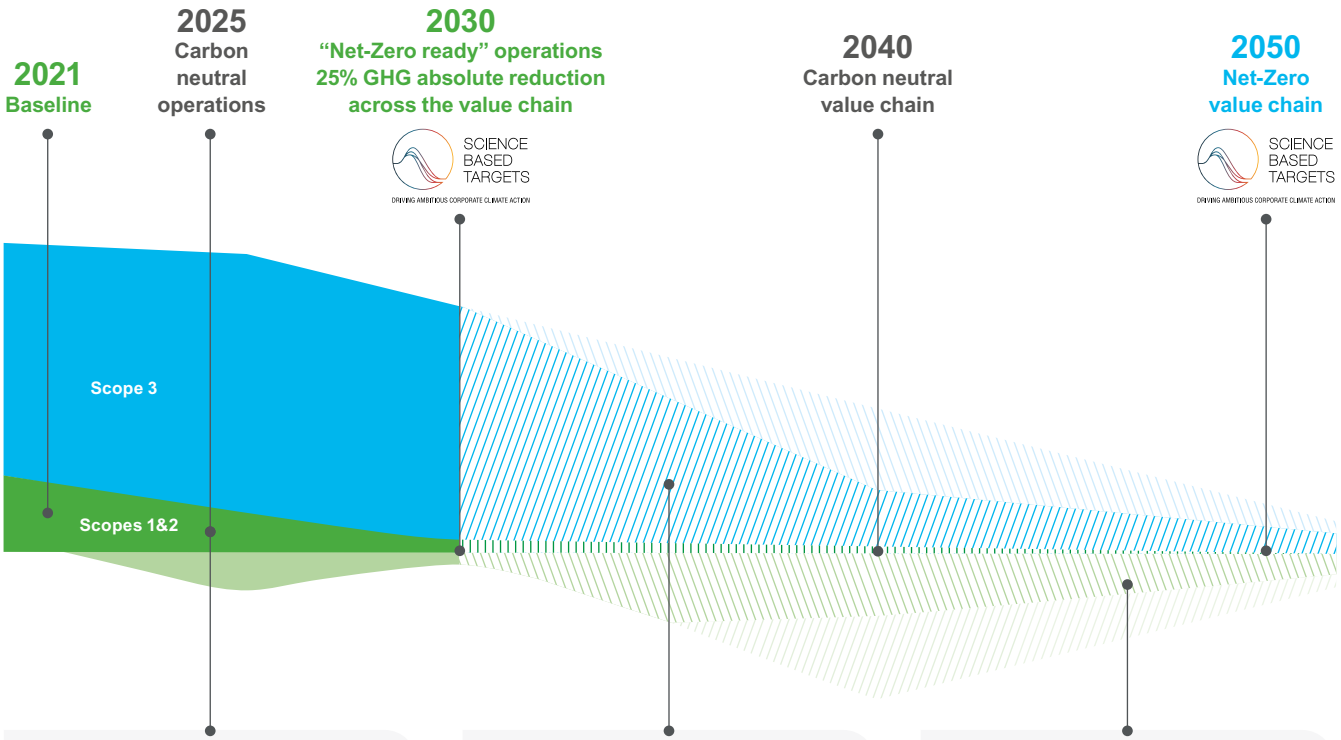
- Understanding the challenges faced by suppliers in computing and providing product environmental data. Not all suppliers currently calculate product emissions, emphasizing the significance of this collaboration.
- Gaining further insight on confidentiality and data utilization, which can present significant barriers to widespread data exchange. Through the pilot, the Group have undertaken the necessary due diligence and familiarized itself with the technological underpinnings facilitating this exchange, including insights from WBCSD's Pathfinder Framework.
- Deepening partnerships with suppliers. The exchanges Schneider is engaged in are opening other sustainability opportunities to collaborate and enabling peer-to-peer discussions to accelerate progress together.

The need for product environmental data from suppliers continues to increase due to accelerating needs to decarbonize along with regulatory and customer demand. The widespread calculation and sharing of PCFs is an important step towards the eventual calculation and sharing of LCAs and Schneider Electric is proud to be a leading company exploring how to achieve scale. More about our efforts can be read about on the **WEF webpage**.

3.3 Schneider Electric's Net-Zero commitment

In August 2022, Schneider Electric was one of the first companies to see its 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 balance residual emissions with high-quality and high-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 areas above and below the horizontal line are symmetrical, meaning the emissions that are not reduced are to be balanced with an equivalent amount of carbon removals credits of high-quality and high-durability by 2050 at the latest.



Scope 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 in:

- 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 credits

Progressively balance residual emissions with high-quality carbon removals

The more GHG emissions are reduced, the less residual emissions there are.

Residual emissions must be balanced with high quality and high durability removals.

From 2040 onwards, carbon removals credits shall equal residual value chain emissions

Scopes 1&2 emissions ● Scope 3 emissions ● Carbon removals ●

The diagram above is for illustrative purposes.

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 SAF by 2030 (WEF First Movers Coalition), and
- 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 and 2 by 76% from a 2021 base year (equivalent to a 90% reduction compared to 2017) and balance 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), and
- shift one-third of corporate vehicle fleet to EVs 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 balance its residual emissions with high quality carbon removal, 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 balance residual Scopes 1 and 2 GHG emissions which have not been reduced with high-quality carbon removal credits, aiming for like for like balacing in terms of both origin and gas lifetime, in which only high-durability carbon removal can be used to balance residual fossil fuel emissions. Similarly, by 2040, the Group aims to balance its residual emissions with high quality removals. high quality removals will be determined by regulation, as the concept of like for like is emerging in the EU.

Since 2011, Schneider has invested in the Livelihoods Carbon Fund (LCF) and renewed its engagement with the LCF2 and LCF3 funds. These funds invest into three kinds of projects generating both avoidance and removal credits and 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 balance the Group's GHG emissions, but some reflected contribution investments connected to the Schneider Electric Paris Marathon.

Read more about Livelihoods Carbon Funds in **section 6.2.5 on page 184**

To fulfill Schneider's Net-Zero targets, solely carbon removal will be used to balance the Company's residual emissions. Any avoidance credits are part of Schneider beyond the value chain contribution.

The past year has seen important developments related to policies clarifying standard definitions regarding high-quality criteria for carbon removal (e.g. EU Carbon Removal Certification Framework), guidance related to the use of credits for balancing residual emissions (proposed Green Claims Directive), as well as updates to voluntary guidelines from SBTi and Oxford Principles on Beyond the Value Chain Mitigation and scaling carbon removal in line with the latest science, all of which will help guide and advance our work to define the nature and composition of the Company's carbon removal portfolio.

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. It is noteworthy to mention that emissions from use phase of software are not modelized specifically in the Group's GHG inventory.
2. 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. 5.6% of turnover (about EUR 2.0 billion) was invested in 2023, and the Group announced a step-up in strategic R&D investments in the coming years up to 7%, as communicated to the capital markets.
3. The decarbonization of the Group's own operations, by investing progressively in energy efficiency, site electrification, renewable energies, and electric chargers for company vehicles. In 2023, the Group has communicated to the capital markets that the remaining cumulative investments needed until 2030 would be about EUR 400 million.
4. The decarbonization of the Group's upstream supply chain: during 2023, long-term capital expenditures have been assessed for the main transformation programs on Climate (SSI #3) and Resources (SSI #4 and #5). As a result of this assessment, no significant capital expenditures are foreseen on these areas.

Mergers and acquisitions

In 2023, Schneider Electric acquired EcoAct. This acquisition is in line with the Company's ambition to bring digitization and sustainability together. EcoAct's portfolio of net-zero and nature-based products and services, including consulting, climate data tools, and carbon offset project development, will expand and accelerate Schneider Electric's capabilities to provide end-to-end solutions that lead organizations through the net-zero transformation and beyond.

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, and
- monitor investments to decarbonize its own operations, notably for Zero-CO_2 sites (SSE #1).

This process has improved 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 is 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 16 years, since the creation of its internal Green Premium™ label. In 2023, the Group continued to revamp its EcoDesign Way™ process to better manage the environmental impact throughout the lifecycle of products, and to co-ordinate 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, 5.6% in 2023 and, as outlined during its 2023 Capital Markets Day, expects a step-up in strategic R&D investments over the coming years towards 7% of turnover in R&D. In 2023, this represented an investment in R&D of approximately EUR 2.0 billion. The Group estimates that about 90% of its innovation is either contributing to climate change mitigation or neutral in its contribution to climate change mitigation, according to its Impact revenues methodology. More details on Schneider's Impact revenues are provided in section 1.10 on page 31.

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 EUR 170M have already been invested in both R&D and CapEx in factories, and a total future spend (2024 - 2027) close to EUR 60M more is already planned.

Decarbonizing operations

For the past years, the Group has invested between EUR 5 million and EUR 15 million each year in energy efficiency, deploying its own solutions in its sites, which enabled equivalent savings on energy costs, and for the purchase of renewable energy certificates, to a reduction of 71% of Scopes 1 and 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, it is estimated that around EUR 400 million will be invested by 2030, in technologies such as heat pumps to substitute comfort gas or such as EV chargers. Such investments are usually not linear year-on-year as large projects may take a few years to design and implement, and opportunities at a given time depend on the local economic and regulatory context.

3.5 Decarbonizing the Group's operations by 2030

3.5.1 Schneider Electric's GHG emissions from operations

Emissions from operations are the Scopes 1 and 2 of the Group's carbon footprint, representing 202,232 tonnes of CO_2e in 2023, 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).

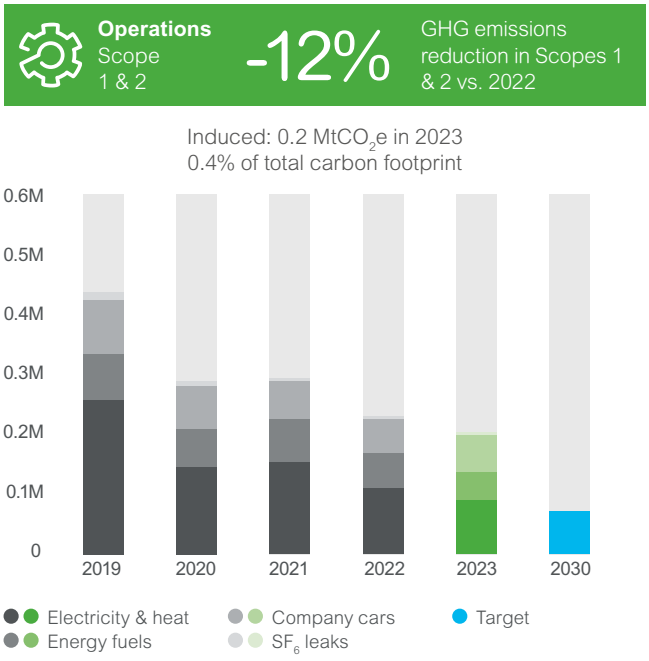
To deliver its "Net-Zero ready" target on these emissions by 2030, the Group leverages its Power and Building EcoStruxure™ IoT architectures, to monitor and optimize energy consumption, manage assets and grid infrastructure, manage distributed renewable energy resources and electricity load, and power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

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.

This strategy has delivered an absolute reduction of 496,361 tonnes of CO_2e emissions on Scopes 1 and 2 (compared to 2017), which is a 71% decrease, as presented in the chart below, and a 26,945 tonnes CO_2 reduction vs. 2022.

Schneider's operations Scopes 1 and 2 annual GHG emissions (Mt CO_2e)



3.5.2 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, and
- adopt Schneider's own Energy Management and Automation EcoStruxure™ solutions, wherever feasible, to help the Group's customers and partners to embark on an energy excellence journey, showcasing the Schneider Electric's solutions.

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 2023, 128 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.

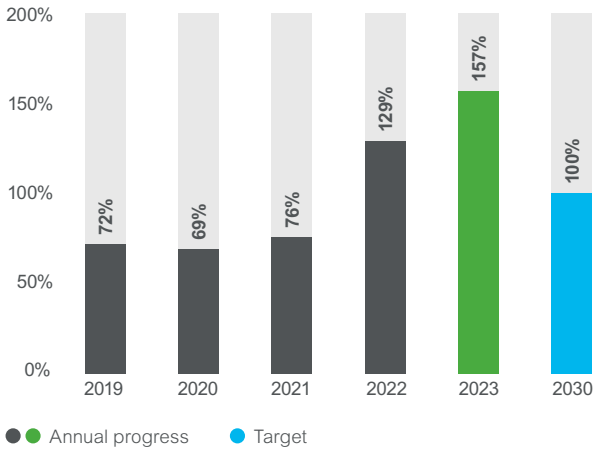
3.5.3 EP100: deliver efficiency from the inside out

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 2023, the Group achieved 157% energy productivity compared to 2005 (against a 2030 target of 100%). This improved success compared to 2022 performance (129%) is a result of continually strong business performance and ongoing energy savings efforts. By achieving its EP100 commitment 8 years early (in 2022), 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.

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



CLIMATE

SSE #5

Our 2025 Commitment

15% energy efficiency in our sites

SEIP Bukowno is a Schneider Electric factory in Poland.

In order to reduce their energy usage, improve energy efficiency, reduce CO_2 emissions and deploy intelligent/smart solutions, SEIP Bukowno has deployed energy usage monitoring system, building management system, lighting control, and infrastructure monitoring on-site as a comprehensive package.

Energy monitoring system:

- 37 metering points installed
- 7 communication gateways pushing real-time energy data
- EcoStruxure™ Power Monitoring Expert
- Building management system
- EcoStruxure™ Building Operation as a BMS platform
- Heating control system implemented with over 30 temperature sensors and 28 automatic valves
- Ventilation centrals monitoring
- Environmental conditions monitoring (humidity, CO_2)
- Lighting control
- Infrastructure monitoring
- Compressors, water usage, etc.

With all of these measures implemented, since the beginning of 2023, SEIP Bukowno has gained EUR 35.6k in electricity savings and EUR 8.6k in heating oil savings: energy efficiency factor increased from 1.5% in 2021 to 9.0% in 2023.

Our progress

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. 13.2% were achieved in 2023, totaling over 50% reductions between 2009 and 2023.

The Group measures energy efficiency in its 200+ largest energy-consuming sites, which account for over 90% of the total measured energy consumption of the Group. At the end of 2023, this program enabled the following achievements:

- Around EUR 6.0 million and 133.7 million kWh were saved in 2023 compared to the 2019 baseline.
- Around EUR 5.8 million were invested, of which EUR 5.5 million were capital expenses and EUR 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 WEF, located in India, China, France, the US, and Indonesia. Additionally, the Le Vaudreuil plant in France and the Lexington facility in the US are two of only 13 Sustainability Lighthouse designated 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 distribution centers in the past 6 years.

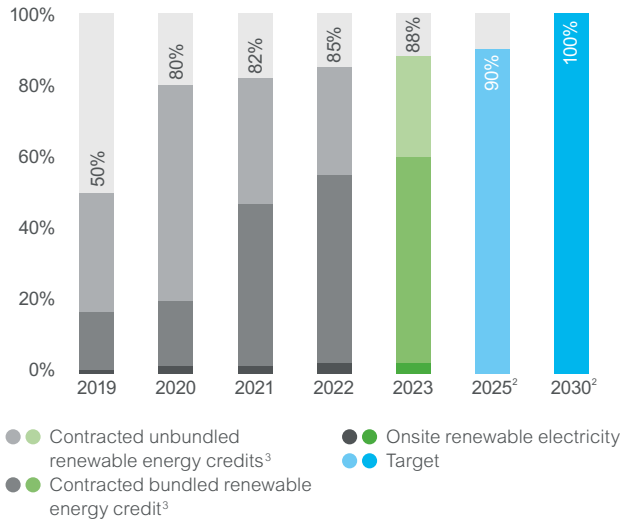
In offices, Schneider Electric's EcoStruxure™ solutions Building and Workplace Advisor enable analytics of building management system data alongside space, utilization, and comfort metrics. These smart solutions enable the Group and site leaders to actively benchmark, and develop occupancy and facility management strategies to ensure continuous right sizing of its footprint and site occupation to keep energy consumption and resultant emissions to a minimum, while reducing costs and improving employee experience and comfort.

3.5.4 RE100: switch to 100% renewable electricity by 2030

In 2023, electricity consumption in Schneider Electric's sites generated 81,499 tonnes of CO_2e emissions, i.e. 61% 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 on-site 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 on-site 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 on-site renewable generation and bundled renewable electricity sourcing.

The Group will continue to focus on additionality where feasible and prioritize on-site 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, an expert in sourcing renewable electricity with additionality benefits. The Sustainability Business 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

Our 2025 Commitment

90% of electricity sourced from renewables

Since 2019 SEEE in China deployed on-site solar project and solar power generation which accounts for 30% of total electricity consumption every year.

In 2022, SEEE was the first batch of power users in Shaanxi Province in China to purchase renewable electricity. Total purchase of green electricity is 159,000 kWh.

In 2023, total renewable electricity rate reached more than 98.3%. It is expected to reduce carbon dioxide emissions by 1,600 tons at the end of 2023.

SEEE will continue to increase the share of renewable electricity to 100%.

Our progress

2020 baseline	2023 Progress	2025 target
80%	88%	90%

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

Company cars generated 63,642 tonnes of CO_2e emissions in 2023, 31% of Schneider Electric's Scope 1 and 2 emissions.

To reduce these emissions, Schneider looks at opportunities to limit 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 EVs and making electric transport the new normal by 2030. At the end of 2023, EVs represented 24% of the Group's corporate car fleet.

CLIMATE GROUP
EV100

CLIMATE

SSE #7

Our 2025 Commitment

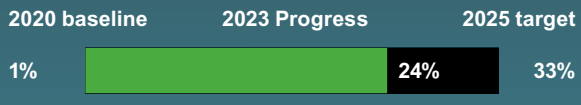
One-third of corporate vehicle fleet comprised of electric vehicles (100% by 2030)

Schneider Electric in France embarked on an exciting journey towards a greener future by initiating the green fleet transition in late 2021. Despite challenges posed by the current market situation, including supply chain shortages and cost increases, encouraging progress was made, knowing that commitment to sustainability will ultimately lead the company to success.

The introduction of a 100% EV car list for benefit vehicles and specific actions aimed at leasing companies and carmakers made possible to accelerate the transition. The change was also supported by important investments of 280 charging stations in 41 sites, the company contribution to the employees to install chargers in their premises, as well as agreements with two operators to guarantee a digitalized energy charging throughout the national territory and neighboring countries.

In parallel, the Mobility Budget project was also launched, with the target to satisfy the flexible mobility needs, the expectations of the young generations, and reduce carbon emissions.

Our progress



3.5.6 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 2023, emissions from energy consumption at sites accounted for 134,536 tonnes of CO_2e, which is 67% of Scopes 1 and 2 emissions, of which 43,104 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.

In 2023, the Group achieved 101 Zero CO_2 sites. 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 2023, 10 out of 101 Schneider's Zero-CO_2 sites qualified for this exception);
- digital energy monitoring;
- no SF_6 leaks, and
- 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 2023, thanks to the Zero-CO_2 sites, Schneider reduced it CO_2 emissions by 102,000 tonnes.

CLIMATE

SSE #1

Our 2025 Commitment

150 Zero-CO_2 sites

In November 2023, Schneider Electric China's Distribution Center Beijing (DCBJ) achieved the status of a Zero-CO_2 site.

DCBJ serves as the second major distribution hub in China, focusing on deliveries across Northern China. On May 1, 2023, DCBJ moved to the New Beijing Industrial Park, merging its operations with two critical Schneider Electric facilities: Schneider Beijing Medium Voltage and Schneider Beijing Low Voltage. This strategic consolidation on the same campus has created significant supply chain efficiencies, customer satisfaction, and enhanced sustainability.

To realize it's sustainability goals, DCBJ has implemented a blend of digital solutions and innovations, which can reduce carbon emissions and balance productivity at the same time, including deploying EcoStruxure™ Power Operation and EcoStruxure™ Building Operation, digitalization of energy monitoring, technical innovations, and process optimizations. In DCBJ's new warehouse, intelligent sensor-based lighting systems have been installed to improve efficiency and save CO_2. Additionally, eco-friendly practices such as replacing plastics with paper tape, paper envelops, and recycled plastic cartons have been introduced.

Lastly, DCBJ is also supplied with 100% renewable electricity to meet its power load through mid-to-long-term power purchase agreement in China.

Our progress

2020 baseline	2023 Progress	2025 target
30	101	150

3.5.7 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 GHG with a global warming potential 24,300 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 3.7.1, on page 113), SF_6 is used in 13 of the Group's manufacturing sites. Handling this GHG can result in leakages despite having good practices in place. Converted into CO_2-equivalent, these leakages represented 4,054 tonnes of CO_2e in 2023, which is 2% of emissions from Scopes 1 and 2. The GHG emissions from SF_6 at end-of-life is 4,157,353 tonnes of CO_2e, which is 7.3% of total GHG emissions of 2023.

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 and 2023, an advanced and digital system of emission monitoring has been designed, to be deployed at the Group's biggest manufacturing sites in 2024. 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 2023, exceeding the 0.11% target set for 2023 and systematically decreasing from 0.26% since 2018. This SF_6 leakage reduction enabled the avoidance of 900 tonnes of CO_2e in 2023 vs. 2022.

3.5.8 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. This crisis had repercussions, to a lesser extent, during 2023.

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 GHG emissions.

In this context, Schneider Electric implemented in 2022 an energy sufficiency plan to adapt quickly to the fast-changing energy situation. During first year of implementation, great achievements were delivered: 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. In the second year of this plan, not only the previous savings were maintained by continuous discipline, but even more energy savings were achieved, with a reduction of 13% on gas and 5% on electricity consumption in 2023 versus 2022.

Spotlight: sufficiency actions at "The Hive", Schneider Electric's Paris headquarters

Schneider Electric responded to the energy crisis with a plan that supports France's EcoWatt charter, an initiative from French national network operator RTE. The purpose is two-fold:

- Sufficiency plan: reduce energy consumption at any time.
- Flexibility plan: consume at the right time by shifting loads to avoid demand peaks when required.

For the second year in a row, measures have been implemented, leveraging integrated EcoStruxure™ solutions. For instance, 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. The facility can also automate responses to EcoWatt peak period alerts by controlling heating and ventilation, and limiting or shifting EV charging. And all employees have been encouraged to take additional steps.

As a result, electricity consumption has been reduced by 13% in the first four months of 2023, which represents 130 MWh in absolute terms. More specifically, when simulating four EcoWatt peak period alerts, the site is able to reduce power demand by more than 50%.

"The Hive", Schneider Electric's Paris headquarters

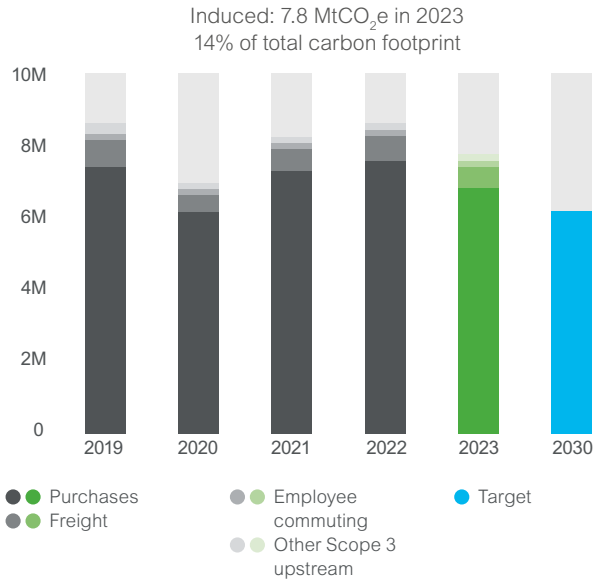
3.6 Decarbonizing the Group's supply chain by 2050

In 2023, upstream emissions in Scope 3 accounted for 7.8 million tonnes of CO_2e, which is 14% of the total carbon footprint of the Company. Purchases are the predominant source of emissions, and transportation of goods make a significant contribution as well.

Decarbonizing the world at scale requires immediate collective action. Schneider Electric is already taking concrete actions to meet its absolute 25% reduction across its value chain by 2030 and to be on track for its Net-Zero emissions by 2050. This includes:

- The Zero Carbon Project (SSI #3), which aims at halving emissions intensity from operations of the top 1,000 suppliers. This intensity corresponds to the overall Scopes 1 and 2 emissions of the supplier, divided by the overall revenue.
- Sourcing 50% of green materials, including materials such as steel and plastics with lower carbon footprints (SSI #4), and
- increasing the CO_2 efficiency of transportation of goods (SSE #4).

Suppliers Scope 3 upstream **-9.8%** CO_2e emissions in Scope 3 upstream vs. 2022.



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 6.8 million tonnes of CO_2e in 2023, 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, launched in April 2021, is the first step of a journey to reduce the GHG emissions from Schneider Electric's suppliers.

The ambition of The Zero Carbon Project is to collaborate with 1,000 suppliers and reduce their operational (Scopes 1 and 2) GHG emissions intensity by 50% by 2025 (SSI #3).

The participating suppliers are required to quantify their operational carbon footprint (Scopes 1 and 2; Scope 3 is optional), make public commitments for their reduction targets, implement action to achieve reduction, and share the emission reduction progress with Schneider Electric. The participating companies in the program are based in more than 50 countries, cover more than 65 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 and 2 are mandatory and Scope 3 is optional for now);
- establishing an ambitious emission reduction target, and
- implementing an action plan to achieve the target.

As of 2023, more than 1,000 suppliers are participating in the program, achieving an overall operational emission (Scopes 1 and 2) reduction of 27%.

The GHG emission reduction reported in 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 2023, 993 suppliers out of 1,015 participating suppliers have calculated their CO_2e emissions.
- Strong supplier actions, resulting in 27% GHG reduction for 1,000 suppliers vs. 10% reduction at the end of 2022. 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.

Climate

SSI #3

Our 2025 Commitment

Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%

Schneider Electric launched a case study series to consolidate successful decarbonization actions of the participating suppliers. The purpose of this series is to spread awareness on the actions that companies can take to achieve emission reduction, celebrate early adopters of decarbonization, and encourage other companies to emulate the experience.

Shubhada Polymers Products Pvt. Ltd., achieved 58% reduction in their operational carbon intensity compared to the base year of 2019.

The company achieved this by implementing below levers:

- On-site solar installation replaces over 10% of groups electricity requirements.
- Power factor improvement using fine range capacitors.
- Upgrading old underground air compressor system to overhead Pneumatic Piping for Compressed air Handling airline, reducing 10% of energy consumption.
- Replacing conventional lighting with energy efficient LEDs lighting; enhanced use of natural lights to eliminate the use of electrical lighting during day time.
- Operational efficiency improvement by installing variable frequency drives, motion sensors, and other operational measures.

Watch the video "The Zero Carbon Project in Action: Shubhada Polymers Products Pvt Ltd." on YouTube

Our progress

2020 Baseline	2023 Progress	2025 target
0%	27%	50%

Capacity building and on-site support

The intensive capacity building efforts implemented in 2021 and 2022 ensured the suppliers gained maturity on decarbonization. They are now familiar with the process of quantifying their carbon footprints and identifying the major sources of emissions. However, as most of the suppliers are just starting on their decarbonization journey, they are learning the approaches and possible actions. As a result, Schneider Electric has extended support and collaboration beyond the quantification of the GHG emissions to the implementation of decarbonization actions as well. As part of this support, Schneider Electric works closely with suppliers to assess the most promising emissions reduction levers specific to the supplier's products and manufacturing approach. Then there is additional support to define the actions the supplier could take and the resulting impact of those actions.

Additionally, 4 sustainable procurement experts were deployed in major regions China, East Asia, Europe, and North America to provide locally relevant, customized, and on-time support to the suppliers. These experts conducted close to 100 on-site visits to the supplier premises across regions to advise on the decarbonization implementation, often conducting walk through assessments, reviewing the existing energy efficiency measures, providing technical assistance in implementation, and when required, helping identify the local solution providers who can support the suppliers in deployment of these actions.

Accelerate Zero Carbon workshops

To drive and scale up the adoption of emission reduction levers by suppliers, Schneider Electric continued to roll out the innovative "Accelerate Zero Carbon" workshop across regions. Building upon the success of workshops in India, Middle East, Africa, Japan and Asia Pacific, Schneider Electric rolled out new workshops in China, Europe, and North America. These workshops were led by the Sustainable Procurement team in collaboration with local Procurement leadership teams, customizing to the local requirements.

The biggest strength of Accelerate Zero Carbon workshops is the focus on locally relevant approaches, solutions, and partners. Region-specific diagnostic tools are developed and shared with suppliers to analyze their own operations and identify their most relevant actions. These diagnostic tools include:

1. Low-hanging energy efficiency self assessment checklist
2. Solar energy calculator
3. Digital emission calculator

3 Leading on decarbonization

In addition to the above material, local subject matter experts are identified from within the Schneider Electric or external ecosystem, including regulatory experts and departments explaining various incentives provided by governments in different regions. 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 Accelerate 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 Accelerate Zero Carbon workshops 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 outcome of the Accelerate Zero Carbon events resulted in the increased awareness and strong acceleration in the decarbonization commitment from the supplier partners.

Digital support

To ensure that participating suppliers have access to all the latest knowledge, research, trainings, and tools for decarbonization, Schneider developed a dedicated web portal on decarbonization, which is exclusively available to The Zero Carbon Project 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, standardizing and improving the quality of the data reported by suppliers. Additionally, to support small and medium scale enterprises, Schneider Electric launched Zeigo Activate. This tool helps suppliers create a customized emission reduction roadmap, adjust the timeline to deploy various actions to meet desired reduction targets and also help connect with the solution providers who can help them implement it. 400 suppliers were given complementary access to Zeigo Activate to advance their decarbonization actions.

Supply Chain Renewable Initiative

Two-thirds of global suppliers participating in The Zero Carbon Project are small and medium scale enterprises, with lower energy load than the threshold required to access renewable instruments like PPAs, etc. To ensure wider adoption of renewable energy solutions, Schneider developed a new program, which aims to aggregate suppliers with lower energy load to create a cohort that can then qualify for access to renewable energy solutions. The Group launched a series of capacity building programs and sessions to raise supplier awareness and so far more than 20 training sessions were organized (including repeat sessions). These sessions go a long way in building the understanding of suppliers and various departments about the scope and actions required to access renewable experts. The trainings are topical and cover various topics:

- Renewable Electricity 101
- Energy Attribute Certificates 101
- Onsite Solar 101
- Power Purchase Agreements 101
- VPPAs: Financial Considerations
- VPPAs: Treasury Considerations
- VPPAs: Accounting Considerations
- VPPAs: Legal & Risk Considerations
- VPPAs: Executive Debrief (EMEA/APAC)

Learn more about The Zero Carbon Project in the Sustainability section on **www.se.com**

3.6.2 Buying more Green Materials

Schneider Electric is committed to increase 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 2023, 29% of materials in scope were qualified as "Green".

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.

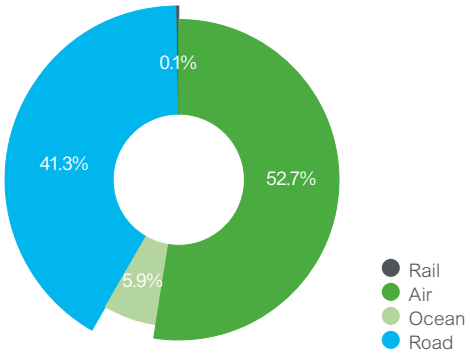
For 2023, the Company replaced its existing CO_2 emissions reporting application with a new solution providing for more robust data collection, emissions calculation, and analytical capabilities. The solution utilizes the industry leading EcoTransIT World emissions calculations solution providing tighter alignment to evolving global reporting standards and allows for greater specificity in the emissions calculations. As part of the migration, the decision was made to also adjust baseline year for reporting from 2020 to 2021 to align to accepted reporting recommendations to avoid 2020 due to the impact on freight transport flows from the global pandemic in 2020.

In 2023, emissions from the transportation of goods represented 1 million tonnes of CO_2, which is 2% of the Scope 3 emissions Company-wide. The transportation that is directly paid by the Group (about 54% of the freight CO_2 emissions) is closely monitored, with primary data coming from detailed shipment information from the top 70% of transport suppliers by spend. 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 SSE 2021 - 2025, the Group aims to further reduce CO_2 intensity in transportation by 15% compared to 2021 (SSE #4).

In 2023, the Company saw a return to a more normalized operating environment resulting in a reduction in the use of expedited modes of transport. As well, there was continued move towards regionalization of manufacturing and optimization of the associated supporting freight transport. A specific area of focus was on reduction of air freight resulting in a 9% reduction in tonnage shipped by air through mode conversion as well as expanded use of multi-modal solutions. Together, these initiatives resulted in a 1.6% decrease in the freight transport emissions intensity compared to 2021.

2023 freight CO_2e emissions by mode (%)



3 Leading on decarbonization

CLIMATE

SSE #4

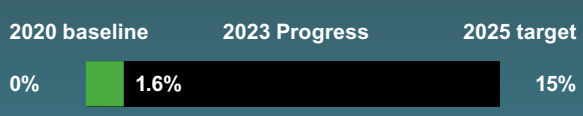
Our 2025 Commitment

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.

Globally in 2023, the Group set an aggressive target to reduce the total tonnage of air freight shipped for the year. Through cross-functional engagement internally, and in collaboration with key transport providers, the Company was able to realize a 9% reduction in tonnage shipped by airfreight with a continuing ambitious target set for 2024.

Our progress



In 2023, Schneider continued its engagement with the 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 WEF can be found on the **organization's website**

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. In 2023, Schneider partnered with one of its air freight providers to make its first purchases of SAF in support of this commitment. While SAF are critical to decarbonizing transportation, their conformance in carbon accounting methods from the Greenhouse Gas Protocol is still uncertain. Hence the emissions savings are not incorporated into the Group's GHG inventory at the moment. The Group is investigating how to incorporate decarbonization from SAF in the future GHG inventories, and is seeking guidance from carbon accounting bodies, especially in the context of the ongoing update of GHG Protocol standards.

Beyond efforts on sourcing SAF, 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:

- in several regions, analysis of customer delivery routes and the introduction of milk runs to optimize delivery distances traveled;
- in Europe and Middle East, introduction of multi-model solutions based on rail for intra-company shipments;
- in all regions, ongoing pilots, and implementation of EVs for final mile customer deliveries;
- continued global focus on optimization of ocean freight from FCL (Full Container Load) to LCL (Less than Container Load) and increases in container utilization rates, and
- with the Group's key transport providers, identifying and piloting opportunities to use sustainable fuel options where zero-emission options are not available.

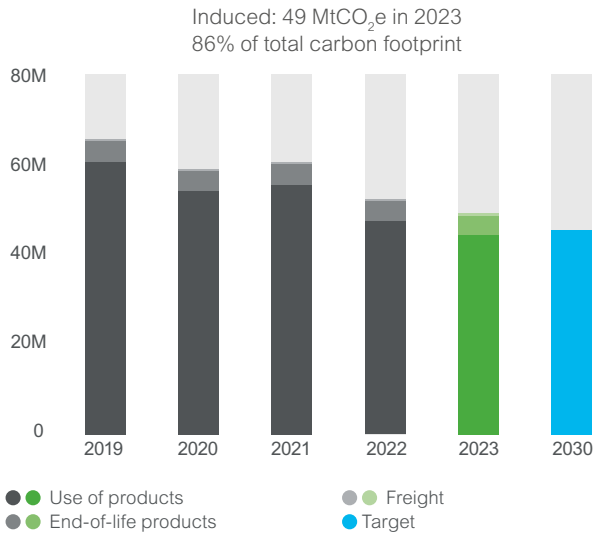
3.7 Decarbonizing the Group's downstream emissions

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 ecodesigning in product development: ecodesign 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.

Customers Scope 3 downstream **-6.1%** CO_2e emissions reduction in Scope 3 downstream vs. 2022



3.7.1 Developing SF_6-free offers and SF_6 recovery services

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) 24,300 times higher than CO_2, making it one of the most potent GHGs. Schneider is therefore innovating its offers to move away from SF_6 gas, as part of SSE #2: 100% substitution with SF_6-free medium voltage technologies. 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, fluorinated gases (F-gas), and operating on a cutting-edge combination of pure air and vacuum technology, 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. In 2023, new functions for SM AirSeT and RM AirSeT were launched, thus opening options for new markets and applications.

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 and any other F-gas, the equivalent of over 72 tonnes of CO_2.

In view of the regulation recently adopted by the European Union on F-gas (fluorinated gases), the transition to SF_6-free and F-gas free electrical distribution in grids and buildings will accelerate. The new regulation dictates a detailed timeline (starting January 1, 2026) and conditions to move the electricity industry away from the use of fluorinated greenhouse gases like SF_6. It acknowledges the crucial role of eliminating F-gases as a fundamental and time-sensitive step towards achieving truly green electricity.

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". 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

Our 2025 Commitment

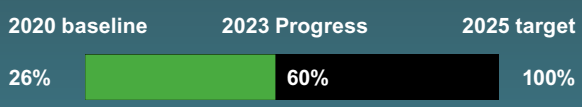
100% substitution with SF_6-free medium voltage technologies

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 SF6 and offers lower total cost of ownership.

AirSeT switchgear also addresses the Group's concern to maximize reliability, since the integrated smart sensors will allow Refactory to remotely monitor all operating parameters.

Our progress



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 and carbon removal technologies to scale more quickly.
- The use of market and pricing mechanisms so people and businesses can make more informed carbon decisions.
- The empowerment of consumers through transparency based on universal standards to inform purchasers about the carbon content of goods and services.

In 2022, Schneider Electric signed Corporate Knights' Action Declaration on Climate Policy Engagement together with more than 50 other companies to support climate action aligned with the Paris Agreement, when engaging with policymakers, work with trade associations to advance alignment with the Paris Agreement and monitor and disclose climate policy alignment.

Schneider is engaged in sectoral and multi-stakeholder organizations that drive ecosystem change.

Electrification policies

Schneider advocates for strong climate and clean energy policies in many jurisdictions where it operates. The Group supports innovative technologies and projects that reduce and remove carbon dioxide, modernize and digitize the grid, accelerate clean energy, and strengthen resilience to the impacts of a changing climate. In the US, 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 a fast-paced digital and sustainable transformation of Europe where electrification would play a critical role. Schneider Electric has contributed to policy discussions around the European green deal through its role in trade associations and business coalitions and by bringing expertise to the EU institutions and national governments.

For instance, Schneider Electric actively contributed to an open letter about the Energy Performance in Building Directive, launched a new forum with Eurelectric aiming to accelerate the electrification rate and the smartness in the building sector, and wrote a paper about the need for the digital transformation of the energy eco-system in Europe in order to achieve Europe's decarbonization objectives together with the association DigitalEurope.

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 understand the potential impact of external carbon pricing on its portfolio's resilience to climate scenarios. The Group internal shadow price is meant to inform the Group's climate strategy and incentivize low-carbon innovation. Also the Group assesses marginal abatement costs (additional cost per ton of CO_2) of some specific decarbonization actions or programs, in order to determine what are the most cost-efficient ones. Schneider uses different carbon price scenarios, varying from EUR 50 - 130/ton (depending on time horizons).

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 modeling 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.

3.8 Enabling customers to decarbonize through efficiency and digitization

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

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: 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
Connected products	Connected products are ecodesigned to improve their efficiency and deliver electricity savings.	**CO_2 savings at product level** Examples: high efficiency uninterruptible power supply (UPS), variable speed drives

What are the climate benefits of Schneider Electric's offers

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:** PPAs 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.

Avoided CO_2 emissions arise from the difference between the induced emissions of using Schneider Electric's offer compared to the induced emissions of the reference situation, which reflects the most realistic market situation in the absence of the use of this, or a similar, offer. 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).

Avoided emissions are a complementary indicator to the GHG inventory of the company, meant to illustrate that Schneider's climate strategy is two-fold: reducing company-wide carbon footprint, while increasing our avoided emissions.

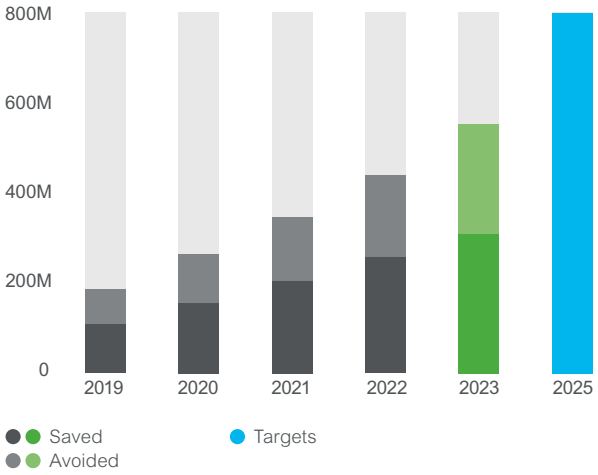
In the fight against climate change, companies need to both act on reduction of their carbon footprints, while increasingly contribute to reducing the emissions of the global economy, and this second part can be captured by avoided emissions, since it's not captured in the reporting company's carbon footprint. These two dimensions are equally important and progress on avoided emissions is not meant to divert efforts on reducing the company carbon footprint.

3 Leading on decarbonization

Overall, from 2018 to 2023, Schneider Electric helped customers save and avoid 553 million tonnes of CO_2e, over the full lifecycle of the products sold during this period of time.

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

Customers' saved & avoided emissions **+113M** CO_2e emissions saved and avoided for our customers in 2023



Climate

SSI #2

Our 2025 Commitment

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.

Our progress

2020 Baseline	2023 Progress	2025 target
263M	553M	800M

Schneider Electric reports avoided emissions, with a well-established reporting discipline

To demonstrate the avoided emissions from offers, a new indicator was launched and communicated externally in 2018. Since then, the Group has set a quantified target, aim to reach a cumulated 800 million tonnes of CO_2 of saved and avoided emissions by its customers between 2018 and 2025 (SSI #2). As part of the SSI targets, avoided emissions are quarterly disclosed and independently audited once a year. 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.

To transparently measure these avoided emissions, the Group developed a methodology which 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, ISO 14021 and the World Business Council for Sustainable Development (WBCSD) guidance.

The reference situations for each and every of the offers in scope of SSI #2 are carefully defined and transparently described in order to reflect the most realistic market situation in the absence of the sale of the offer. In fact, Schneider's methodology makes a distinction between "saved" and "avoided" emissions (but both "saved" and "avoided" emissions are referred to as "avoided" for the sake of simplification in this section). Saved and avoided emissions can be described as follows:

- Saved emissions come from sales in a "brownfield" context of existing assets and infrastructure, e.g., selling a building management system for an existing building, or doing maintenance and repair on existing equipment. Saved emissions represent the actual reduction of global CO_2 emissions compared to emissions in the past.
- Avoided emissions come from sales in a "greenfield" context of new assets and infrastructure, e.g., selling an energy-efficient cooling equipment for a data center that is newly built, or selling a variable speed drive for a new industrial equipment. Avoided emissions represent a limitation of the increase of global emissions (i.e., emissions are "less increasing" as compared to reference situation).

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.

There is currently a big momentum on the topic of avoided emissions, with the initiatives from the WBCSD and standardization bodies. For instance, WBCSD and The Net Zero Initiative released in March 2023 a guidance on avoided emissions. This guidance drives some attention: it has been acknowledged in G7 Climate, Energy and Environment Ministers' Communiqué in April 2023, and promoted later during COP28 in December 2023.

These initiatives are very welcome and needed, to bring harmonization of practices among companies.

During 2023, Schneider Electric has been actively engaged with WBCSD, as part of the practitioners' sprint and practitioners' forum, and as a co-convenor of International Electrotechnical Commission (IEC) standardization work on avoided emissions. This work towards harmonization is important, because it's key to make avoided emissions something more valuable as a metric, well-established and effective for their end-users, especially the financial sector. For instance, sectorial rules on how to calculate avoided emissions will allow to make like-for-like comparisons between companies from the same sector. Also, methodological alignment is key to have guardrails in place for a robust practice of avoided emissions and prevent the corresponding risks of greenwashing criticism: for instance, with key principles such as transparency (as much as data sensitivity and confidentiality can allow), lifecycle thinking, and being rather conservative in the approach than the opposite.

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

4 Being efficient with resources

In this section

Context and the Group's commitment

Biodiversity is declining faster than at any time in human history: an urgent and aggressive action is imperative to prevent further damage to nature and resources. This large loss of biodiversity and nature threatens the livelihoods of communities worldwide and poses significant risks to economic activities and financial assets reliant on nature's resources, directly impacting businesses and their value chains(1).

While land-use change remains the biggest threat to nature, climate change is expected to be the main cause of biodiversity loss in the coming decades if global warming cannot be limited to 1.5°C(2). The environmental crises we face today are interrelated. This underscores the importance of taking a systems approach to problem solving that considers the synergies among challenges like resource scarcity, biodiversity decline, and climate change. At Schneider Electric, we believe the transition to a circular economy presents the greatest opportunity to safeguard biodiversity and natural resources while also combating climate change.

Companies are taking a look at their entire value chain and readily innovating to identify better ways of working and creating that can be sustained in the long-term, embracing end-to-end circularity. We believe Schneider Electric is uniquely positioned to be a leader in the transition to a circular economy, both externally with customers and internally in our operations. Our value propositions have long delivered resource efficiency, enabling customers to "do more with less" without compromising on performance, while also considering the impact of our products and services on nature.

We have over the years adopted an approach looking at the end-to end lifecycle impact of our products, with the aim to decouple business growth from resource extraction. More recently, we adopted a circularity framework.

"At Schneider Electric, we approach supply chain sustainability holistically, electrifying our sites and processes, reducing our energy consumption through our offers, working in partnership with our suppliers to decarbonize, and through end-to-end circularity. Taking this approach to circularity means assuming full responsibility for our products' lifecycles – from design and production, to end-of-life. This requires a multi-year transformation across our business, identifying ways to keep resources in circulation for as long as possible to maximize efficiency and preserve biodiversity while delivering long-term value to our customers, partners, and stakeholders."

Mourad Tamoud
Chief Supply Chain Officer

(1) "Biodiversity as a Material Financial Risk: What Board Directors Need to Know." Climate Governance Initiative, March 6, 2023.
(2) "Six charts that show the state of global biodiversity loss." World Economic Forum, October 17, 2022.

Progress of our Resources commitments

Schneider Sustainability	#	2021 – 2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	4.	Increase green material content in our products	2020: 7%	29%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	63%	100%
Essentials (SSE)	5.	Improve energy efficiency in our sites	2019: 0%	13%	15%
	6.	Grow our product revenues covered with Green Premium™	2020: 77%	81%	80%
	7.	Switch our corporate vehicle fleet to electric vehicles	2020: 1%	24%	33%
	8.	Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	66%	100%
	9.	Give a second life to waste in "Waste-to-Resource" sites	2020: 120	137	200
	10.	Avoid primary resource consumption through "take-back at end-of-use" since 2017 (metric tons)	2020: 157,588	311,229	420,000
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	73%	100%

These programs contribute to UN SDGs

(1) The baseline year is indicated in front of each SSI baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third-party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

2023 Highlights

Schneider Electric launched PanelSeT SFN, the 1st decarbonized steel enclosure in the market.

Schneider Electric ranked 1st in the Gartner Supply Chain Top 25 and was listed in the top five for the fourth consecutive year.

Long-term roadmap

2030

- **No net biodiversity loss in Schneider Electric direct operations by 2030**
- **100% deforestation-free wood in our operations and supply chain by 2030**
- **Double energy productivity vs. 2005 (EP100)**
- **Shift 100% of Company fleet to electric vehicles (EV100)**
- **100% waste recovery by 2030**

4.1 Governance and environment policy

4.1.1 Environmental 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 to minimize the environmental impact of how it designs, manufactures, delivers, and maintains its products. The Group also 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.

Schneider's environmental performance is delivered with the involvement of its strategy, Research & Development (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, the Governance, Nominations and Sustainability Committee, and with the 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 China Restriction of Hazardous Substances (RoHS); the proactive management of local environmental initiatives; and finally, relations with local stakeholders.
- **Electrifier program:** Formerly known as "Edison", this program aims to recognize employees with remarkable achievements, expertise and leadership. Offering them opportunities to contribute to strategic busness drivers across different realms. Read more in Section 5.3.8 on page 164.

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.

4.1.2 Group policy

Schneider Electric's operational environment strategy aligns with its broader sustainability 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 Electric 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 4.5 on page 135).
- Continue protecting the environment, preventing pollution, limiting emissions, and promoting biodiversity (see section 4.2 on page 121).
- Decouple our supply chain from natural resource consumption (see section 4.4 on page 130).

Targets enabling those goals are defined in the Group's Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) scorecards. Relevant SSI and SSE targets are SSI #5, SSE #8, SSE #9, and SSE #11.

4.2 Minimize the Group's impacts and dependencies on nature

4.2.1 Context

A sustainable future for people and economies will only be possible if nature, climate, and people are valued in an integrated way. Climate change is among the main drivers of biodiversity loss, while nature is part of the climate solution. 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 Planet Report 2022"[1] points out that rising temperatures are already driving mass mortality events, as well as the first extinctions of entire species: it shows an average 69% drop in monitored vertebrate wildlife populations between 1970 and 2018. Every degree of warming is expected to increase these losses and the impact they have on people.

In 2020, analysis by the World Economic Forum (WEF)[2] revealed that out of 163 industry sectors and their supply chains, more than half of the world's Gross Domestic Product – USD 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.

The urgency to accelerate corporate action on biodiversity management is reflected in the increase in disclosure requirements. Following COP15 in 2022, the Global Biodiversity Framework (GBF) established a global goal to halt biodiversity loss. Target 15 outlined by the GBF requires corporations to disclose their risks, impacts, and dependencies on nature. With increased expectations from investors and stakeholders for companies to be aligned with the GBF, the Taskforce on Nature-related Financial Disclosure (TNFD) was officially launched in Q3 2023 to facilitate transparency and consistency in disclosures.

The Group anticipates new requirements under the Corporate Sustainability Reporting Directive (CSRD) in its next reporting year and will be taking necessary measures to remain compliant. While the Group has aligned its targets with the GBF, it will stay on top of evolving international standards and best practices especially as the Science-Based Target Network continues to mature. The Group have designed a robust program that is guided by science and follows the mitigation hierarchy – prioritizing actions to avoid, reduce, and minimize impacts across its value chain.

Schneider Electric will continue to grow its Biodiversity program with strong governance and commitment across the business.

4.2.2 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 the global stocks of nature. The Group used the TNFD framework to conduct a double materiality assessment: impacts and dependencies; and 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 Electric assesses periodically its 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.

The Group's biodiversity impacts are indirectly caused by its carbon emissions, and its dependencies are concentrated upstream of the Group's supply chain. Specifically, water-related ecosystem services, due to metals and resources processing. It remains a priority for the Group to understand how its impacts and dependencies will translate to physical and transition risks that are material to the business. As the Group expands its efforts to manage its impacts along its value chain, it also recognizes significant opportunities to enhance the resilience of its supply chain through better partnership with suppliers and enhancing visibility on environmental measures. The Group's commitments and early actions on biodiversity management continues to support its reputation as a leader in its sector.

4.2.3 The Group's commitment

In 2021, Schneider Electric committed to no net biodiversity loss in its own operations by 2030. This was underpinned by the following five actionable commitments. Internal guidelines define the rules applicable for the SSE targets and best practices are shared across sites for continuous improvement.

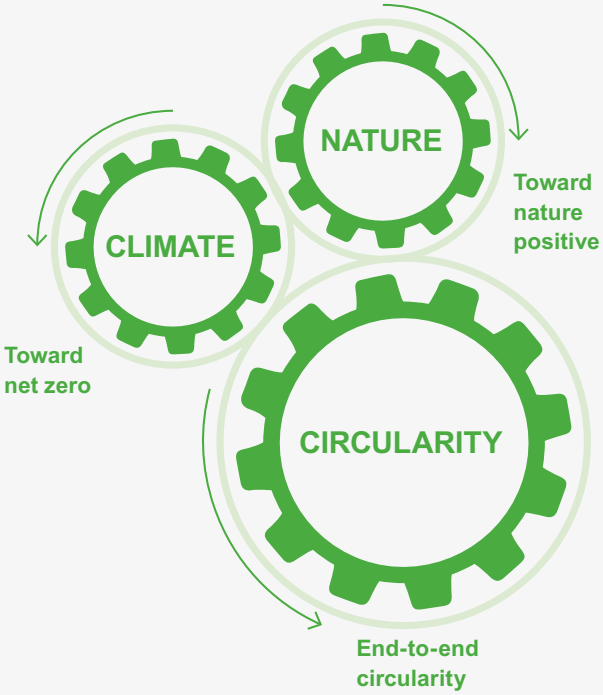
Schneider Electric's commitments to act4nature international:

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. (Refer to section 4.5.6 on page 139 for more details on Schneider Electric's site level actions)

Consult Schneider's commitments to Act4Nature international on **www.se.com**

(1) Living Planet Report 2022, WWF
(2) Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy, WEF

Circularity is the biggest gear to pull for a net zero, nature positive future



When products and materials are circulated in the economy at their highest value, the need for virgin materials is reduced. This leads to a reduction in with metal and mineral extraction, fewer resource needs for manufacturing. This in turn leads to lesser environmental emissions and more space for nature regeneration and wilderness preservation.

The reduction in environmental emissions links directly to Schneider achieving its SSI #1 to #5 by 2025 and its Net-Zero target by 2030. Circularity is a non-negotiable for Net Zero because most efforts to tackle the crisis have focused on a transition to renewable energy, complemented by energy efficiency, but these measures can only address 55% of emissions. The remaining 45% of emissions come from the production and consumption of products. Beyond this corporate level, circularity principles also guide product sustainability, for example eco-design and Green Premium; efficient manufacturing, for example, waste to resource sites; and component and material securitization, for example, copper circularity.

Schneider has committed to net-zero biodiversity loss from its operations by 2030. Analyzing Schneider's end to end biodiversity footprint, a significant share (85%) comes from downstream activities (mainly electrical consumption); the second most significant source of impact is upstream activities (15%) represented by sourcing of metals, timber and minerals. By incorporating the concepts of circularity i.e., use better, use longer, and use again, Schneider can drastically reduce its upstream and downstream biodiversity footprint. Schneider has the ambition of having 100% of sites with biodiversity conservation and restoration programs.

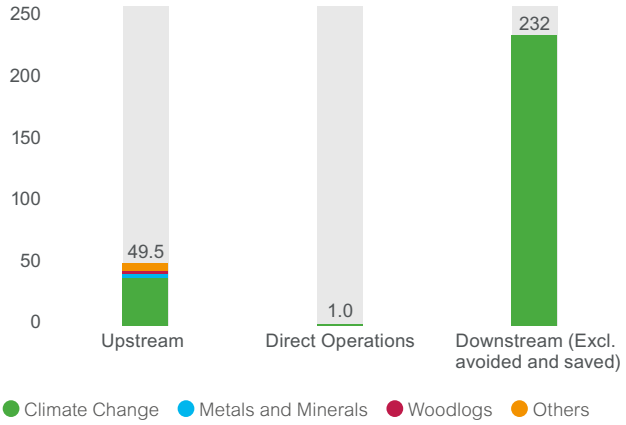
4.2.4 Biodiversity footprint measurement

The quantification of the Group's impacts on biodiversity is an essential first step to understand its impacts and dependencies on nature and take appropriate action. In 2020, Schneider Electric became the first company to publish the end-to-end Biodiversity Footprint Assessment (BFA) of its activities, using the Global Biodiversity Score (GBS) tool developed by Caisse des *Dépôts et Consignations Biodiversité*.

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.

In 2023, Schneider Electric concluded its second BFA to evaluate the progress of its sustainability programs on its biodiversity footprint. The latest results illustrate the Groups' terrestrial dynamic biodiversity impact across its value chain, with data from 2022.

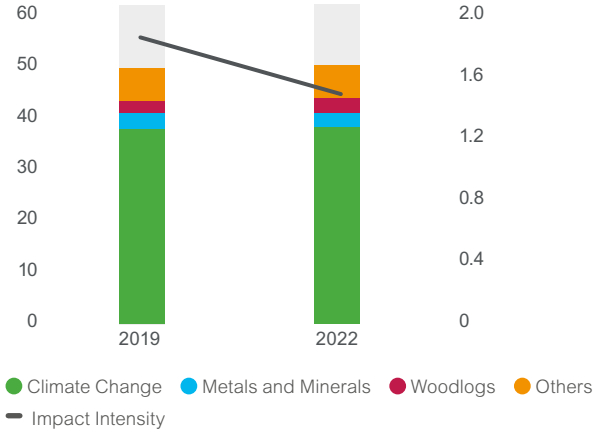
Schneider Electric's 2022 terrestrial dynamic footprint by scope (in MSA.km²)



The findings of the second BFA are aligned with the previous study, indicating that climate change continues to be the primary driver of Schneider Electric's impacts on biodiversity loss. This is particularly significant downstream in the Group's value chain, resulting from the use of its products.

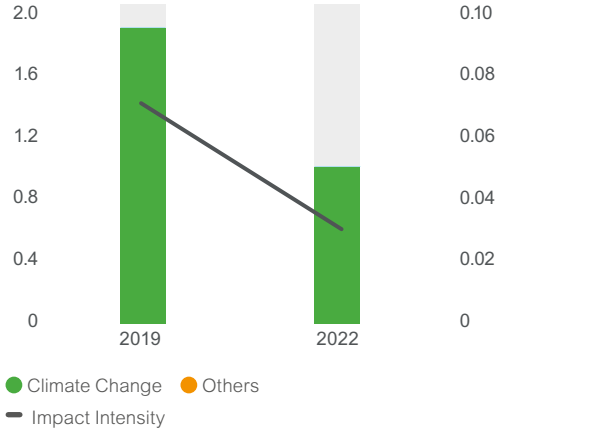
The study also highlights land-use change driven impacts are mostly material upstream of the Group's supply chain, with raw materials of concern being copper, steel, and aluminum, and packaging – timber, card, and plastic. This underscores the importance of the interconnections with green materials, circular economy, and elimination of single-use-plastics programs to effectively manage biodiversity throughout the entire value chain.

Schneider Electric's upstream dynamic terrestrial impacts 2019 vs 2022 (in MSA.km²)



The report also highlighted important trade-offs for consideration, for instance the phasing out of single-use plastics has led to a higher consumption of cardboard in packaging and therefore, impacts related to wood log. More efforts, and particularly the commitment to zero-deforestation wood by 2030, are underway to better mitigate this impact.

Schneider Electric's dynamic terrestrial impacts 2019 vs 2022 in its direct operations (in MSA.km²)



Based on the outcome of the second BFA, Schneider Electric is on track to achieve its target of "no net loss in its direct operations by 2030".

The study also allowed Schneider Electric to further identify and reiterate the main levers of action to reduce its biodiversity footprint across its value chain:

- **Reduce greenhouse gas (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 (over 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 section 3 on pages 154 to 183.

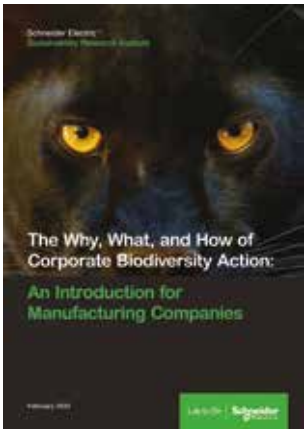
- **Reduce the "land use" due to the extraction of raw materials.** The main driver of land use is the extraction of wood and metals. Wood is mainly used for packaging purposes (cardboard, pallets, boxes); metals are the core of the Group's products (silver, copper, steel, aluminum, etc.). Greater transparency 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).

4.2.5 Using the Group's voice to share learnings

During the UN Biodiversity Conference (COP15), Schneider Electric supported the ambitious Target 15, a collective commitment which requires business and financial institutions to assess and disclose dependencies and impacts on biodiversity, and to accelerate business action to reduce negative impacts.

Schneider Electric remains committed to Target 15 as demonstrated by aligning its no net loss target to the GBF and disclosing impacts, risks, and dependencies.

In February 2023, the Schneider Electric Research Institute published the first in a series of research into corporate action on biodiversity. This whitepaper "The why, what, and how of corporate biodiversity action" provides an introductory overview of corporate biodiversity action. It can support companies, especially manufacturing ones, in recognizing the imperative for such action, understanding key concepts and developments, identifying priorities with the right frameworks and tools, and ultimately realizing some of the opportunities that a nature-positive economy can bring for all. A second white paper was published in October 2023, "Green Digital Solutions for Corporate Biodiversity Action" exploring how new technologies help in biodiversity conservation.



4.3 End-to-end circularity

4.3.1 Context

Circularity is a greenfield growth opportunity for Schneider Electric. Today, 80% of product revenues are covered by GreenPremium™ (see section 4.3.5 on page 127), ~19% revenue comes from software and services, and through continued growth of our ranges covered by the repacked and refurbished label, 22% of our product families have at least one circular option available. This expansion into new markets is driven by innovation such as artificial intelligence-based maintenance which enables customers to maximize the value of their assets and provides recurring revenue to Schneider.

Schneider Electric was recognized as a Circularity Lighthouse by the World Economic Forum and McKinsey for its end-to-end circular approach across a broad portfolio of its energy and building automation solutions. Through ecodesign, Waste-to-Resource sites, lifetime extension services, and a global network of refurbishment centers, Schneider Electric has saved and avoided 553 million tonnes of CO_2 to customers since 2018.

The Company also uses 27% green materials across its products with the ambition to reach 50% by 2025. 22% of Schneider Electric's product families have a circularity option, and more than half of Schneider Electric's manufacturing sites recover more than 99% of waste.

One example is how Schneider Electric gives its MasterPact MTZ circuit breakers a second life. Refurbished at the MasterTech plant in France, these circuit breakers are collected from customers at end-of-life, disassembled, diagnosed, upgraded, and tested before being put back on the market.

Beyond Schneider Electric, various industries have started to launch circular offers such as lighting as a service, equipment leasing, and circular IT pay-per-use models. On the flip side, the cost of doing nothing signals not only overlooking the opportunity to stay relevant but also compromising the Company's license to operate amidst critical raw material shortages and growing pressure from regulations like the EU Taxonomy and CSRD.

The goal of circularity is to design out waste and pollution, keep products and materials in use, and regenerate natural systems. It proposes a framework in which outputs from every stage of the lifecycle become inputs to another, offsetting the need for new materials and energy-intensive manufacturing activities. A circular economy is also a non-negotiable for a net-zero, nature-positive future. Schneider's circularity vision is to decouple business growth from the extraction of natural resources while meeting its net-zero, nature-positive target.

4.3.2 Our Vision

Our approach

Vision: to decouple business growth from resource extraction while meeting our net-zero nature positive targets.

Mission: adopt end-to-end circularity to (1) drive circularity concepts as a core part of offer creation, product design, and manufacturing; and (2) keep products, parts, and materials in circulation at their highest functional value as long as possible.

Strategic layers:

- **Design innovation:** (1) applying eco-design principles to product development, e.g. designing for reliability and lifetime extension, and (2) business innovation to offer development, e.g. deciding a go to market strategy between transactional sales to as a service.

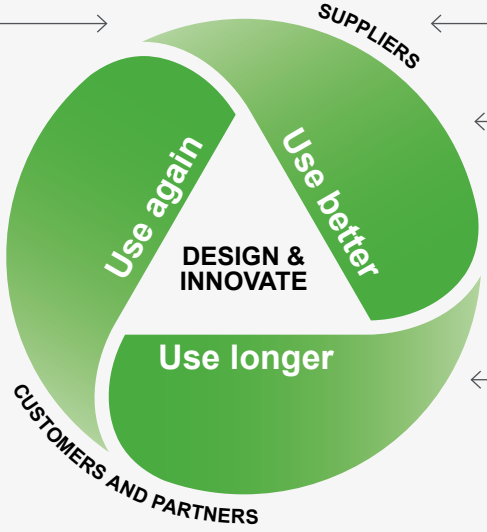
End-to-end circularity at Schneider Electric

0. Design and Innovate for circularity
- Eco-Design to use better, longer and again
- Business model innovation: develop bundled offers with financing and retained ownership where applicable

6. Recycle raw material & substances
- Recover SF6 gas service
- Material recycling

5. Repack and refurbish
- Take back and buy back services
- Repack and refurbish
- Harvest spares

4. Modernize & upgrade
Retrofit and upgrade solutions to avoid replacing by new equipment.



1. Source better
- Use sustainable materials, packaging.

2. Manufacture better
- Waste to resource sites
- Zero waste management
- Optimized logistics
- Local biodiversity actions
- Single-use plastic free sites
- Net-zero ready operations
- Water action plans in water-stressed sites

3. Maintain & repair
Condition-based maintenance powered by analytics and artificial intelligence.

- **Use better:** is about sourcing the best-in-class sustainable materials and manufacturing products efficiently. Example measures include sourcing materials with high recycled content and minimizing manufacturing scrap.
- **Use longer:** involves providing services to keep products in use for as long as possible. On-site repair and maintenance, as well as equipment modernization services.
- **Use again:** relates to recirculating products, parts, and materials in the economy. For example, take back, refurbishment, and resale of retired assets.

4.3.3 Innovating through business models

Offering "Everything as a Service" is a crucial component of end-to-end circularity. By retaining ownership of the product and extending our responsibility beyond the point of sale, Schneider is incentivized to design the most efficient, long-lasting products with service support throughout its use and optimal management at the point of retirement.

Most of Schneider's new products are digital, connectable, ensure full product life cycle management and predictive maintenance, and guarantee optimum performance, hence enabling the Group to move towards customer-intimate models like subscription, performance contracting, and leasing.

Schneider is exploring innovative circular offers, notably in Electrification as a Service and Energy as a Service through its Alphastruxure joint venture with Carlyle.

AlphaStruxure, Schneider Electric's joint venture with Carlyle, offers resilient and decarbonized energy with "Energy as a Service" (EaaS). EaaS is a financial and technical solution for deploying transformational on-site energy infrastructure projects – without the CapEx or complexity for the customer. AlphaStruxure finances and owns the system, taking on capital costs in exchange for predictable monthly payments, giving clients guaranteed pricing and performance outcomes. AlphaStruxure assumes the design, delivery, operation and maintenance of the system over the entire lifecycle. AlphaStruxure's deep expertise and long-term accountability enables a right-sized, waste-minimizing, and service-optimizing approach that drives circularity for clients.

One such client is New York City's JFK International Airport's New Terminal One. Its EaaS microgrid achieves several superlatives. It's the largest airport microgrid in the US, featuring a revolutionary federated design (i.e., four microgrids in one) that can power 100% of the terminal's critical operations. Its 11.34 MW of decarbonized electrical capacity is sourced from fuel cells, battery storage, and the largest rooftop solar array in NYC. AlphaStruxure's careful planning and service excellence will prolong asset longevity, minimize resource use, and propel decarbonization. That's how AlphaStruxure's EaaS drives circularity.

4.3.4 EcoDesign for circularity

At Schneider Electric, every product or solution fulfills 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 across the value chain – innovative design, materials, service business models, reuse and redistribution processes, collection, and more.

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.

The circular journey of Schneider Electric starts with the design phase, to ensure that every product and offer is using the better materials and processes, are used longer, and are used again once they reach their first end-of-life: this is EcoDesign for Schneider Electric. Ecodesign is defined in standards, International Electrotechnical Commission (IEC) 62430:2019 – Environmentally conscious design – as the design of products or services that aims to minimize the environmental impact throughout a product's lifecycle.

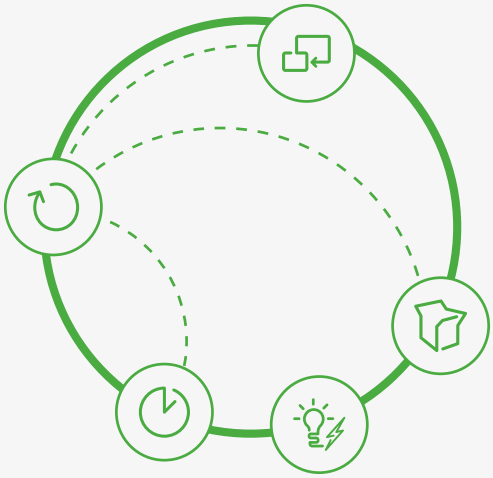
In 2015, to respond to customers' growing demand for products with a smaller environmental footprint, and to embed circular principles in its products and offers, Schneider Electric adopted EcoDesign Way™, a process to understand and manage the environmental impact throughout the lifecycle of products, and to coordinate efforts across the value chain, as shown with the five EcoDesign categories below.

EcoDesign Circularity

Recirculation
Ensure products, parts and materials have multiple lives.

Life time Extension
Extend lifetime of products, parts through design and services.

Energy Efficiency
Optimize Energy Efficiency during product use. Ability to deliver energy efficiency for customers.



Materials & Substances
Optimize: Focus on using less. Focus on alternative materials acting for circularity, low carbon and people and ecosystem safety.

Packaging & Operations
Focus on alternatives packaging solutions to optimize resources and minimize waste generation. Other benefits occuring at SE operations.

4 Being efficient with resources

EcoDesign allows businesses to implement Schneider Electric environmental global commitments into new product development processes and therefore ensuring that Schneider Electric offers participate actively to its long-term commitments.

While the EcoDesign Way™ Scorecard is still being used in projects, Schneider Electric has revamped the EcoDesign assets in 2023 to further accelerate positive impacts products and services could have on the environment.

In 2023, the Group structured the EcoDesign strategy while developing multiple assets to better support all Design and R&D teams.

EcoDesign in business strategy:

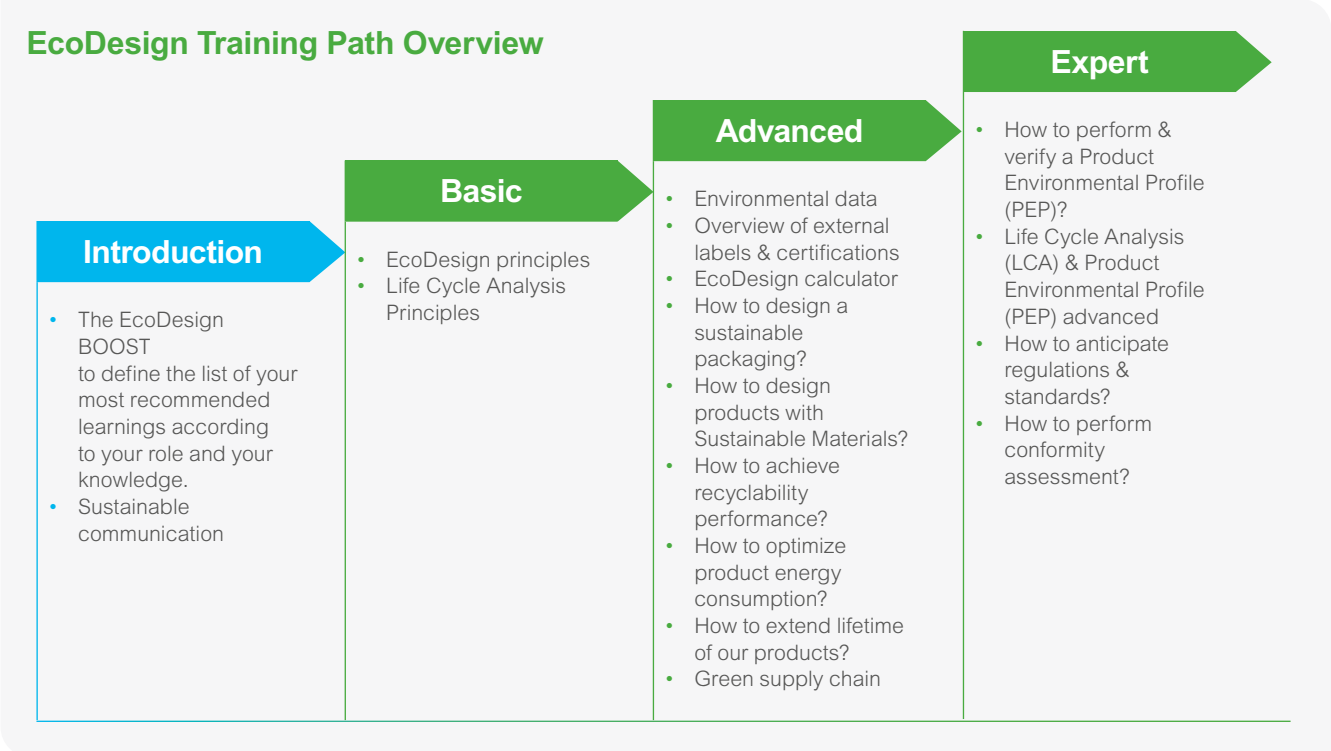
- Each business unit defined its sustainability targets and roadmap to reflect operationally the resources required to achieve a decarbonization plan. The Human Resources department performed a thorough assessment to ensure each business unit was correctly staffed to foster EcoDesign. It includes roles and responsibility descriptions and upskilling plans.

The Group has implemented EcoDesign metrics into the Offer Life Cycle Management to ensure all projects are incentivized to track the environmental footprint of their projects and report their performance on carbon and materials footprint. Mandatory deliverables at key milestones of the Offer Life Cycle Management have been updated to strengthen the EcoDesign requirements.

EcoDesign assets:

- The Group has launched in 2023 the EcoDesign Training Path, a set of 20 training modules, accessible for all the R&D community to raise awareness, train and upskill the engineer in charge of new product development. The EcoDesign Training Path includes several training levels, from basic to expert and covers a wide range of topics such as the EcoDesign principles, lifecycle assessment (LCA), green materials, communication rules, and standards. The central team of the different business units are tracking the deployment of the different EcoDesign Training Path modules to ensure a good appropriation by the R&D team and therefore building a common knowledge to foster Sustainable Innovation DNA across the company.
- In 2023, the Group has developed the EcoDesign Carbon Calculator, an online tool based on LCA methodology and datasets to allow non-environmental experts to model their projects' environmental footprint, identify hotspots, and estimate their first reduction potential. The EcoDesign Carbon Calculator, focusing on a Climate Change indicator at first (other environmental indicators could be activated at a later stage), intends to be used at an early stage of the Offer Life Cycle Management. It relies on available Product Environmental Profile (PEP) and allows users to simulate different scenarios by using extrapolation function. Multiple scenarios can be compared to identify the best design opportunity for the project team. The EcoDesign Carbon Calculator has been built thanks to a partnership with start-up, Altermaker, specialized in the development of IT solutions for LCA, with support of pilot project teams who tested the tool. The EcoDesign Carbon Calculator certainly does not intend to replace a full LCA tool but rather to educate the whole project team on the order of magnitude of the carbon footprint of their product or service, raising their awareness on the environmental footprint accountability, developing their ownership toward Schneider Electric's environmental commitments, and thereby actively contributing to identify more opportunities.

EcoDesign Training Path Overview



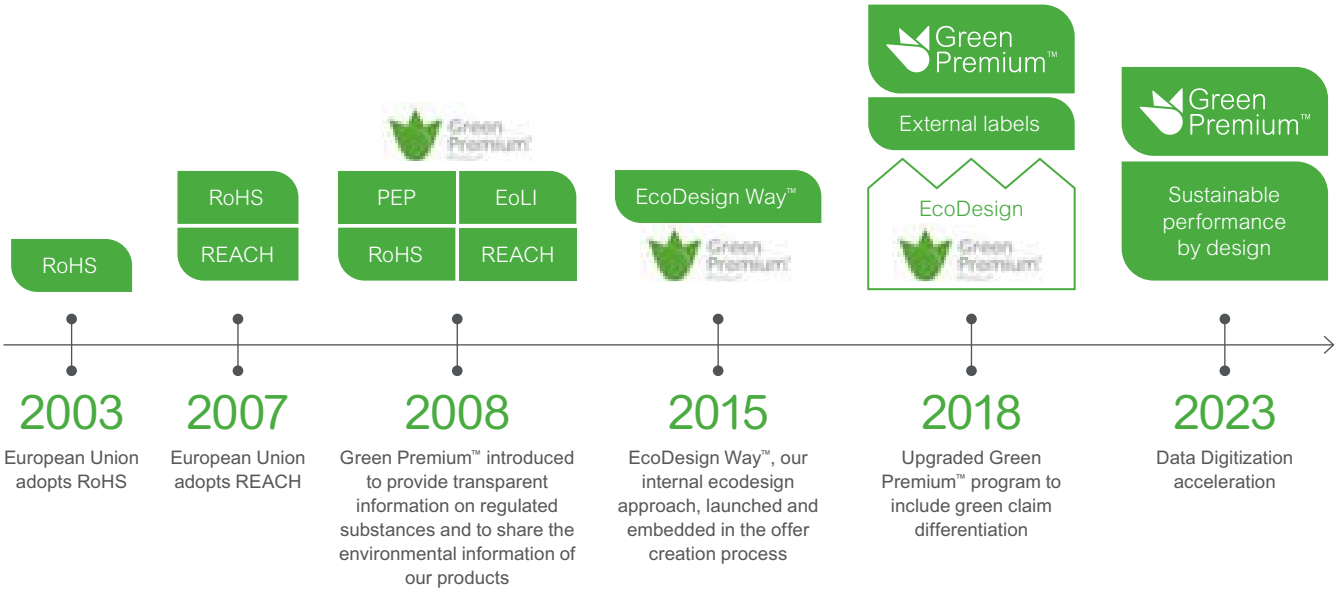
4.3.5 Leading with transparency: Green Premium™ and Product Environmental Profiles

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:

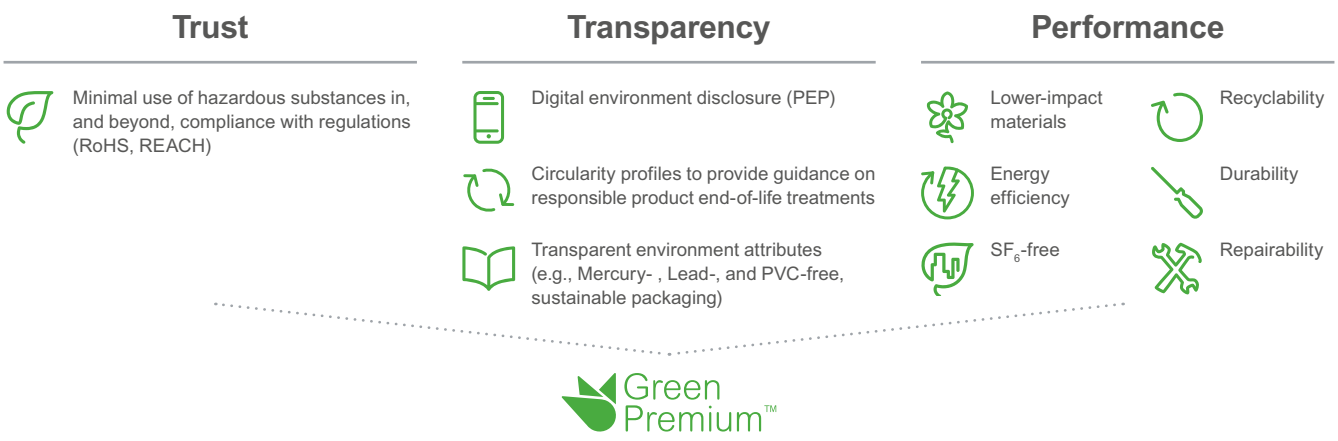
- is compliant with RoHS and REACH regulations;
- has an estimated lifecycle assessment (LCA); and
- has clear end-of-life instructions.

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 2023, this service collected more than 16,000 tonnes of batteries globally for recycling.



The program encompasses 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 remains 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.



4 Being efficient with resources

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 producs they want according to environmental features. New online features such as environmental claims badges have been added to every Schneider product page in 2023. This helps customers to understand the environmental benefits.

Customers can consult digital conformity declarations, PEPs, 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**

In 2023, more than one million downloads have been made from the "Check a Product" application. This is a testimony of customer demand for product environmental information.

Some flagship Green Premium™ offers have been launched over the year:

- The Smart-UPS Modular Ultra series, which delivers all the sustainability features one expects. Built with circularity in mind from the design phase and meeting the highest levels of energy efficiency in the market today. This new series is 35% lower in embodied CO_2, 40% improvement in emissions, 3x longer battery life, and 2.5x power density. The Smart-UPS Modular Ultra series are certified Energy Star 2.0 in the US. The result is a family of UPS devices that have the lowest embodied carbon footprint of any comparable model in the market today.
- The Mureva range, a collection of durable, waterproof enclosures designed to protect people, property, and installations. The Mureva line includes at least 20% recycled plastic content, and the packaging has been changed, consisting of 70% recycled fiber. These changes reduce water consumption, chemical effluents, and dust emissions.

To continue to lead by example in the field of transparent and responsible communication and avoid greenwashing, Schneider Electric has been driving significant marketing activities.

First, a full audit of Schneider 's marketing process has been conducted by a third-party company in order to strengthen the way Schneider speaks about product sustainability.

Second, all Schneider web content has been scanned to assess the use of specific words to use with caution.

Third, practical anti-greenwashing guidelines have been released to all employees with specific communication for the marketing population. More than 1,000 marketing people have been trained on how to use those guidelines.

Resources

SSE #6

Our 2025 Commitment

80% of product revenues covered by Green Premium™

In 2023, 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 Environmental Experts of the Group generated more than 440 new PEP documents. This has enabled the certification of a larger number of products through the Green Premium™ program to deliver even more transparent information.

Our progress

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 (EPDs).

An environmental footprint is a product or solution-related measurement that provides quantitative information based on 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 assessment is a mandatory requirement in the Green Premium™ program.

Schneider Electric relies on PEPs 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), as specified by the ISO 14025 standard related to EPD.

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 2023, more than 2,000 valid PEPs were publicly available online, covering all of Schneider's product lines, and more than 80% of product lines are covered by an ISO 14025 type III declaration.

Digitization of PEP data

Since 2008, when the Green Premium™ program incorporated the mandatory requirement related to the availability of a PEP, Schneider Electric has published PEPs at product family level.

In 2021, the Group launched a pilot project to extrapolate PEP data from product-family level to product-level, to produce more granular PEP data and start sharing them with a few strategic customers. Sharing more granular PEP data enabled those few customers to enhance the accuracy of their respective carbon accounting and develop services for their own customers to help them purchase more sustainable products based on quantitative environmental impact data. With this initiative, Schneider Electric strengthened the relationship with strategic clients, being positioned in the top suppliers thanks to sustainability.

Over 2023, the PEP digitization program has been deployed, using artificial intelligence (AI) and a dedicated software, enabling the Group to extrapolate and digitize quality data on more than 30,000 products.

Thanks to the Group's investment in those dedicated tools and processes and a strong project coordination involving central functions and all divisions, it is now possible to share PEP data at product level with more customers, external databases, and design firms and software, to position Schneider Electric as a key player of the sustainable transformation of building, infrastructure, and industry, and drive this transformation with quantitative data issued from LCAs.

Schneider Electric position on LCA and Product Carbon Footprinting (PCF)

Schneider Electric embarked on the LCA journey more than 20 years ago, with the aim of being transparent to its stakeholders on the environmental impacts of its offers, considering the full lifecycle and a wide set of environmental impact indicators, beyond product carbon footprint.

The Group has advocated for LCA since then, to comply with existing, recent, and future regulations (e.g. the EU CSRD and Taxonomy, and the Netherlands Environmental performance of buildings regulation), to meet customers' demand for LCA data and to deploy wise ecodesign strategies assessing and avoiding environmental impact tradeoffs.

The Group also advocates for strategies to improve the supply chain representativeness in LCA and the comparability of LCA among industry, at various levels from EU and International standardization to cross-industry initiatives such as the PACT (Partnership for Carbon Transparency) Pathfinder Framework project led by the WBCSD (World Business Council for Sustainable Development), and the need for a single and public LCA database, to ensure LCA practitioners in the industry can leverage their individual supply chain data and at the same time use identical LCA datasets (LCA raw data for materials, processes, energy supply, etc.).

PEP Ecopassport PCRed4

In 2021, Schneider Electric made a major contribution to the development of the new Product Category Rules (PCR) 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, 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 (TC 111 Working Group, ZVEI initiative) and regulations (Sustainable Product Initiative of the European Commission, Green Taxonomy).

Officially from 2023, all PEPs published by the Group are compliant with PCRed4.

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

4.4 Source better

4.4.1 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 fiftyfold by 2040 and the demand for cobalt and graphite thirtyfold, according to the International Energy Agency (IEA).

Evolving economic trends, 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 considered in the STRIVE initiative of the Group's Global Supply Chain and covered by the Property Damage and Business Interruption program at site level.

Schneider Electric approaches access to resources at different time horizons to ensure supply resilience both now and in the future by:

- 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; and
- 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 SSI 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; and
- differentiate Schneider's products by using low-CO_2, circular, and safer materials.

According to Schneider Electric, a green material has a lower environmental and social footprint, meaning low GHG emission, high recycled content, and minimized impact on people and the planet.

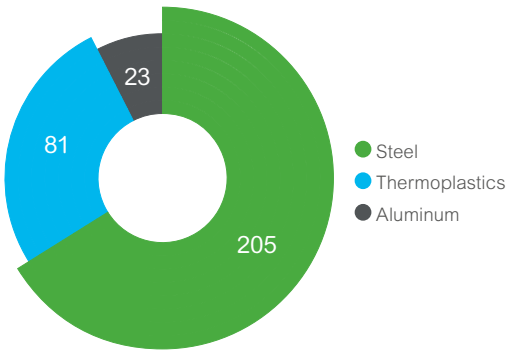
Therefore, performance could be achieved, either through selecting material and/or supplier with a proven lower environmental footprint (e.g., proof of a material produced out of a 100% recycled content), or strengthening the traceability of sustainable initiatives in the value chain.

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.

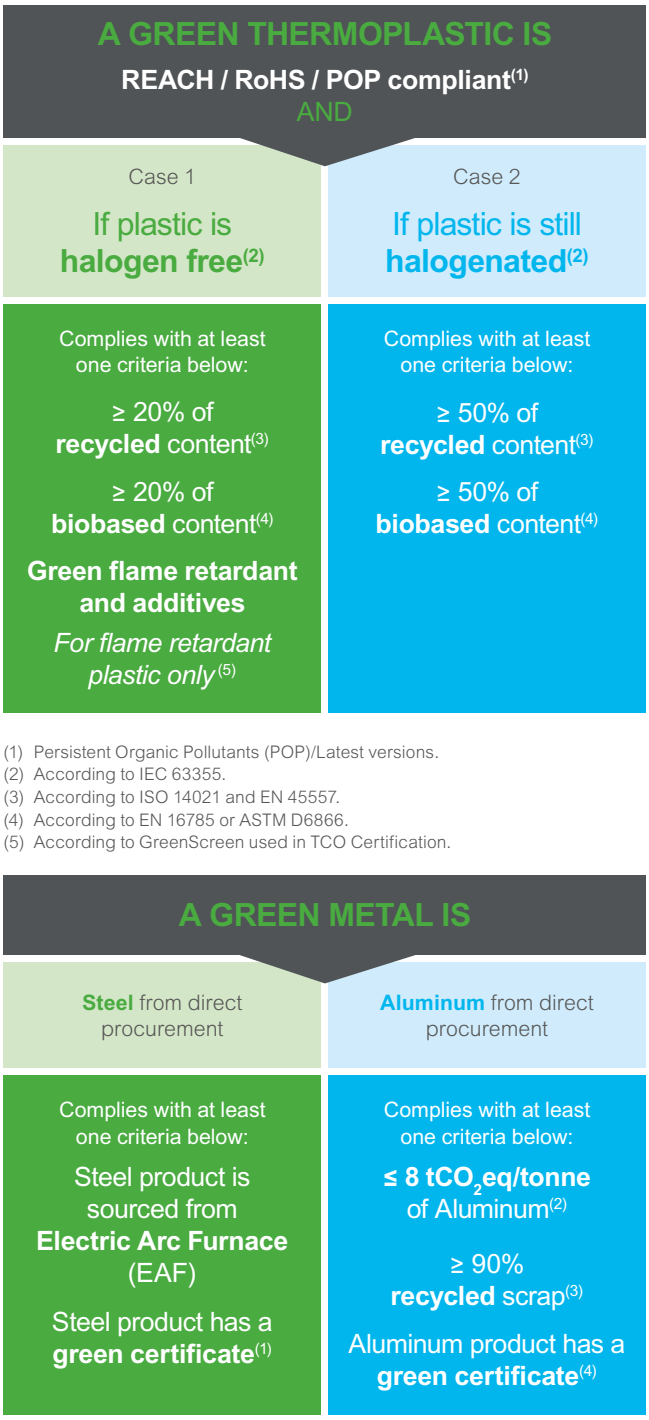
The lower environmental footprint attributes are defined for each commodity in scope, as the environmental performance of metal cannot be based on the same attributes as plastic. In 2023, the scope of green materials focused on three types of commodities covering around a third of purchased materials 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 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"



(1) Persistent Organic Pollutants (POP)/Latest versions.
(2) According to IEC 63355.
(3) According to ISO 14021 and EN 45557.
(4) According to EN 16785 or ASTM D6866.
(5) According to GreenScreen used in TCO Certification.

(1) e.g., Responsible Steel.
(2) According to Aluminium Stewardship Initiative (ASI).
(3) According to EU green taxonomy.
(4) e.g., Aluminium Stewardship Initiative (ASI).

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 2023, "copper" and "thermoset" draft definitions have been deployed internally and performance is being tracked to prepare for inclusion in future phases.

Additionally, in 2023, Schneider Electric has initiated work to define criteria for "green electronics". Criteria with matching key performance indicators (KPIs) are being tested with pilots and are expected to be scaled in 2024.

Partnerships to accelerate the sourcing of green materials

A critical point to accelerate the uptake of green materials in Schneider products is to be able to plan well in advance the different steps of qualification of the materials, the components, and the products; this is particularly true for thermoplastics. In 2023, Schneider Electric has been able to accelerate the volumes of thermoplastics qualified as green, mainly due to the business units' roadmap execution having an impact since the materials have been qualified. The qualification period could span from eight to 18 months depending on the materials and the product specificities, hence Schneider Electric commits to plan well in advance the offer roadmap,to factor in this incompressible lead-time and ensure our target is achieved by 2025.

Schneider Electric has already identified the risk of qualification bottleneck due to the increasing demand on the market. In the future Schneider Electric aims to optimize and mutualize the qualification needs. In 2023, the Group accelerated its engagement with suppliers regarding their sustainable transformation by building stronger connections and by securing the first volume of certified green steel.

Notably, Schneider Electric has partnered with ArcelorMittal, a global player in the steel and mining sector, to source recycled and environmentally produced steel called XCarb. The steel is made in ArcelorMittal's factory in Sestao, Spain, using a high percentage of recycled steel and processed in an electric arc furnace powered by 100% renewable electricity. Schneider Electric is using this steel to build electrical cabinets with significantly lower CO_2 emissions (see example). This example is a clear business case on how joining hands with suppliers to foster circular solutions could support Schneider Electric's decarbonation journey.

Schneider Electric also continued to engage with industry-wide organizations and contributes actively to the development of those to be seen as a catalyst of change across the supply chain. The Group continues to participate in Responsible Steel working groups, the world's first global scheme for responsibly sourced and produced steel.

Schneider Electric is 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.

THE COPPER MARK®

Responsible Steel™ standards & certification

Resources

SSI #4

Our 2025 Commitment

Increase green material content in our products to 50%

In 2023, Schneider Electric became a pioneer in universal enclosure activity, launching a premium range of products, decarbonized thanks to better design, industrial process, and raw material.

PanelSeT SFN, the first decarbonized steel enclosure of the market, is a new floor standing enclosure manufactured with certified decarbonized steel, made from recycled raw materials, and using renewable energy sources such as solar and wind. This innovative approach helps us to reduce CO_2 emissions by up to 34%.

In addition, our customers will have a better user experience with a new design that is more robust and simpler to use, with an easy mounting system. The enclosure is available as pre-assembled, as a kit or customized to the customer's specific needs and targeted markets.

Our progress

2020 Baseline	2023 Progress	2025 target
7%	29%	50%

4.4.2 Eliminating hazardous substances

Since 1950, chemical production has increased fiftyfold and is expected to triple from 2010 to 2050, with only a small number of the 350,000 chemicals in use fully assessed for safety[1]. Beyond being a health concern, substances can contribute to climate change as they emit GHG throughout their lifecycle.

To minimize the potential harm to the environment and human health, Schneider Electric continues to prioritize the management and substitution of hazardous chemicals from our products, processes, and supply chain. In 2023, the Group updated its definition of green products to align with the EU Taxonomy Appendix C that was released in 2023. It also updated its Substance in Products Directive giving the main orientations and strategy to follow for products in our portfolio. The previous version was published in 2015. The updated directive reflects among others, the different criteria of the EU Taxonomy Appendix C. It will be deployed in 2024 with the objective to maintain our leadership in terms of transparency and control of substances of concern.

The Group has tackled substance management for many years as part of our environmental programs reducing and managing its waste, emissions- and water-related risks, including pollution. It constantly substitutes substances or substance groups of concern targeted by regulations; when not technically possible, Schneider Electric ensures that the chemical risk is under control at all lifecycle steps. The recent development of the new medium voltage switchgears without SF_6 (one of the most potent and persisting GHGs) is an example. As reflected in SSE #2, the Group aims for 100% substitution with SF_6-free medium voltage technologies.

The Group operates in different jurisdictions with evolving regulations on environmental, health, safety, and product compliance. The regionalization of environmental regulations (e.g., California Proposition 65, China RoHS and UAE RoHS) creates complexity, with thousands of suppliers. Therefore, Schneider maintains strong governance, relying on a global approach of environmental product stewardship directives fed by a regional and local environmental steward network. As substance presence identification and traceability are key, the Group is investing in robust digital systems to perform and report the environmental compliance of its wide product portfolio, across several hundreds of thousands of commercial references.

(1) "New Study Underscores Dangerous Levels of Chemical Pollution." Human Rights Watch, January 21, 2022.

RoHS and REACH

Since 2015, Schneider Electric has adopted a proactive implementation of the European RoHS Directive, which restricts the use of chemicals in electric and electronic equipment, many of which are also restricted under the REACH (Registration, Evaluation, Authorization and Restriction of CHemicals) regulations. The Group designs and manufactures all its products to be compliant with RoHS and REACH substances restriction, even if it is not in the directive's legal or geographical scope. This includes all Schneider offers, whether local or independent name brands, manufactured in its plant facilities or only labeled.

Schneider Electric is committed to fulfilling its legal obligation and pursuing product compliance coverage to the largest possible extent making business sense. The Group continues to work towards reducing the number of products under the RoHS Directive exemptions and the number of global exceptions to REACH and RoHS. 81.8% of products globally (93.6% of revenue) are compliant with RoHS restrictions, among which, 45.2% are without directive exemptions.

In anticipation of future possible restrictions, research programs are conducted to find alternative solutions to the presence of lead in some metallic alloys, brominated flame retardants in polychlorinated biphenyls and cobalt in surface treatments. Per- and polyfluoroalkyl substances is a wide family of substances targeted by both Europe and the US in coming regulations. After the first identification of the different uses, the Group participated in the public consultation, describing the situation of each use case in term of exposure, alternative solutions availability, risk, and requiring temporary derogation only when relevant. Following this consultation, a new restriction proposal will be proposed in 2024, and Schneider will engage a large substitution program where needed.

Compliance system

A strong data management system is key to ensuring product compliance and anticipating substitution actions. Internal IT processes are continuously adjusted to identify a more proactive, safe approach to material and substance use, and more efficiently fulfill the declaration requirements of the European Substances of Concern in Products database through direct link or IEC 62474/IPC 1752 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. This enables the Group to push for a more complete material disclosure, increasing the visibility of all chemicals present in its products for better transparency and chemical exposure management.

WEEE

Related to RoHS is WEEE (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; and
- 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.

4.4.3 Sustainable packaging

Packaging is the first visible asset seen by customers and it is associated with major environmental challenges such as resource depletion, waste generation, and marine pollution. Schneider Electric's Sustainable Packaging program aims to foster innovative packaging solutions to ensure a safe and quality packaging experience with 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's 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% recycled fiber by weight, if legally accepted (according to FTD 00976). 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. Schneider Electric defines single-use plastics 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".(1)

Schneider packaging teams work to:

- Ensure the recyclability of our packaging to reduce the Group's overall environmental footprint.
- Establish partnerships with key suppliers to identify sustainable alternatives to replace current single-use plastics in our packaging.
- Build up traceability in the supply chain by collecting suppliers' declarations and certificates for recycled cardboard.

Resources

SSI #5

Our 2025 Commitment

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

Packaging transformation is making progressing apace, with 80% of all cardboard used in the primary and secondary packaging made from recycled carboard. Our Wiser range is also completely free from single-use plastics, using only recycled cardboard.

Our progress

2020 Baseline	2023 Progress	2025 target
13%	63%	100%

(1) Source: Directive 2019/904/EC of 5 June 2019 on the reduction of the impact of certain plastic products on the environment.

4.5 Manufacture better

4.5.1 Context

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.

Nonetheless, the Group is committed to minimizing its impacts on natural resources by operating with sustainability principles at its core. This allows the Group to continue manufacturing into the future, helping its customers deliver on their sustainability and business objectives. In the process, still preserving the environment and its limited resources.

Schneider Electric aims to move towards closed-loop systems in its operations and with its partners to prolong the life and use of the resources it depends on.

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 three-fourths 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 55% 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, i.e., those with the most material impacts.

4.5.2 Risks and opportunities within manufacturing operations

Environmental risks related to manufacturing include the potential for soil, soil gas, surface water, groundwater, and air contamination. For instance, the release of hazardous substances can be harmful to human health and the environment. It can also disrupt continuity of operations and tarnish reputation. As Schneider Electric's factories and distribution centers are spread across dozens of countries and different national environmental regulatory frameworks, risks of non-compliance exist. These risks are related to potential mismanagement of the use, handling, storage, discharge, emission, and/or disposal of hazardous substances and their related wastes as well as GHG-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 financial harm.

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 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 2023, no new material environmental impacts were identified. See section 4.5.5 on page 139 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.

234 sites were certified ISO 14001 as of the end of 2023, representing approximately 79% 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(1).

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 235 and include energy consumption, Scopes 1 and 2 CO_2 emissions, waste generation, water usage, and VOC emissions.

With the Safety, 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", and 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, and surveys new and existing selected manufacturing sites each year.
- 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; and
- Shaping the future with long-term material resilience and sustainability with disruptive actions.

To ensure materials sourcing resiliency, Schneider has added resource parameters in product ecodesign and defined substitution strategies for critical resources. R&D actions are in place, focusing on materials with main strategic functions accompanied by communication channels to escalate and alert.

4.5.3 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 recent years, global challenges with supply chains, material shortages, and increased visibility towards waste pollution such as ocean plastics have reinforced Schneider's longstanding prioritization of its circularity strategy and the importance of engaging all stakeholders across the value chain to drive progress.

The Group's 2021 – 2025 "Waste-to-Resource" (SSE #9) program, an evolution of its 2018 – 2020 Towards Zero Waste to Landfill program, takes its waste recovery program even further: sites must achieve 99% recovery for all waste not classified as hazardous while also achieving 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.

(1) Exclusions mainly include AVEVA, RIB Software and Larsen & Toubro E&A division and to a limited extent other small non-integrated entities.

In 2023, the Group did make progress towards its target of 200 Waste-to-Resource sites by achieving 137 sites, a net of +10 sites from last year, but continues to be impacted by the ongoing evolution of its real estate footprint. Since the start of the program, 19 sites classified as Waste-to-Resource have been closed, divested, or transferred to third parties, impacting the ability to deliver on the Group's commitment of 200 sites. This real estate evolution also impacts the number of sites that can be targeted before 2025 with further site consolidations and third-party transfers expected in order to support business needs and deliver further efficiencies. Despite the challenges on this site-based KPI, overall performance on waste reduction, reuse, recycling, and diversion from the landfill remain strong in 2023. Schneider generated around 124,000 tons of waste in 2023, most of it being solid waste. Continuous improvement plans have been deployed to manage this waste, in line with the ISO 14001 certification. The Group achieved 97.0% recovery of reported waste, and a 91.3% recycling rate without energy recovery in 2023. The recovery ratio has increased from 81% to 97% since 2009, thanks to site-by-site waste management action plans.

In 2021, the Group set the ambition to reduce hazardous waste intensity by 30% in 2025 against the 2017 baseline. In 2023, hazardous waste generation intensity was 0.21 tonnes/million EUR of revenue, which represents an evolution of -50% vs. 2017.

Resources

SSE #9

Our 2025 Commitment

200 "Waste-to-Resource" sites

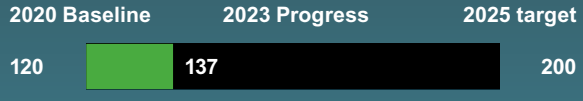
SSLVTA, a low voltage manufacturing site located in Shanghai, China produces low voltage electrical appliances such as circuit breakers and dual power supply products on site.

Due to the nature of the electrical manufacturing process, Volatile organic compounds (VOCs) are produced as a byproduct in the plant's exhaust gas. In addition, activated carbon is produced as waste on site and its classified hazardous which needs to be outsourced for disposal.

The local team identified the potential of creating a close loop – by utilizing activated carbon produced as an absorbent to reduce its VOCs emission. Not only does this promote waste as a resource, its also an economical way to address the site's environmental impact.

Through this project, 1.5 tons of hazardous waste are eliminated annually.

Our progress



4.5.4 Water withdrawal, discharge, and stress

Schneider Electric regularly assesses water-related risks. In 2022 the Group conducted corporate water footprint across the full 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; 18% was allocated to raw materials and 81% to the use phase of its products.

Schneider Electric's direct operations are not water intensive with industrial processes consisting of mainly manual and automatic assembly. However, without water the facilities cannot operate and as such, Water remains a continued focus of the business with increased focus on sites located in the most water-stressed areas.

In 2023, water management and performance information were disclosed in the CDP Water Security program, and Schneider was scored a A-.

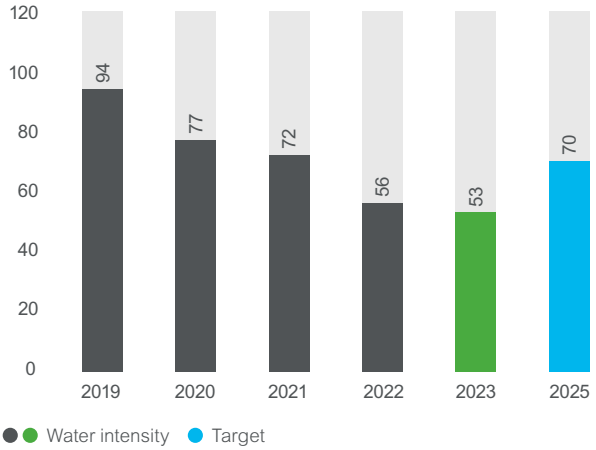
Water withdrawal

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 and paint lines.

In 2021, Schneider Electric set the target to reduce water intensity (in cubic meters of water withdrawn per milliom EUR of turnover) by 35% in 2025 vs. 2017, with a focus on sites with high water withdrawal and within water-stressed areas. In 2023, water withdrawal intensity was 53 cubic meters per million EUR of revenue, an evolution of -51% against the 2017 baseline.

Annual water withdrawal intensity* (m^3/€M)



* Scope of sites is GED 001 scope; Scope of total revenues is the Group's revenue

Focus on water-stressed areas

The Group recognizes the importance of water to our operations and local communities, especially those that are located in water-stressed areas. The Group monitors the water stress level of all ISO 14001 sites (including factories, distribution centers, and large offices) using the World Resources Institute's Aqueduct Water Risk Atlas. Sites identified as "high" or "extremely high" using the tool are classified as water-stressed, regardless of the amount of water withdrawn.

76 sites are classified as water-stressed, accounting for about 46% of total water withdrawals. 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). The action plans require sites to conduct a water use assessment to identify opportunities for water efficiency improvements. This covers good practices associated with metering, both water-related technical and general water training for employees, and loss analysis as well as deep dives into process-related activities, heating and cooling, sanitation and canteens, and irrigation where relevant. In 2023, the Group achieved 73% of its 2025 target.

Water discharge

Most of the water discharged by Schneider Electric is sanitary and canteen wastewater and is sent to a third party, often a public entity, for treatment without requiring additional pre-treatment in Schneider's facility.

In some cases, wastewater does require treatment before leaving the site boundary (as is often the case when using water for industrial processes like surface treatments). On-site wastewater treatment reduces pollutants and monitoring plans align with regulatory requirements. Increasingly, sites with process water are adopting closed loop systems to eliminate wastewater, minimize freshwater withdrawal, and recover valuable raw materials.

An example of this is the Coimbatore site in Tamil Nadu, India where Schneider produces Low Voltage Switch Boards. High-quality water is required for the powder coating process used for covering panels. During 2023, the site began operating the upgraded wastewater recycling process which includes a reverse osmosis system and solar evaporator, at an investment of approximately EUR 30,000. This initiative recovers over 880 cubic meters of water annually. It has also improved the quality of the returned water which in turn has reduced the number of defects, whilst also reducing site carbon emissions by 10t CO_2e per year, a vital part of our zero carbon site program. This, together with the installation of a 2,500 cubic meters rainwater harvesting system have reduced water withdrawal by almost 15%.

Resources

SSE #11

Our 2025 Commitment

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

Schneider Electric has three sites in the water-stressed area of Nuevo Leon, Mexico. Recent water shortages have highlighted the importance of water security both for our employees and their families, and operational business continuity. It is especially important to be efficient with water at these sites. The sites' water action plans have implemented the following initiatives across the three operations:

1. Engaged and trained employees on the importance of water and efforts to reduce demand.
2. Upgraded the water metering system.
3. Process improvements to the paint lines and coatings operations.
4. Retrofitting of low flow taps, toilets, and urinals.
5. Xeriscaping is being introduced to replace site landscape with native species which require no irrigation.

Over the last 12 months, the Monterrey sites have reduced water demand by 24%. Beyond the factory boundaries, the team has worked with NGOs including Fondo Unido, Sociedad Sostenible (SOSAC), and REMARE, and governmental organizations in the Santa Catarina River basin to support water security through the removal of invasive species, reforestation, and river clean-up activities. The sites continue working to improve efficiency and tackle water insecurity in the area.

Our progress

4.5.5 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 2023, 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 2023. Hazardous materials and their related wastes are managed in compliance with regulations and with appropriate pollution prevention mechanisms. As examples, this includes storage on impervious surfaces and ensuring stormwater is isolated from chemicals and wastes.

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 local regulations and the ISO 14001 certification. Discharges are tracked locally as required by current legislation. No spills or discharges causing water or air pollution occurred in 2023.

Emissions of NOx (nitrogen oxides), SOx (sulphur oxides), and particles into the air are monitored, where appropriate, 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 VOC emissions, and for this reason, the Group works to reduce VOC emissions from industrial activities by 10% every three years. VOC emissions(1), which are primarily linked to production, decreased from 29 kilograms per million euro in 2017 to 8.5 kilograms per million euro in 2023. 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 and hydrochlorofluorocarbon emissions are monitored locally, in accordance with applicable regulations. These emissions are mainly due to the operation of air conditioning systems and are not directly linked to Schneider's industrial activities.

Noise, odors, and light

All Schneider's sites comply with local regulations on noise and odor. Given the nature of its activities and distribution model, the Group does not have any significant external light pollution.

4.5.6 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 BirdLife 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 six sites are in proximity of a category-1-protected area);
  - 29% are in category 3 or 4;
  - 31% are in category 5 or 6; and
  - 32% are not applicable, not assigned or not reported.
- 3% of the Group's sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction" or "Important Bird and Biodiversity Areas").

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.

All results are made available to sites, so that they can better understand the local threat to biodiversity and restoration potential. Sites use these results at their discretion to drive the local biodiversity actions previously described.

Find our IBAT Multi-site Report generated under license 26614-25299 from the Integrated Biodiversity Assessment Tool on 15 December 2021 on **www.ibat-alliance.org**

(1) Scope of sites is GED 001 Scope, Scope of revenue is the total Group revenues.

4 Being efficient with resources

In 2021, as part of the Group's Biodiversity Pledge, Schneider Electric committed to act locally, engaging employees and partners to deploy biodiversity conservation and restoration programs in 100% of sites (>2000 SQM). To meet this target, 400 Schneider sites have to define and deploy a Biodiversity program that aims to eliminate single-use plastics (relating to non-production such as office and catering) and includes at least one local action which addresses locally-specific ecological risks, and incorporates structured governance and wider stakeholder involvement.

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

The program was launched in 2021 and whilst 2022 focused on education and training, 2023 focused on action – tackling the complexities of biodiversity, assessing their impact, and working with local stakeholders and employees in direct action to preserve or restore biodiversity in and around the sites. The Group achieved 66% performance in 2023, up from 18% in 2022.

The program empowers employees to understand the local environment and priority ecological risks and take appropriate action on and around the Schneider Electric sites. This has resulted in a range of initiatives, for example: Monarch butterfly waystations in Mexico and the US; creation of miniature forests in India, Saudi Arabia, Canada and Algeria; mangrove restoration in Vietnam and China; river and ocean clean-ups in Egypt and Italy; and creation of ecological corridors in Brazil.

Action on Biodiversity represents a unique way to engage with employees and communities on issues which are important to them, building an empowered workforce that recognizes the value of nature in tackling climate change and that many small actions can make a big difference.

Resources

SSE #8

Our 2025 Commitment

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 local action to tackle locally relevant ecological risks.

For example, the team at the Edmonton facility in Canada were concerned about the decline of pollinators and the impact on flowering plants and food production in the area. Populations of key pollinators in the area have declined by about 40%.

Over the last year the team have been working with a local beekeeper to install a bee hive and train employees. This is one of several actions that the team is taking to support pollinators; others include installation of bat houses, and working together with Root for Trees Canada to support local reforestation, planting over 500 native trees and shrubs in local parks in the last two years.

Similar projects are also happening in the UK, France, and the Netherlands.

Schneider takes the responsibility to protect, and wherever possible improve, the biodiversity around its work place.

Our progress

4.6 Use longer and use again

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.

The first focus, before considering end-of-life, is to prolong to 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.

To ensure products are correctly used, maintained, repaired, collected, sorted, and recycled, circularity has to be embedded in the offer design stage (see EcoDesign approach in Section 4.3.4 on page 125).

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 the condition that concerned product categories are adequately maintained and serviced by qualified and certified experts.

Resources

SSE #10

Our 2025 Commitment

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 PEPs 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.

Our progress

4.6.1 Maintain and Repair

Extended equipment lifespan and resiliency through Condition-Based Maintenance

The experience of recent times has accelerated the adoption of IoT as a technological advancement that enhances the resilience of installations. Furthermore, the pressing challenges of the energy and climate crisis have underscored the need to decarbonize installations, adding an additional layer of complexity.

Condition-Based Maintenance is a powerful solution that addresses both challenges, enhancing equipment uptime and prolonging its lifespan. By constantly monitoring equipment health and tracking stress, wear, and aging parameters, it allows one to proactively prevent failures that accelerate equipment aging. This approach not only helps avoid the need for equipment replacement but also contributes to avoiding carbon emissions by eliminating the manufacturing of new equipment.

In new CapEx projects, Condition-Based Maintenance can be implemented by leveraging native connected equipment. Whereas, for older installations, Condition-Based Maintenance can be enabled by upgrading the installed base with sensors.

Customers can adopt Schneider's Condition-Based Maintenance approach with EcoCare Membership, a next generation services plan:

- 24/7 remote monitoring from Schneider Electric experts and on-site intervention in case of emergency.
- Unique Assets health indexes powered by advanced analytics.
- 45,000+ events monitored and manages.
- 25 million data points daily.
- 24,000+ recommendations every year.

4.6.2 Refurbished Offers

Schneider Electric creates shared value for its customers through local models of take-back, refurbishment and resale of retired assets.

As a continuation of Schneider Electric's development of the refurbished models, extended capabilities are developed in order to:

- Expand the coverage and value creation for take back and recovery services
- Enlarge the basket of product ranges with a refurbished offer guaranteed by Schneider Electric, and
- Industrialize processes, systems, and operations to deliver a simple customer experience

Schneider Electric puts its expertise as a manufacturer at the service of providing manufacturer-level circular solutions, following strict guidelines, ensuring traceability, guaranteed performance, and Schneider Electric usual service support on site.

Refurbished ranges in 2023

Refurbished Products

Low Voltage

MasterPact MTZ

UPS

UPS 1phase

Industrial Automation & Control

Variable Speed Drives

HMI

PLC

Motion

System Drives

Get credentials by using refurbished products guaranteed by Schneider Electric

- **A label** dedicated to the sale and promotion of products from the circular economy, launched by Schneider Electric.
- The **warranty of a circular product is identical to a new product**
- Refurbished products have a **higher environmental value,** by reducing carbon footprint & resource consumption

Take back service

Take back and recycling of your ageing equipment and all related gas like SF6.

In addition to delivering tangible sustainability benefits (positively contributing material resilience and our customers' scope 3), leveraging circular offers brings new benefits to customers, not only financially, but also operationally – among which faster availability, ability to better manage Capex / Opex decisions, provide prolonged access to spare parts, ensure continuity of operations with manufacturer-level refurbished products.

In the evolving regulatory context encouraging all circular loops, Schneider Electric continue to broaden its offerings to support this circular transition and create new business opportunities to both partners and end customers, with the primary intent to maximize the reuse of products, equipment, spares.

4.6.3 Recycle raw materials and substances

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 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: Bouygues Energies & Services: Supply of refurbished electrical equipment for the Six Degres project

"Six Degres" is an environmentally friendly real estate project covering 39,000 square meters. Designed to offer flexible offices tailored to new ways of working, as well as a full range of services including co-working, auditorium, restaurants, shops, nursery, sports hall, and wellness center. The project also includes 7,000 square meters of terraces forming suspended gardens that can accommodate up to 2,900 people. Located in the Val-de-Marne area near Paris, France, it is scheduled for delivery in 2024.

To reduce the environmental footprint, the architects and Bouygues have chosen innovative solutions: low-carbon concrete for the infrastructures and foundations, wooden floors and posts for the superstructure, algae-based paints, and numerous materials and equipment from the circular economy. From low-voltage equipment to medium-voltage, including building management systems, all products must contribute to reducing the carbon footprint.

From a circular economy perspective, Schneider Electric has made significant contributions through various initiatives:

1. Refurbished MasterPact MTZ circuit breakers at the MasterTech center near Granoble, France. Products that have been taken back undergo dedicated refurbishment and re-testing processes, ensuring manufacturer-level performance and warranty.
2. Repacked products (Mureva and Unica) from redistribution flows are given a second chance, thereby avoiding waste and carbon emissions.
3. The AirSeT range provides SF_6-free medium voltage equipment using AirSeT technology, offering a lower CO_2 solution and environmentally safer end-of-life management.

"This demand for low-carbon emission products is a real underlying trend in all tenders", notes Santiago Rivero, key account manager for Bouygues Energies et Services. "And France is a pioneer in the field, with legislation pushing is in this direction and a growing awareness".

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 sustained high performance and greater employee engagement, through best-in-class people practices that are enabled by its 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 innovative and 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, learning and development, and rewards.

The Human Resources function plays a key role in enabling performance and people 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 unique multi-hub model; a leaner organization structure; leadership and culture transformation; widely acknowledged diversity, equity, and inclusion practices including flexibility at Schneider; and setting up a transformation of skills to enable growth and innovation.

By 2025, Schneider Electric has committed to creating equal opportunities for all 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 everyone. This report shares the progress on the key transformations under the Equal and Generations pillars of the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs.

"Through our People Strategy, we aim to unleash the potential of all, drive impact and innovate for our customers and society. Our people culture, leadership and technologies enable us to position our Company as a company of choice."

Charise Le,
Chief Human Resources Officer

Progress of our Equal and Generations commitments

Schneider Sustainability	#	2021 – 2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	2020: 41/23/24	41/28/29	50/40/30
	10.	Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.52	x2.00
Essentials (SSE)	18.	Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.00% 0.67%	<1% <1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	61%	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	x1.5	x4
	22.	Support the digital upskilling of our employees	2020: 41%	78%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	67%	90%
	24.	Increase our employee engagement level	2020: 69%	73%	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 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

2023 Highlights

In November 2023, the Group was recognized as a Top 50 Diversity Leader by the Financial Times in their Diversity Leaders 2024 rankings, for the 5th year in a row, ranking 8th among 850 companies and 2nd in its industry

In 2023, Schneider Electric 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. 2022 and well above the index average of 73%

Schneider Electric was included in the "World's Top Companies For Women 2023", list published by Forbes

Schneider Electric recognized by Brandon Hall Group with an HCM Excellence Gold Award in the Diversity, Equity, and Inclusion category for its Global Family Leave Policy

5.1 2025 People Strategy and Vision

5.1.1 Context

The world is moving fast and is at an inflection point: the desire for climate neutrality and energy transition are driving Schneider Electric's business strategy and pushing the Group towards sustainable growth. At the same time, Artificial Intelligence (AI), digitization, and changing societal needs demand greater inclusion.

The post-pandemic world with ever increasing supply chain constraints due to geopolitical issues is creating more opportunities for Schneider Electric to be the most local of global companies.

Being agile by demonstrating resilience and adaptability is the most important prerequisite for success in today's unprecedented environment of uncertainty. It requires the leverage of both human capabilities and digital technologies. Schneider Electric's People Vision and People Strategy help achieve this.

5.1.2 Schneider Electric's People Vision – Employee Value Proposition, Core Values, and Leadership Expectations

People Vision

Schneider Electric's People Vision provides the impetus to change the way we work and accelerate the cultural transformation of 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 EVP 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 EVP, which is its promise to current and future employees.

The Group believes that great people make Schneider Electric a great company. They are driven by their meaningful purpose and continuously create an inclusive environment where employees are empowered to be at their best and innovate.

Its EVP 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 **judgment**, do the best for our **customers**, and make the most of **their energy**.

Over 2023, Schneider Electric launched a special project to revisit and evolve its EVP and Core Values, in alignment with the evolving business context of the Company. Its new EVP and Values will be released and communicated during 2024.

Core Values

CUSTOMER FIRST Above and beyond for our customers.	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 Constantly in beta.	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 Different is beautiful.	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 #Whatdidyoulearntoday?	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 All in. Together.	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 Disrupt ahead of the curve	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 Accelerate and Simplify	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 Coach and Care	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 Collaborate to Win	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 JUDGMENT Empower and Trust	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.

Read more about our on Leadership Expectations on the Trust Charter, available on **www.se.com**

5 Great people make Schneider Electric a great company

5.1.3 2025 People Strategy

Schneider Electric aspires to achieve its purpose and mission by empowering and developing its people to their fullest potential. The Group acts with agility and trust to innovate for its customers and strives to win in the market.

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, 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.

Schneider Electric assesses and refreshes its People Strategy from time to time, to enable the Group to achieve the "Next Frontier" of Growth. At Schneider Electric, a culture led and skills first organization enables the desired impact.

5.1.4 Governance

At Schneider Electric the three 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 in their respective entities. They provide strategic support and deliver day-to-day local support towards operational activities for managers and employees.

HR Centers of Excellence 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 critical people and HR programs.

HR Services manage HR operations, standardize programs and systems, ensure data quality and compliance, 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 its Corporate Governance directions, the Group follows HR Governance led by a single point of contact with corporate organizations such as M&A, Internal Audit, Internal Control, Ethics & Compliance, and Data Privacy, which facilitates an agile response to corporate directions.

5.1.5 Employee Engagement

Engaged employees are key to enable the Company to be at its best and support the achievement of the Group strategy. By measuring engagement and responding to feedback, Schneider Electric can foster an environment in which people feel connected to their work and strive to perform.

Key updates in 2023

- High survey response rate of 87%, with a 3-point increase vs. 2022 in engagement score at 73%.
- Employees continue to feel empowered in their work, with opportunities to renew their skills through learning and flexibility to enable how they work, while remaining connected to Schneider Electric's purpose in an inclusive environment.
- Gains observed in critical area of effectiveness at 70%, however continued attention needed on recognition and collaboration.

Participation
87%
113,901 responses (+5,985 since 2022)

Engagement
73%
+3 points of employee engagement since 2022

Action plans
77%
of employees agree on the positive impact of the action plans

Managers
42%
of managers have access to a customized report

1. OneVoice Survey

As an inclusive company, all employees are invited to provide their honest feedback through the annual OneVoice survey, which evaluates their engagement and measures ten 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. Schneider's ambition is to achieve 75% engagement score by the end of 2025 (SSE #24).

The Top 5 Drivers of Engagement from the 2023 results demonstrate that employees feel empowered (80%) in their work, benefitting from flexible work arrangements (81%) and opportunities to renew their skills through learning (75%), while drawing inspiration from Schneider Electric's purpose and goals (76%) in an inclusive (76%) environment.

2. Turning insight into action

Supported by a global network of engagement partners, each year leaders communicate results to their teams, followed by formulating impactful action plans to drive change.

A holistic approach is taken to guide leaders on next steps following survey closure:

- Communicating the high priority of the topic.
- 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.

Beyond acting at the team level, steps taken globally and regionally are also important to reinforce the listening lifecycle. Responding to effectiveness feedback, 2023 saw the global roll out of a newly refreshed intranet, Spice+, the digital home base for employees, built to simplify life at work and help optimize energy. Spice+ goes further than a traditional intranet by providing employees the ability to customize their experience, ensuring they always have what they want, while reducing noise from what they don't need. From accessing well-being resources, to catching up on the daily news or managing calendars and tasks, Spice+ is a one stop shop for all things Schneider.

Regionally, East Asia teams were empowered to implement actions at the country level to best respond to local feedback. Themes from across the region included recognition activities, in person cross-departmental interactions and employee team building events. As one highlight, teams in Thailand focused on improving recognition by celebrating achievements in monthly team meetings, encouraging appreciation through #WhoDidYouThankToday reminders, and providing opportunities for public recognition. Thanks to these focused actions, Thailand's recognition score increased to 81%, up 16 points since 2022.

Generations

SSE #24

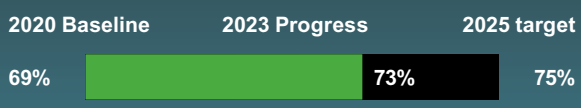
Our 2025 Commitment

75% employee engagement score

Attributable to a continued high participation rate, the results of the survey are robust and representative, empowering leaders to focus on the right topics. 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.

With an engagement score +3pts vs. 2022, and +5pts vs. the 2023 Global Average benchmark, the enthusiasm 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 a focus on well-being.

Our progress



81%

feel they have flexibility to modify their work arrangements when needed

80%

feel empowered to choose how best to complete their work

61%

find the collaboration is good between entities

61%

say they receive appropriate recognition for their contributions and accomplishment

5.1.6 Recognition and awards

The Company's Glassdoor rating is steadily increasing, recognizing Schneider Electric as one of the Best Places to Work for 2023.

Schneider Electric is one of Universum's Top 30 World's Most Attractive Employers according to students.

Schneider Electric is recognized by Equileap as one of the Top 100 Companies for Gender Equality Globally.

Schneider Electric is awarded by Golden Peacock Awards 2023 under "Golden Peacock Innovative Product/Service Award" category for its Competency Management tool (CoMET).

Schneider Electric recognized by Brandon Hall Group with an HCM Excellence Gold Award in the Diversity, Equity, and Inclusion category for its Global Family Leave Policy.

Schneider Electric recognized as Global Parity Alliance DEI Lighthouse by the World Economic Forum (WEF).

In November 2023, the Group was recognized as a Top 50 Diversity Leader by the Financial Times in their Diversity Leaders 2024 rankings, for the 5th year in a row, ranking 8th among 850 companies and 2nd in its industry.

In 2023, Schneider Electric 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. 2022 and well above the index average of 73%.

Schneider Electric was included in the "World's Top Companies For Women 2023", list published by Forbes.

Schneider Electric achieved Global Living Wage Employer Certification from Fair Wage Network, valid from January 1, 2023, to December 31, 2023.

5.2 Diversity, equity, inclusion, and well-being

5.2.1 Context

At the turn of the decade, Schneider Electric observed a clear shift regarding the risks and expectations surrounding Diversity, Equity, and Inclusion and Well-being (DEI&W). With continuous global and local political, economic, and social challenges in the post-pandemic era, inclusion and care is needed more than ever. This paired, with the rising importance of Environmental, Social, Governance topics (ESG) for organizations, stakeholders, and investors puts DEI at the forefront of Schneider Electric's business, and people priorities.

Data shows that companies with a diverse set of employees experience greater financial performance. For example, one study mentioned in a Forbes(1) article found that companies with a higher level of DEI initiatives' integration and alignment with business strategy can enhance their competitive performance, agility, innovation, and brand performance. 75% of the companies with higher levels of DEI initiatives integration saw a very positive impact on their business's competitive position. The lack of care has also a high cost. For example, a 2022 study from the World Health Organization mentioned an estimated 12 billion working days are lost every year to depression and anxiety at a cost of US$ 1 trillion per year in productivity. 83% of employees(1) on sick leave linked to stress, anxiety, or physical pain considered that their stoppage is directly linked to work conditions as per Salaries & Absenteeism Study by Diot-Siaci.

Well-being is our number one driver of employee engagement. Verbatim are teaching that if employees appreciate welfare and well-being activities that celebrate key events, our successes and service anniversaries, they are concerned about high workload and tight deadlines that may affect quality and work life balance. It is an opportunity to extend training for first-time managers on psychosocial risks and workload evaluation.

Regarding mental health, identifying and collecting significant data points per region, function, generation such as absenteeism, PTO usage, sick leaves will help the Group better understand root causes and address them efficiently.

Taking all of this into context, Schneider Electric is keenly aware of the ever-increasing need to focus on well-being and mental health. The pandemic has accentuated existing vulnerabilities. According to Mercer Marsh Benefits Health on Demand 2023 research almost half (47%) of employees feel stressed in their everyday lives and more than half (52%) have worked in the past year while feeling mentally unwell. Companies must make mental health a priority and integrate it into their overall inclusion and care efforts.

(1) The business Impact of Diversity, Equity & Inclusion, Forbes, April 2023.

5.2.2 Risks and opportunities

DEI and Well-being can be a unique competitive advantage if tackled properly and genuinely. Schneider has identified three main risks around those topics:

- Lack of representations of different diversities: this leads to less innovation, more turnover and difficulties to attract and retain talents with diverse backgrounds, skills, or identities if they do not feel represented.
- The lack of equity in our processes than can have negative consequences on engagement, attrition, performance, compliance, and even reputation.
- The risk of fatigue or burnouts is higher and higher in a post-COVID, constantly changing world.

On the flip side, the opportunities are huge when inclusion and care are by design in all processes and behaviors:

- Companies with more diverse management teams have reported 19% higher revenues due to innovation(1).
- Employees reporting a feeling of belonging, where they feel included and cared for are 3.5 times more engaged(2).
- For every EUR 1 invested in well-being prevention programs and practices, a company saves 2.2 EU(3).
- Overall, DEI and well-being are strong drivers of attraction and retention among all generations, especially the younger ones(4).

Schneider Electric defines its strategy taking into consideration those risks and opportunities, internal and external trends, insights and feedback from leaders and employees, and its desire to become the most inclusive and caring company in the world. Schneider Electric believes this leads to greater engagement, performance, and innovation and access to the best possible talent pools around the globe.

5.2.3 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 reporting to the SVP, Talent, Inclusion & Culture, 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 (Human Capital and Remunerations Committee and Governance, Nominations and Sustainability Committee) on an annual basis. The team works in close collaboration with the HR Centers of Excellence (Talent Acquisition, Talent Management, Learning and Rewards), Sustainability, Compliance and Risk Management, 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. In 2023, the DEI Board met four times to discuss topics such as gender and pay equity, inclusive and caring practices in meetings, discrimination and harassment, and accessibility.

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 needs.

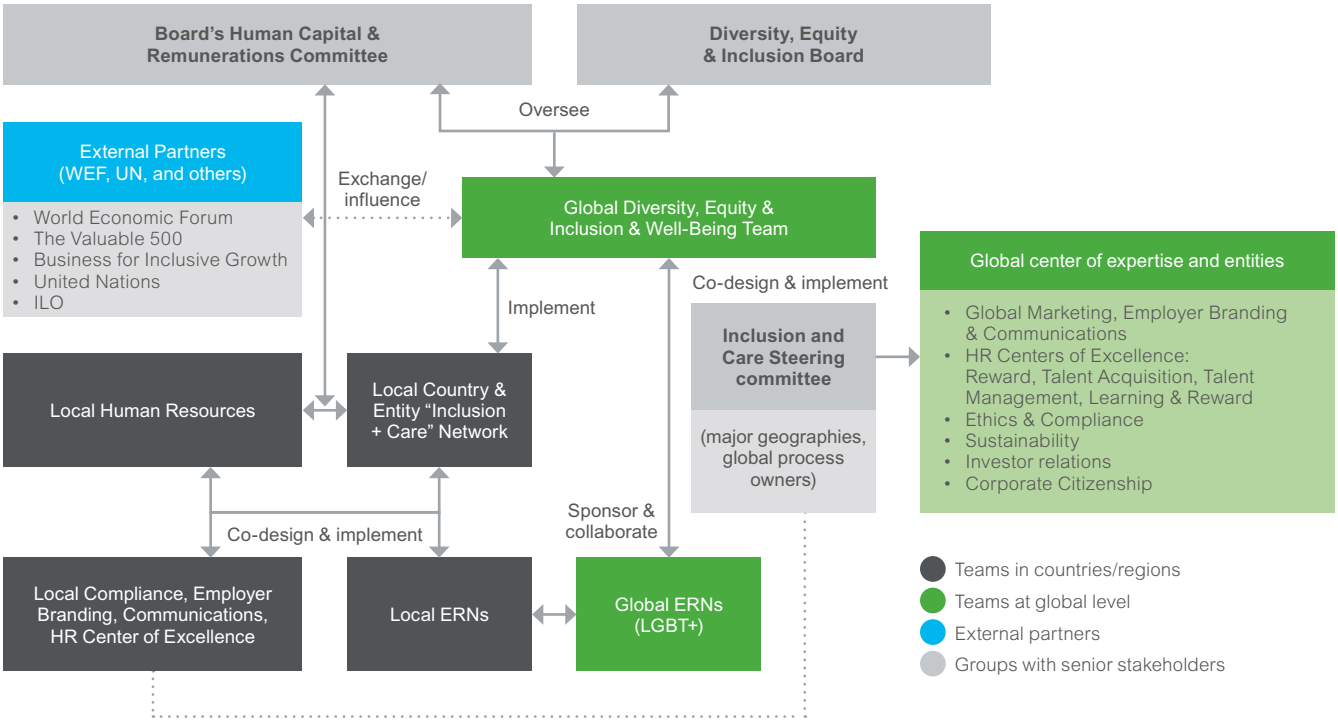
To support the local focus, leaders, ambassadors, and champions have been appointed in more than 100 countries/zones and entities to develop and lead local action plans. This global network convenes bi-monthly to share progress and best practices.

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.

(1) How Diverse Teams Boost Innovation, Boston Consulting Group, January 2018.
(2) The Surprising Power of Simply Asking Co-workers How They're Doing, Harvard Business Review, February 2019.
(3) Figures on stress and psychological risks, In Summary, Ecole du Stress 2023.
(4) The Future of Work Depends on Supporting Gen Z, Forbes 2022.

5 Great people make Schneider Electric a great company

Partnering inside and outside of the organization



5.2.4 Group policy

In its Trust Charter, Schneider Electric articulates that its DEI 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, socio-economic background, life experience, location, and more, depending on local adaptations. In 2023, the Group's DEI Policy was revised and translated into 15 languages.

Read more about our DEI Policy on the Diversity and Inclusion page on **www.se.com**

On top of the global DEI Policy, Schneider Electric has targeted global polices around inclusion and care, including Global Family Policy Leave, Flexibility @ Work, Global Anti-Harassment and Discrimination, and Pay Equity.

Looking ahead with the United Nations Sustainable Development Goals (UN SDGs) as a compass, Schneider's strategy has been extended to embrace DEI 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 (WEF). Schneider is committed to becoming the leading inclusive and caring company in the world.

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 and teams:** Schneider Electric is committed to making sure every individual feel respected and safe to be their unique self. Leaders coach and care with respect, empathy ,and well-being in mind.
- **Diversity and equity, 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.
- **Impact the planet and society:** Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modeling. 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.

How we get there

In all processes

- Schneider hardwires inclusion and care in all its processes.
- End-to end, with clear accountability.
- From employee to customer interaction and business process.

In our behaviors

- Schneider leads with Respect and extend Trust.
- Living its EVP, Core Values and Leadership Expectations.
- Demonstrating empathy, care, and openness.

5.2.6 Thriving individuals and teams

Built on a foundation of trust and respect, the Group's inclusive practices seek out and embrace different perspectives, support flexible ways of working, and protect each individual's well-being.

Building a culture of inclusion and respect

Zero tolerance for harassment and discrimination

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 – ethnicity, 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. The policy is reviewed regularly and a revised and expanded Anti-Harassment and Discrimination Policy was launched for all employees globally in 2023.

Read more about our anti-harassment policy on the Ethics and Compliance page on **www.se.com**

5 Great people make Schneider Electric a great company

Creating a standard of inclusion and care for all

The Group's Core Values, 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.

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 2023, these campaigns reached than 3 million people through external social networks.

Inclusion and respect building programs:

- **Uncomfortable Conversations:** In 2023, a global series of webinars was conducted to have open conversations on topics such as ageism at workplace, LGBTQ+ community, equity at workplace, amongst others to create awareness, and educate our employees.
- **"Overcoming Hidden Bias"** and **"Building a Culture of Respect"** e-Learnings: These e-Learnings help employees understand what hidden bias means, explore clear steps to keep decision-making objective, and how to call out bias when seen and 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.
- **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.

Supporting employees' well-being, mental health, and unique lives and work

The worldwide context with climate change challenges, geopolitical issues and technology has accelerated the need for employee care to make all stronger and more resilient. Schneider Electric firmly believes that well-being generates performance and performance generates well-being.

In 2020, the Trust Charter included a chapter on well-being and new ways of working, highlighting behavior expected from managers and employees.

In 2023, the Group revisited and enlarged its definition of well-being: "A subjective state of health, happiness, and satisfaction where individuals thrive and contribute their best for their own benefit, and that of Schneider Electric, the society, and our planet." In 2023, Schneider also reintroduced a specific well-being question to the annual OneVoice engagement annual survey. Results showed that 74% of our employees agree that "Schneider Electric actively looks after the well-being of its employees" (vs. 73% external global average) and is the top employee engagement driver.

Built on a foundation of trust and respect, Schneider Electric continuously implements and improves its policies, education, and practices to support employees and respect their unique lives and ways of working.

Flexibility @ 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 also 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. In 2023, the Executive Committee reaffirmed its commitment to flexible and hybrid work for employees, while also reinforcing the value of being on-site to generate teamwork, innovation, and human connection. Leaders were especially encouraged to role model the hybrid work mode and bring their teams and customers together in person whenever possible.

(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, and Field services engineers, due to role specifications are excluded from this two-day WFH policy. Recognizing that many critical roles need to be on site, this policy was adjusted to one day for the eligible Plant & Distribution Center specific roles.

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 UK, and the US, operating with a fully flexible, output driven philosophy.

Global Family Leave

Schneider Electric's Global Family Leave Policy supports all employees globally with personal time at critical life stages and empowers them to manage their unique life and work so that they can be at their best. To find out more about our Global Family Leave Policy please refer to section 5.4 on page 168.

Support employees with cancer and chronic diseases

In 2023, Schneider Electric joined the #WorkingwithCancer foundation launched at the WEF in Davos, on January 17. An internal pledge was published in March with sponsorship from the CEO, in addition to participation in best-practice survey and data collection. In 2024, Schneider plans to internally launch the initiative and to support employees and managers to define minimum standards of practice to support #workingwithcancer for employees and families and to break the overall stigma of discussing and addressing the topic.

Mental health support

Mental health is a vital aspect of Schneider's overall DEI and well-being program. 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 2023, 76% of new hires completed "We All have Mental Health," an e-learning module focused on what mental health means, and how to recognize the signs of mental health challenges and take action. Nearly 3,800 employees shared mental health tips and personal commitments on Schneider Electric's internal social media platform reaching many through the #MentalHealthMatters. In 2023, 83 mindfulness practice sessions were organized, in English, Spanish and French by internal trainers.

Other examples of global and local practices

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.

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.

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 Schneider Electric's compensation and benefits are provided page 168 of this report.

Local examples:

- **East Asia:** Holistic Framework of Flexi-Work, Well-being and Flex Benefits
- **Singapore:** Well-being Recreation Club
- **Schneider Oman:** Medical Health Campaign
- **Dubai:** Positive Emotions and moods
- **Germany, Austria and Switzerland:** Well-being webinars lead by internal speakers: HR Business Partners, HR Specialists, Sales Manager, and WB-Champion
- **France:** launch of a game "the village of allies"

5.2.7 Diversity and equity 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 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.).

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 the Group's compensation and benefits are provided on page 169 of this report.

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.

While significant progress has been made in the representation of women, especially on the Board and Executive Committee level (respectively, 46% and 41% female as of end of 2023), the Group recognizes that there is more work to do at all levels in the organization.

Equal

SSI #8

Our 2025 Commitment

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.

Our progress

2020 Baseline	2023 Progress	2025 target
41/23/24	41/28/29	50/40/30

89%

of Country Presidents are either Local or Regional

55%

of employees are in new economies, of which 30% in leadership roles

184

nationalities represented in our global workforce across 109 countries

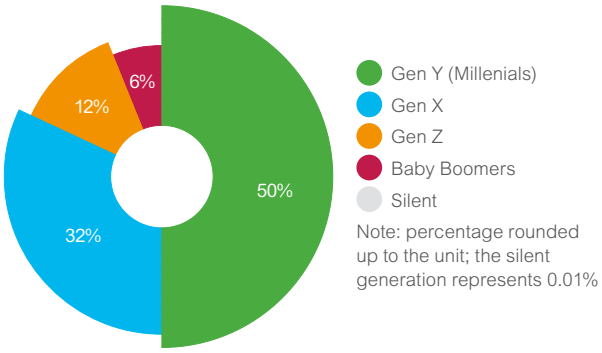
12

countries with data for people with a disability

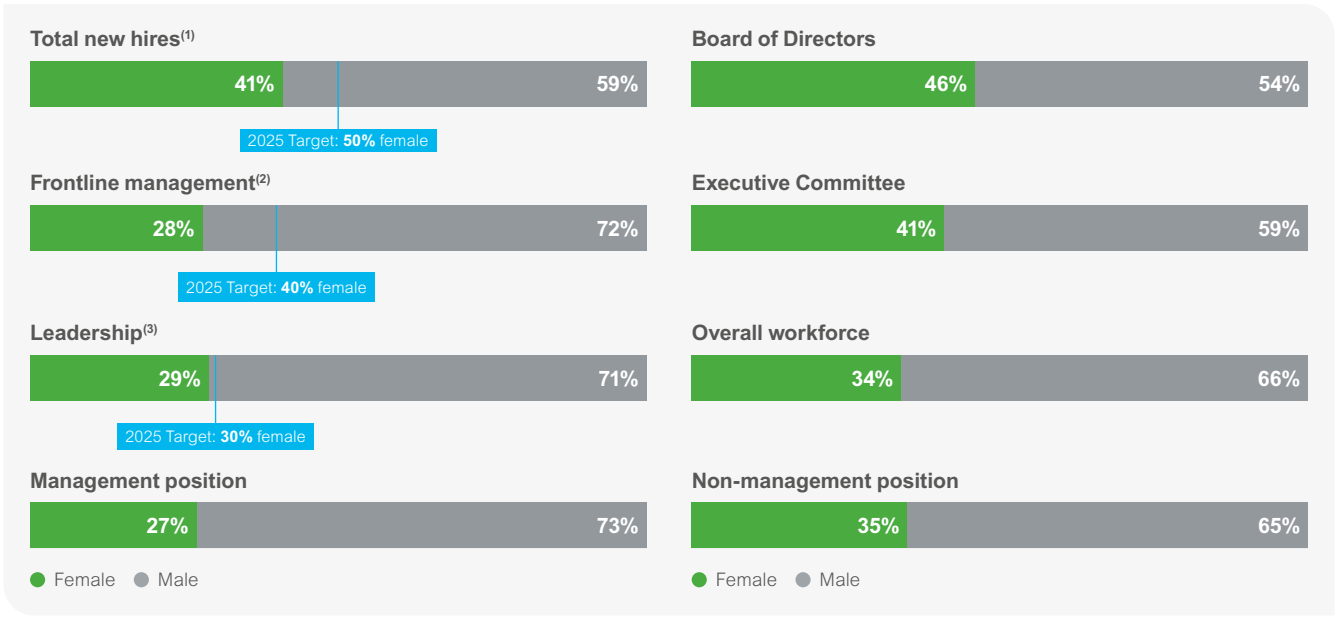
Generational diversity

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 Days, upskilling, coaching, development plans, and mutual mentoring the Group is harnessing the power of all generations. With this, Schneider Electric is equally 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 section 5.3 on page 160.

Generation breakdown



Breakdown of women in our workforce



(1) Total new hires – all new hires in 2023.
(2) Frontline management – junior and mid-level management whose direct reports are individual contributors only.
(3) Leadership – Vice-Presidents and above, excluding direct reports to the CEO.

For more data points on our representation and hiring of sales, IT, revenue producing, and engineering roles, see **page 249**.

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Origin, 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.

Inititatives in the US – NSBE

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, Schneider Electric US is proudly an active member of the National Society of Black Engineers (NSBE) and the Board of Corporate Affiliates. The Group's SExNSBE organization has 240 dedicated employees who put in over 500 volunteer hours this year. Employee Resource Networks (ERNs) in the US include Black, Hispanic, and Asian professionals, and play a vital role in our diversity and inclusion initiatives. These employee-led networks celebrate equality and inclusion for all individuals, advocate for the recruitment, development, and retention of their specific affinity groups, and provide opportunities for allies to gain exposure to cultural learning.

Disability inclusion and accessibility

Since January 2021, Schneider Electric has been a member of the International Labour Organization (ILO) Global Business and Disability Network (GBDN), 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 established the Global Disability Inclusion and 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 (recruitment, procurement), platforms and tools.
3. Brand and Communication: For all events and communication – internal and external, digital, physical, and virtual.
4. Physical Workplace: Accessible buildings and workplaces applying Universal Design principles, local legislation, and the International Accessibility Standards.

In 2023, the Disability Inclusion and Accessibility Office announced their C-Suite governance consisting of two Executive Sponsors, the Chief Human Resources Officer and the Chief Digital Officer, along with a Steering Committee of six Executives covering all aspects of the Groups aforementioned pillars.

Building awareness and education on disability, inclusion and accessibility is a key element to moving the needle. Schneider Electric ran two global campaigns in 2023. Global Accessibility Awareness Day in May, with the presence of the CEO, Peter Herweck, and UN International Day of Persons with Disabilities in December whereby our two Executive Sponsors shared their stories and advocacy during a live global webinar.

Additional Partnerships

- 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.
- Business Disability Forum (BDF), the leading business membership organization in disability inclusion. Trusted partners working with business, government, and disabled people to improve the life experiences of disabled employees and consumers, by removing barriers to inclusion.
- Disability:IN, empowering leading companies to achieve disability inclusion and equality.

LGBT+ inclusion

Schneider recognizes and celebrates the Lesbian, Gay, Bi, Trans and Intersex People (LGBT+) community and its members. 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.

Schneider Electric is committed to the United Nations Free and Equal Standards of Conduct for Business on Tackling Discrimination against LGBT+ 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.

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 2023, the ERN established a global leadership team and secured Executive Sponsorship by our Chief Marketing Officer.
- **Focus on Mexico:** In 2023, for the second year in a row, Schneider Electric was ranked as best place to work for the LGBTQ+ community by Human Rights Campaign Corporate Equality Index in Mexico. The Human Rights Campaign's Equidad Mexico is the national leading benchmarking tool on corporate LGBTQ+ inclusive policies and practices.
- **Focus on France:** Schneider Electric France within it's agreement with the unions, includes a new "Agreement on Professional Equality Between Women and Men" and included an amendment of its Global Family Leave Policy to be inclusive to all family types. In the updated policy, all types of families and welcoming of a new child are included and benefits are the same. This means that no matter the gender of the parents, or the way the baby joined the family (including adoption and surrogacy), the leave benefit for the parent is the same.

5.2.8 Impact the planet and society

Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modeling. The Group works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation, with the goal of addressing systemic inequities and becoming a leader in corporate citizenship. In addition, Schneider Electric US has committed to diversifying its supply chain through its Supplier Diversity program (see section 2.12.13 "Supplier diversity program in the United States" on page 81).

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, and WEF 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 Disability Forum (BDF), trusted partners, working with business, government, and disabled people to improve the life experiences of disabled employees and consumers, by removing barriers to inclusion.
- Disability:IN, a leading nonprofit resource for business disability inclusion worldwide.
- 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 is on a mission to achieve 50/50 gender parity at the top of the world's largest companies.

5.3 Talent attraction and development

5.3.1 Context

In today's landscape, the ability to attract, develop, and retain talent is paramount for ensuring the sustained success of companies. Business growth in markets around the globe, in conjunction with the rapidly evolving world, requires focused acquisition and accelerated skill development, especially in technical and digital areas, of the workforce. Schneider is committed to preparing and executing a robust build, buy, borrow workforce and talent plan to optimize our human capital assets and overall work culture for employees and leaders.

5.3.2 Risks and opportunities

Due to the current talent scarcity in the market, the current VUCA (volatile, uncertain, complex, ambiguous) world and the unprecedented changes in the future of work, Schneider is not immune to talent and skills attrition risk.

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 drive growth and innovation and to stay ahead of the competition;
- Succession pipeline for critical expert and leadership positions;
- Schneider's employer brand.

At the same time, with the right policies and programs in place, these risks become opportunities for the Group to strengthen its brand as a leading employer and talent developer for everyone, everywhere. Signature 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 joining Schneider.
- A robust talent management system to review annually the development plans for all employees, identify key talent such as experts and high potentials, prepare key successions and developments via local and global talent reviews, and make talent selections in people committees (including for executive positions).
- 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).
- Learning and Development programs for employees at different stages of their professional career and specific talent segments (e.g,, Digital, AI, Software, Services, Electronics, Supply Chain, and Sustainability), with a strong focus on digital skills, commercial excellence, leadership, technical, 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, creating equitable opportunities and the environment for employees to learn and grow, while empowering them to own their career. In this line, Schneider Electric has reflected its commitment to its long-term sustainability goals to create equitable opportunities and harness the power of all generations in its Trust Charter.

5.3.3 Governance

The Executive Committee regularly discusses the overall health of the global workforce, 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 Chief Human Resources Officer. In addition, the Executive Committee meets regularly to make critical selection and succession decisions and review specific talent attraction and development strategies, for example expert talent, digital talent, and global top potential talent. This is supported by integrated HR information systems and analytics platforms which provide data and analysis in the areas of workforce planning and talent management. In addition, Regional, Business, and Function People Committees also meet regularly to review talent in their perimeter.

5.3.4 Group strategy

Schneider Electric believes that all 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, the promise to current and future employees is communicated in their EVP (Meaningful, Inclusive, Empowered), 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 skill acquisition and development programs to support Schneider Electric's 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 key talents including high potential and technical and digital expert talent, is identified, recognized, and supported with targeted development paths and actions.

Schneider also places strong emphasis on the role and accountability of leaders and people managers in the company. In today's uncertain and volatile world, the role of leaders is to deliver results, shape culture, and drive transformation, starting with the values and behaviors they demonstrate every day. 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 evolution of the Leadership Driver Score in OneVoice results shows an exciting 14-point increase from 61% in 2012 to 75% in 2023.

The Group strives to provide a meaningful end-to-end experience for all employees from talent attraction and onboarding to performance management, rewards, and development. Schneider empowers all employees to grow their fullest potential, deliver with impact based on the "what" and the "how", build sustainable careers, and refresh and learn new skills for today and tomorrow.

5.3.5 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.

Schneider Electric builds talent pipelines through their Brand to Hire strategy, deepening the connection from the top of the funnel attraction phase all the way through to hire to deliver the talent needed to deliver on the business strategy. To deliver on this strategy Schneider Electric is transforming the function across People, Process, Technology, and Branding. In 2023, the focus has been on these key areas:

- **People**: Updated Talent Acquisition's structure to recognize skill specialization in strategic sourcing, employer branding, recruitment, recruitment co-ordination, and business consulting, allowing for upskilling and re-skilling opportunities across the function.
- **Process**: Continued deployment of simplified candidate centric End to End process in which Schneider Electric was recognized through the Talent Board in North America and Latin America in delivering a best-in-class candidate experience.
- **Technology**: Deploying a global standardized tech stack to optimize the experience for both candidates and colleagues involved in the Brand to Hire process.
- **Market**: Transforming from awareness campaigns to targeting strategic talent segments to grow the talent in our pools most critical to the business and to foster an Always On approach to build a sustainable pipeline of talent in our talent pools.

In recognition of this transformation, Schneider Electric was invited to several stages to share the thought leadership in global forums such as LinkedIn Talent Connect, Gloat LIVE, Josh Bersin Irresistible Talent Management Summit, iCIMS Inspire, and Survale Customer Symposium, as well as numerous local forums. This recognition validates our thought leadership and approach to our brand to hire transformation.

In today's competitive job market, connecting with candidates at an early stage is critical to building an engaged talent pipeline and a robust employer brand for Schneider Electric. By keeping its brand top of mind through regular engagement, the Group increases its chances of attracting the best talent when they are ready to decide about their future.

5 Great people make Schneider Electric a great company

As part of SSI #10, the five-year ambition is to achieve a doubling of growth in the early-career "next generation" pipeline. This is delivered through Schneider Electric's Brand to Hire strategy, 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 an updated University strategy balancing its flagship global programs, strategic university partnerships, and 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 e-learning modules and on project simulations.
- **Schneider Go Green:** an annual global competition for business and science, technology, engineering, and mathematics (STEM) students around the world to find innovative solutions for energy management and automation. In 2023, Schneider Go Green has had over 19,500 students registrations submitting ideas from all key regions.
- **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 and mentoring relationships.

Generations

SSI #10

Our 2025 Commitment

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

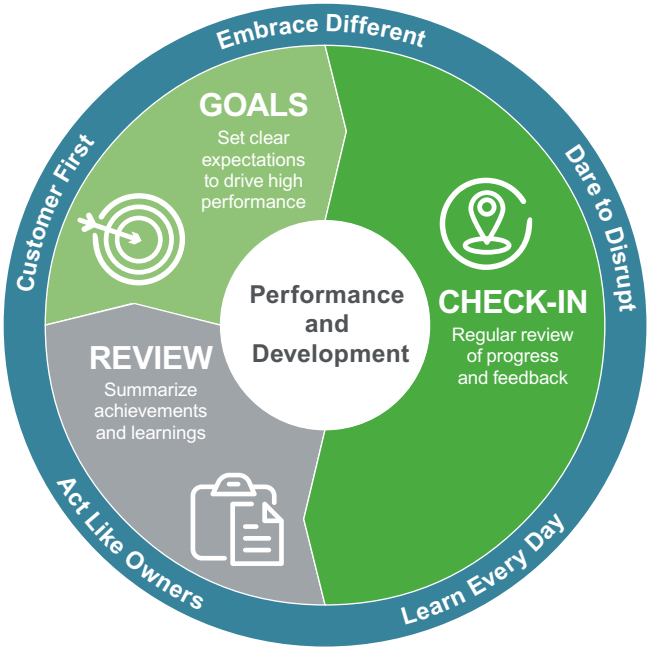
Schneider Electric is doubling its commitment to the Next Generation of talent. During 2023, the Company recruited a diverse mix of 63% students and 32% recent graduates and engaged brand ambassadors on campus through global programs and partnerships as well as by enhancing its development program offers. To build a sustainable flow of talent, the Company continues to invest in student programs such as interns, co-ops, apprentices, and VIEs (Volunteers for International Experience). Moreover, the company is prioritizing the development of recent graduates across critical functions including Sustainability, Supply Chain, Technical, Leadership, and Sales.

Our progress

2019 Baseline	2023 Progress	2025 target
4,939	x1.52	x2.00

5.3.6 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 2023, 97% of eligible employees(1) completed a performance and development review.



5.3.7 Enabling sustainable careers

The Group believes its people are its most valuable asset to support Schneider's profitable growth and empowers them to grow to their fullest potential by developing new skills and building careers for today and tomorrow. In line with the conviction that all employees are talent and the aim to provide equitable development opportunities for all, Schneider Electric considers that all employees should take ownership of their own unique career development, supported by their managers and enabled by digital tools. The Group encourages employees to build a sustainable T-shaped career by striking the balance between deepening their expertise in different domains and broadening their skillset through experiences in diverse contexts to increase their impact. This will help them keep themselves relevant and marketable in a rapidly changing world.

(1) This includes employees whose employment status is active (or suspended, which is country specific), who are on permanent fixed term contract type, who are information workers, and those who were hired on or before 30 September 2023, in addition to country or entity specific conditions.

To empower and engage employees with this approach, Schneider Electric held its third edition of “Career Days” for all employees in 2023. More than 100 events took place with employees participating from over 100 countries: getting inspired by diverse career stories, unleashing the power of networking and mentoring, having career check-in conversations, 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, highlighting that it helped them to reflect about their own career aspirations, encouraged them to own their career, and inspired them to build a more sustainable career.

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, in 2021 Schneider launched its Senior Talent program with the firm belief that employees who are near or at the later stages of their professional careers (“senior talent”) bring unique expertise, experience, and wisdom to the business. The Senior Talent program recognizes this contribution and empowers them to continue making an impact on the company while taking ownership and designing the next stage of their careers. 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 opportunities, upskilling, knowledge transfer, pivoting, recognition, care, and personal planning among others.

The program was well received not only by this segment of talents, but also by the rest of the organization. Since its launch, the Group has started to observe the positive impact of the program, which is being progressively deployed and scaled globally by waves. France facilitated several workshops with senior talents and their managers to help them reflect about their career aspirations. Based on the results, they developed a portfolio of targeted offers to support them.

India supported senior talents interested in transitioning to prepare the journey ahead of them. Through a series of career transition workshops Senior Talent were equipped with strategies to make healthy adjustments, financial planning and be mentally ready.

Similarly, Germany, Switzerland, and Austria engaged their Senior Talent interested in leaving a meaningful legacy in a coaching certification process which will allow them to keep on developing while helping others’ people growth.

The commitment and progress are measured through SSE#23 which aims at providing meaningful development program for at least 90% of their people in the latest stages of their career by 2025.

To learn more about how Senior Talent program connects with the Future Ready program please see section 6.5 on page 198. And to learn more about how it connects with Diversity, Equity, Inclusion and Well-being, please see 5.2 on page 150.

Generations

SSE #23

Our 2025 Commitment

Access to meaningful career development programs for >90% employees during later stages of their career

China started their pilot in 2022 under the name of “Galaxy”, chosen locally to reflect the program’s long-lasting positive impact. Based on pilot feedback, in 2023 “Galaxy” pivoted into a more compelling approach involving not only senior talents but also their managers, who play a key role in driving talent empowerment and continuous development. Through joint learning that “thinks ahead” while “starts now”, with open conversations and targeted action plans, senior talents and their managers are equipped to develop growth mindset, overcome hidden bias, and integrate diverse ideas together to benefit both business and talents. As a result, senior talents feel more valued and become more proactive in their roles; managers are more empowered to drive sustainable talent development, and overall engagement improves with all stakeholders appreciating this meaningful program.

“Galaxy goes beyond the scope of regular work by facilitating stronger connections with senior talent in my team and amplifying my efforts to motivate them. Now I think frequently about how I can collaborate with these experienced team members to develop and make their long-term goals a reality, taking effective actions in the present that can truly make a difference.”

LIU Hao, Senior Marketing Manager

Our progress

5.3.8 Boosting expertise and knowledge across the organization

Schneider Electric strongly believes that its position as a global technology company and leader in providing digital energy and automation solutions for efficiency and sustainability is driven by the innovative contributions of its skilled and expert employees. In 2023, the Group has revamped their renowned expert program now called Electrifier (formerly “Edison”).

The Electrifier program recognizes employees with remarkable achievements, expertise, and leadership, offering them opportunities to contribute to strategic business drivers in realms such as technology, innovation, strategy, supply chain, and digital, while empowering them to make the most of their careers. The refreshed program evolves around four business streams and is articulated around three levels of expertise: Electrifier, Senior Electrifier, and Fellow Electrifier. This set up was designed with the objective of bolstering the core of our business, while pioneering advancements on Electricity 4.0, Industry 4.0, and our Sustainability Solutions.

The Electrifier program introduces a streamlined application process along with new opportunities, career prospects, and an evolving reward system in tune with market dynamics. A design that cultivates a vibrant, glocal community dedicated to transforming innovation into influential business outcome.

The Group actively promotes a learning and teaching culture by developing its internal trainer capability. The purpose of the community is to equip internal trainers with the right best practices and tools to develop and facilitate training, including digital tools 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’s two-day conference theme was “Transforming the way people learn”, and the speakers were exclusively internal experts, which generated a positive outcome for both the audience and speakers as there was extensive learning and sharing among peers. There are currently over 3,700 identified internal trainers who collectively delivered over 11,000 sessions in 2023, accounting for 58% of formal training.

Schneider Electric’s Communities at Work (C@W) program is a powerful network of 300+ communities of practice. They serve as thriving hubs/platforms that foster knowledge sharing, personal growth, and increased productivity within the organization, exemplifying Schneider Electric’s commitment to cultivating a vibrant and supportive work environment.

5.3.9 Upskilling for today and tomorrow at scale

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 acceleration 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). The aim is to support our workforce to upskill and reskill with focus, speed, and scale through a mix of internal and external training and development offers that are relevant to each employee’s role, interests, and skill sets.

The average training hours by all Schneider Electric employees is 24 hours in 2023. Some of the key upskilling programs are highlighted below:

Generations

SSE #22

Our 2025 Commitment

>90% of employees undergo digital upskilling through the Digital Citizenship program

Schneider Electric accelerates digital upskilling for their employees with a holistic approach by:

- Ensuring foundational digital skills for all through initiatives like:

- Digital Boost, a “check & learn“ diagnostic designed to support all employees’ digital upskilling on the six digital skills most critical for Schneider and on digital mindset. Digital boost provides personalized results on strengths and areas to develop that can be addressed with dedicated learning paths.
- Digital Open Days: with more than 350 live virtual sessions and key notes on a variety of digital topics such as AI, Data, Digital Engineering and Digital Citizenship.
- Digital upskilling for workers committing to deliver at least two hours per year on digital transformation such as Smart factory program, Cybersecurity, Digital knowledge
- Offering targeted development programs for key digital roles in domains like data and AI or cybersecurity among others.
- Enabling digital experts to build the necessary skills to thrive in today’s rapidly competitive and changing business digital world, through specific digital expert offers and certifications partnering with top notch learning platforms.
- Embedding digital transformation at the core of the different streams and domains of expertise of its newly revamped expert program Electrifier.

Our progress

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 (CSA) and Skill Up @Scale	All sales employees (~17,000 sales employees) **Completion rate:** CSA: 54% of Sales employees Skill UP: Launched in October 2023 with 7,000 people connected by year-end	• Customer-centric commercial transformation is a key pillar of Schneider Electric to drive sustainable and profitable growth, and the development of High Impact Sales Skills is a crucial element of this transformation. • Consultative Selling Approach (CSA) is a blended digital learning curriculum to enable sales teams to build trusted advisor relationships with business decision makers. • Eight programs are covered under the newly launched Skill UP digital learning program, to expand the sales skills curriculum and deliver training in a more effective manner via the business CRM tool.	CSA since its launch in 2021 has been widely adopted and well received. • The Net Promoter Score for CSA rated 83 in 2023, with a cumulative average between 2021 - 2023 of 66 (>50 is excellent). • Sales employees participating in the CSA program have demonstrated increased understanding of the following skills: - Understanding of customer needs, up by 14 points; - Connecting with customers, up by 16 points; - Resolving objections, up by 10 points. The intended business impact of the Skill UP is to upskill sales learners to best position topics such as Digitization, Sustainability, and Services. Direct business impact will be monitored in 2024.
CoMET – Competency Management for Global Supply Chain	~ 40,000+ Global Supply Chain employees for assessment and or development plans creation **Completion rate:** Global Supply Chain employees: ~97% assessment completed ~80% with development action plans in place	The Global Supply Chain competency management program is an end-to-end system for managing skills and competencies designed to meet business needs by helping employees develop the skills they need to be successful in their roles using a variety of tools and resources. CoMET aims at: • Globalizing competency management (creating a global system for managing skills and competencies that are specific to the business); • Digitizing competency management (creating an intuitive and user-friendly tool to manage assessment and development plans creations); • Personalizing development planning and learning; • Leveraging on expert networks (maximizing SEM networks); • Creating insights on expertise pool to support business processes.	• 39,000+ Global Supply Chain employees from 200 sites have been assessed globally, with 3,000+ employees having development plans created (achieving 80.7% completion rate), - From the competency gaps identified, critical programs were launched (digital, technical, product knowledge, logistics, planning and manufacturing) that have boosted learning engagement: ~750,000+ total learning hours (68% are digital). - More than 90% of workers have spent a minimum of 2 hours of upskilling. • CoMET and its generated action plans helped identify and develop domain experts. The creation of the Expertise Network enabled active community engagement and animation, contributing to 4,500 employee certifications across all skill sets.

5 Great people make Schneider Electric a great company

Key programs focused on critical skill upgrading include:

Program title	Target audience	Objectives and business benefits of the program	Impact of business benefits
Coaching for Impact	Employees and Leaders for whom coaching has been identified as a valuable resource to enhance their skills and address specific areas of development. **Completion rate:** 1,326 individuals worldwide	In an uncertain environment, fostering a culture of coaching and care is crucial for employee and leader's success amidst disruption. The program aims at cultivating a mindset shift, with external coaching services provided by Schneider Electric to support employees in achieving their professional development goals. Trusted and dedicated professional coaches create a safe space, challenging and supporting individuals to find their own effective solutions, resulting in proven effectiveness in transforming behaviors, habits, and mindsets over time.	Since the launch of this program from mid-2021: • 1,326 employees have completed or are completing a formal coaching engagement with a CoachHub coach. • In 2023, over 7,200 sessions have been conducted, with an average satisfaction rate of 4.9 out of 5. • As the coaching is integrated in the flow of work, on average, Coachees are having 1.7 sessions per month with a coach. • Coachees report that colleagues have noticed a positive change as a result of coaching (average rating 8 out of 10). In 2023, the Group also started to establish advanced analytics to measure the impact on employee's engagement, well-being, performance, and turnover rate. In 2024, CoachHub adds the Co-Development Hubs sessions to the existing offer, a new coaching by groups and peers modality.
Digital Upskilling	**Digital Upskilling for All Employees:** All white-collar employees (92,000+ employees) **Completion rate:** 49,3% completed assessment **Digital Upskilling for Digital Experts:** 2,000 employees **Completion rate:** average of 9.5 hours learning engagement since program launch	The "Digital Upskilling" program aims at preparing Schneider Electric's workforce for its digital transformation. It is supported by two major programs: • "Digital Upskilling for All Employees" enabling Digital Citizenship (SSE #22 commitment) which consists of three key elements: 1. Digital Skills assessment - knowledge check for employees to discover individual strengths and development areas around six critical digital skills. 2. Digital Skills dedicated learning path linked to the individual assessment result to facilitate individual upskilling. 3. Digital Skills dashboard for HR and Managers to visualize collective digital skill assessment results supporting data-driven actions to accelerate talent readiness. • "Digital Upskilling for Digital Experts", a program targeted to employees on digital jobs requiring in-depth knowledge of a digital domain with the purpose of supporting them to upskill critical skills. These skills are key for Schneider Electric, to fully leverage technology investments and realize our digital strategy. • This program was newly launched in 2023 and introduced a new collaboration with Coursera offering access to over 10,000 courses from renowned universities and Institutions and providing a great depth of knowledge areas in data and technology.	Strong learning engagement: • From the Digital Upskilling for All Employees program: post assessment, 11,051 employees completed 26,929 training programs around the 6 digital skills and digital mindset. • From the Digital Upskilling for Digital Expert program: >20,156 hours of learning and >2,884 courses completed in first eight months of program launch in critical areas of data, AI, cybersecurity, architecture, and software development. • The Digital Skills Dashboard created value for line managers and leadership, assisting in developing actions plans.

5.3.10 A digital ecosystem to enable development opportunities for all

Schneider Electric invests in its people, providing equal opportunities and a supportive environment for all employees to learn and advance their careers. The Open Talent Market (OTM) platform empowers employees to drive their own careers by discovering opportunities for mentoring, new positions, and part-time projects, as well as potential career paths. Launched globally in 2020, the platform is available to all globally connected employees and leverages AI to match our internal supply of talent with the business demand of "gig" projects, positions, and mentorships through a transparent skill-centric digital and borderless approach.

Read more from CIO on Schneider Electric's AI Centric Employee Development

The ambition is to increase 4x the number of employee-driven development interactions in the OTM by 2025 (SSE #21). At the end of 2023, more than 85% of the employee base are in the OTM achieving 34,000 digital development opportunities since launching in 2019. Through OTM in 2023, employees were given visibility to over 15,000 open positions, ~4,000 mentoring relationships were formed, and ~3,000 employees worked on internal "gig" projects. 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 2023:

- More than 340,000 training completions every month. The most popular topics include Health&Safety, Products, Solutions & Services, Digital, and Sales skills.
- More than 45,000 modules of learning content were available in more than one language.
- Digital learning consumption was at 69%, which has remained stable since 2020.

Schneider Electric also offers a broad catalogue of online courses and webinars that provides customized learning experiences with targeted contents to partners and customers. It is accessible via free registration at mySchneider Partner Portal (an extranet). The mySchneider Partner Portal is deployed worldwide with more than 1.4 million registered users who consumed more than 380,000 trainings in 2023.

Equal

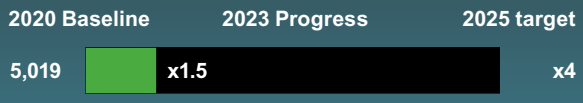
SSE #21

Our 2025 Commitment

4x the number of employee-driven development interactions on the Open Talent Market

Schneider Electric has democratized development through an OTM, and by 2025 will grow the skills in the workforce through digitally enabled engagements. These engagements include 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 2023, Schneider Electric has over 85,000 employees on the OTM and has created 7,875 employee development interactions which is 39% of the 2025 ambition to grow by 4x since 2020.

Our progress



5.4 Compensation and benefits

5.4.1 Context

To ensure employees feel valued and respected in their workplace, companies are increasingly expected to provide all employees with attractive, fair, and equitable compensation and benefits to facilitate aspects of their unique lives. In the post-pandemic era, people (specifically younger generations) expect more work and life balance and rely on their employer to ensure this expectation is met.

In the face of the tight labor market and post-pandemic era, organizations are leveraging robust compensation and benefits programs as strategic tools to stand out as employers of choice.

Flexibility and customization in compensation and benefits is paramount. Companies are tailoring packages to accommodate diverse workforce preferences, acknowledging that one size does not fit all. Flexible work arrangements, personalized benefits choices, and recognition programs contribute to a more inclusive and adaptable approach. This shift reflects an understanding that employees value autonomy and personalized experiences, influencing their satisfaction and commitment to the organization. Additionally, compensation and benefits are characterized by a holistic, health-focused, and flexible approach, reflecting the evolving needs and expectations of the modern and global workforce.

It is within this context that Schneider Electric reinforces its position as a caring and responsible employer by ensuring the diverse global workforce is treated in a fair and ethical way. The Group's inclusive Reward portfolio (which includes Compensation and Benefits) is designed to support employees to be their best by offering a meaningful mix of programs to support each unique individual.

5.4.2 Risks and opportunities

Schneider Electric is committed to delivering best-in-class compensation and benefits to its employees in a fair and equitable way with the objective of attracting, motivating, and retaining great talents. Without this commitment, Schneider Electric risks its ability to achieve their objective. The Group mitigates this risk by providing a meaningful mix of rewards programs to support the unique needs of employees.

5.4.3 Governance

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

5.4.4 Group policy

To support Schneider Electric's mission to create a great place to work and cater to the diverse needs of its current and future global workforce, the Company is committed to providing a competitive, caring, and inclusive compensation and benefits offering which attracts, motivates, and retains talent.

Schneider Electric ensures its diverse global workforce is treated in a fair and ethical way which affirms its position as a leading employer. Its inclusive Reward portfolio expands beyond pay and is a meaningful mix of Compensation, Benefits, Development, and Workplace Environment which are all designed with a basis of care for employees, enabling them to be at their best. Additionally, 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.

Schneider Electric believes in fair rewards, recognition, and differentiation for 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, differentiated rewards, incentive programs, employee shareholding, and opportunities to grow careers within Schneider Electric.

Schneider Electric ensures that all compensation and benefits decisions and policies are based on the principles of Inclusion and Care and follow local statutory and collective agreements.

The Group offers a portfolio of benefits to care for employees' needs at each life stage. Its diverse and multi-generational workforce is provided with meaningful choices covering a holistic range of well-being, flexibility, and financial protections to provide peace of mind to employees and their dependents.

5.4.5 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. Individual performance is assessed in a fair manner based on their goals (what they achieve) and behaviors (how they achieve). For most employees, compensation structures include fixed and variable (incentive) elements. Compensation programs and decisions are based on individual performance and behaviors, Company performance, and competitive market positioning in alignment with the Group's pay-for-performance philosophy.

Equal pay for equal work

The 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 successfully transformed the Pay Equity framework covering all employees across all countries of operation.

As part of the Schneider Sustainability Essentials for 2025, the company committed to attain and maintain a pay gap below 1% by 2025 for both females and males. At of the end of 2023, the pay gap was -1% for females and 0.67% for males. The Group is externally audited on Pay Equity to ensure year-over-year progress toward closure of pay equity gaps.

To enable achievement of the SSE for 2025 ambition, the company executes a holistic Pay Equity strategy to improve and maintain pay equity while preventing creation of new pay gaps.

In execution of the holistic Pay Equity strategy, the Group closely monitors the salary offers of new recruits, salary adjustments from employee promotions, and other employee career movements. Continuous monitoring of pay equity status is made possible by the Group's Pay Equity Dashboard and its resulting analytics. Additionally, managers and HR professionals are trained to be mindful and unbiased of every pay decision they make.

Creation of new pay gaps is prevented by the Group's "Fair Pay Simulator" which was deployed to HR in 2023. The simulator provides visibility to pay equity positioning, enabling better pay decisions for new recruit offers, promotions and other salary adjustments. Pay Equity advocacy is another key aspect of the Group's Pay Equity strategy. Schneider Electric leaders advocate internally and externally for fair and equitable pay which further reinforces the Group's commitment to fair pay.

Equal

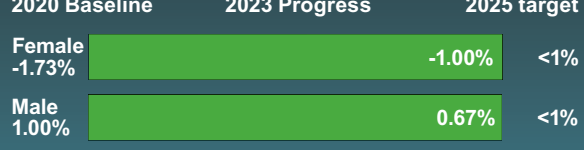
SSE #18

Our 2025 Commitment

<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.

Our progress



Holistic Pay Equity strategy

DEI Ambition	Rewards Ambition
To become the most Inclusive and Caring company in the world, by providing equal opportunities to everyone, everywhere, and to ensure all employees feel uniquely valued and safe to contribute their best.	To be fair and equitable in our reward practices; reward everyone for the skill set they possess and value their contribution on an equal basis.

Pay Equity Commitment

Attain and maintain a pay gap below 1% by 2025 for both females and males.
(Included in Schneider Sustainability Essentials 2021 - 2025)

Our Holistic Strategy

Process	Education and Awareness	Tools and Analytics	Governance	Advocacy

5 Great people make Schneider Electric a great company

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, clothing, transport, and communication, 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 the scope of the annual gap analysis. Third parties such as suppliers or contractors or interns are out of scope.

The Group conducts living wage gap analysis formally since 2018. 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 is externally audited annually by 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. 100% of in-scope employees, i.e., all Schneider employees treated as permanent workforce, were paid at least a living wage as of 2022. Following an extremely rigorous process the Group has been granted Living Wage Certification in May 2023, by Fair Wage Network; being qualified as a "Living Wage Employer" for the first time.

As of 31 December, 2023, living wage gap analysis was conducted again by Fair Wage Network covering all in-scope employees worldwide, and identified living wage gaps were closed by corrective actions 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.

Equal

SSE #20

Our 2025 Commitment

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.

Our progress

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 help 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. From 2015, SSI has also been included in all other French entities (27 entities in 2023). The reduction in the occupational accidents severity rate is also considered in the profit-sharing incentive plans of Schneider Electric Industries, Schneider Electric France and 25 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 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 (LTIP) 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 LTIP 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. See more details in section 4.2 of "Compensation Report", on page 408 of the 2023 Universal Registration Document.

Recognition is 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" - first launched in 2016 - 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 Step Up program and relaunched the platform for recognition with a new partner. Throughout 2023, the recognition culture remained strong, with many employees across the globe continuing to utilize the dedicated platform to appreciate and recognize colleagues. The Step Up program became available to non-connected as well as connected employees with a healthy increase of activation rates and overall sent and received coverage across the employees.

As the way of working has become more remote and more digital, gratitude for acknowledging and sharing our appreciation has become more important; being grateful for bringing the element of empathy and being human. Hence a new award reason was introduced in 2023 "Grateful for" which turned out to be a popular choice of recognizing each other.

5.4.6 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 access to 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", on page 154). It also provides access to an inclusive and comprehensive standard of healthcare coverage (outpatient, hospitalization, key health risks/chronic conditions, maternity, children) defined by local regulations and employment agreements. Schneider also supports its employees with personal time off at critical life stages and this is fully deployed in 100% of countries as detailed below. In addition, the Group commits to provide financial security to employee dependents, in the event of an employee's death, in the form of a minimum standard of life assurance coverage of at least a multiple equivalent to one year's salary. Schneider Electric joined #WorkingWithCancer pledge movement in 2023 to provide a more supportive, open, and recovery-forward workplace culture.

Global Family Leave Policy

As a caring, inclusive, 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" to enable them to be at their best. The Group applies a continuous improvement approach to all employee benefits and policies and has made several notable improvements with employee input. While countries have flexibility to define eligibility and policy details per statutory and/or market requirements, the policy establishes a global minimum standard for paid leave.

5 Great people make Schneider Electric a great company

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 for the purpose of enhancing the policy and implemented an early deployment of the enhanced policy in the US. In 2023, the Group enhanced and globally deployed the Global Family Leave Policy for all employees.

Parental and Care leave were significantly enhanced and although the duration for Bereavement leaves remained unchanged at 1 week, the local adaptation was enhanced by adopting a flexible definition of "Immediate Family" in acknowledgment of the diverse cultures and religions observed by the global workforce.

During the first year of the enhanced policy, the Group saw over 24,000 family leaves requested globally with Care leave being the most utilized representing 62% of the leaves requested. Care leave utilization is followed by Bereavement at 23%, secondary parent leave at 9%, and primary parental leave at 6%. It is important to note that 86% of women who took parental leave in 2022 remained employed 12 months after their return to work.

Schneider Electric's Global Family Leave Policy was recognized by the Brandon Hall Group in September 2023 receiving a Gold Award for Diversity, Equity, and Inclusion – affirming the Group's position as a caring, inclusive, and responsible employer.

Additional to the Group's Global Family Leave Policy and, in support of Global Standards and Local Empowerment, back-up family care benefits are offered in some countries to assist employees with family care needs when they experience disruption in regular care arrangements. In the absence of a Group-level back-up family care policy, the Group highlight examples of back-up family care benefits that are offered at the country level.

An example of this is the "Care@Work" program which is offered in the US. Under this program, US employees are offered a care.com premium membership (at no cost to the employee) through which they can access back-up care for children, elders, and pets. The program includes a subsidy for up to five back-up days per year.

US employees also have access to the Group's "Schneider Electric Employee Discount Portal" which provides discounts on childcare centers. Additionally, the Group offers employees a Dependent Care Flexible Spending Account to which employees can contribute up to USD 5,000 (pre-tax). In the UK, the Group offers employees a "My Family Care" program which offers employees access to back-up care, advice, and community networking based on life stage. In India, the Group offers employees access to childcare facilities and monthly allowances for childcare.

Globally, the Group also offers an Employee Assistance Program with coverage in over 80% of its operating countries which provides additional support and resources for family care.

Beyond the Global Family Leave Policy and Employee Assistance Program, some countries were Schneider Electric operates provide support in the form of on-site childcare facilities, childcare contributions, and breast-feeing and lactation benefits as noted in the following examples:

- In addition to the Dependent Care Flexible Spending Account, parenting support is offered in the US via an app which delivers real-time, personalized parenting guidance. Further, the US offers employees breastfeeding support and supplies such as milk transportation services (when a breastfeeding employee needs to travel upon their return to work), breast pumps, and supplies at no cost the employee, as well as breastfeeding counseling and support.
- In India, the Group partners with local vendors that provide childcare facilities near its offices. Monthly childcare reimbursements are also offered to employees in India, Sri Lanka, and Bangladesh.
- Southeast Europe countries cluster offers employees a one-time monetary contribution upon birth of a child and employees in Greece are provided childcare financial support for kindergarten.
- Further, several Schneider Electric offices around the globe provide dedicated private spaces for breast feeding and pumping.

Global Family Leave

Care for employees and supporting their unique work and life

Parental *(primary)*	Parental *(secondary)*	Care	Bereavement
From 12 weeks paid to 20 weeks paid	From 2 weeks paid to 4 weeks paid	From 1 week paid to 2 weeks paid	Enhanced local empowerment to support each employee's unique situation

Establishing Global Minimum Standards and Local Empowerment

Local adaptability is possible! Proofpoint: the definition of Immediate Family

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 2023, the Group successfully offered WESOP in 47 countries, achieving 58.5% subscription rate, down slightly compared to 2022 which was at 60.5%. As of 31 December, 2023, 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

Our 2025 Commitment

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 SSE. Scope covers 29 recurring participating countries, among the 47 participating countries representing 87% of the eligible headcount.

From 53% subscription rate in the recurring countries in 2019, WESOP has reached 61.1% in 2023 over the 2025 target since 2021. 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 2023 capital increase, together representing around 28% of the 2023 total subscription.

Our progress

5.5 Social dialogue

5.5.1 Context

The International Labor Organization (ILO) describes social dialogue as "all types of negotiation, consultation, or simply exchange of information between, or among, representatives of governments, employers, and workers, on issues of common interest relating to economic and social policy". The objective for a company to ensure regular and safe social dialogue is to build consensus amongst all employees of the company. To do so, companies integrate a third unbiased party in discussions to help resolve issues and encourage change to adapt to global and local workforce expectations.

5.5.2 Risks and opportunities

Social dialogue and freedom of association must be seen within the wider context of Ethics & Responsibility. As a global company, Schneider Electric believes that its responsibility goes beyond compliance with local and international regulations and is therefore committed to conducting its business ethically, sustainably, and responsibly.

The Group constantly interacts with all its stakeholders across the world: its borders are expanding, its environment is changing ever faster, its activities are becoming globalized, and its social responsibilities are growing.

The challenge is to gain and maintain the highest confidence of all its stakeholders. To support each employee in this approach, the Group emphasizes the importance of placing responsibility at the heart of its corporate governance.

5.5.3 Governance

At Schneider, social dialogue is managed at country level by HR leaders with the employee representative bodies and/or 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 process, thus reaffirming its intention to provide regular, efficient, multi-cultural, and innovative social dialogue at the European level, taking into account the voice of Schneider Electric's employees in the transnational projects of the company.

5.5.4 Group policy

Schneider Electric considers freedom of association, representation, and social dialogue as fundamental rights that must be respected everywhere and therefore in its Trust Charter (Schneider Electric's Code of Conduct), Schneider commits to follow all the requirements to build and sustain fruitful and mutually beneficial relationships between labor organizations and management, in accordance with local regulations, in every country where it operates.

In its Human Rights Policy, renewed in 2022, Schneider reaffirms 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, which promotes social dialogue and sound industrial relations, as effective means for achieving decent work and inclusive growth.

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 by signing with European Employee Representatives an agreement on the information, consultation, and participation of Schneider Electric Employees in Europe. This channel for dialogue aims to enable management to make more efficient decisions by giving employee representatives the opportunity to be informed of such projects or decisions and to understand context, as well as to express proposals to supplement or improve them.

In this respect, new spaces for discussion and expression 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 whistleblowing system, for the revised approach to the duty of vigilance, and also for the reflection on the Company Core Values' evolution.

The benefits of these workshops were several, starting with a better awareness of these topics by the members of the EWC, and an opportunity to impact upstream on strategic decisions.

EWC members, during the 2023 Plenary meeting at the Headquarters in Rueil Malmaison, with special guest, an employee representative from Morocco.

Social dialogue in France

Schneider Electric is organized in France through more than 25 legal entities. However, with 75% 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 2023, Schneider Electric negotiated the implementation of the new collective agreement for the Metallurgy branch, the largest branch in France, effective from 1 January, 2024, including negotiations on classification, working time, and leaves policies. At the same time, all the members of unions have received specific training the new collective agreement and its deployment.

Schneider Electric negotiated, in 2023, a new collective agreement for the France territory regarding apprenticeships, to develop its practices of sourcing and welcoming newcomers and retaining former apprentices inside the Group.

France Group Committee, visiting Angoulême site.

Social dialogue in the United States

In the US regular two-way communication takes place with both union and non-union teams to provide key business updates and gather feedback from employees to promote continuous improvement and increased employee engagement. Ongoing communication is provided to employees through daily short interval meetings and monthly town hall meetings on key competitive issues impacting the company, focus areas, and priorities, as well as updates on improvements made from employee feedback.

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 strategic focus areas relevant to contract negotiations. In both union and non-union sites, priorities continue to be growing key competencies, enhancing digital

acumen, and fostering a safe and respectful workplace through initiatives, such as:

- Learning Corners that provide training to employees on a variety of topics including digital upskilling, cybersecurity, company values, etc. The Learning Corner provides a place for employees to explore additional training courses that interest them individually and/or help further grow their competencies.
- Enhanced communication for employees through digital channels including Microsoft Teams to grow digital competencies while promoting deeper and more efficient communication in each site and across the company.
- Intentional campaigns, on-site events, discussion groups, and training focused on well-being and DEI.

Social dialogue in Mexico

In 2023, in addition to regular communications and in accordance with Mexican law, Schneider Electric concluded Collective Bargaining Agreement negotiations with the union and employees through the country, including the voting process to close of 7,000 unionized employees. During union negotiations, the union and employees had the opportunity to express aspects to be improved, as well as to highlight those good practices in each of the sites.

Committee and union leader of Reynosa plant.

Social dialogue in China

Schneider Electric in China has a strong culture of social dialogue across 30 legal entities in 100 locations. Regular communications take place in diverse ways to reinforce collaborations and drive optimal relations between the organization and all employees. The company also creates impact externally through future-generation development to accelerate sustainable growth together.

In 2023, China has progressed active dialogue to further listen and empower people on topics related to learning and development, and individual well-being:

- Upskilling continues to be a key growth enabler and is enriched with mobile and AI-embedded learning experiences for all and targeted job roles such as Sales, Offer Marketing, Research & Development, and Supply Chain. Average learning hours and digital learning ratio rose to over 22 and 70% respectively. Employees are also able to shape a broader career future by leveraging the OTM platform for internal opportunities (90% usage, 300+ projects, and 500+ mentorship pairings), and by driving open career conversations with managers.
- Well-being, a topic on which unions are much involved in China, remains as a priority for enhancing employee experience continuously. In terms of physical well-being, health check options are enriched, and critical illness insurance is upgraded with 100% coverage increase. For mental health, the Employee Assistance Program was renewed with more holistic services including 24/7 online counseling and regular webinars. Furthermore, beyond employees themselves, the company also considers the wellness of staff families – the Flexible Benefit Platform is now accessible to over 9,000 employees and their 16,000+ family members; Care leave is also extended from five to ten working days to offer better support in family illness situations.

Externally, for technical students, Schneider Electric has established a Sustainability Development learning platform and conducted vocational education both on site and virtually, benefiting over 10,000 students every year country-wide. Thhe Group is also starting “Sustainability School for Kids” in 28 local primary schools across five cities, to plant the seeds of sustainability awareness and mindset among our society’s future talent.

Social dialogue in India

Schneider Electric in India is organized through 16 different legal entities, with a strong culture of social dialogue with all employees (unionized and non-unionized) engaged 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 (e.g., salary related issues, medical insurance, or benefits are discussed with unions/work committees).

In some of the plants where there are no recognized unions, this bargaining process is conducted with the elected representatives from within the workforce who forms 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, the 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 management, and actions are initiated based on the recommendations of these committees. 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, engaging employees in various cultural events, and health talk series, and encouraging them to participate in adventure activities and go-green initiatives (tree plantation activities, green Yodha initiatives).

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 (SSI). This barometer measures the Company's objectives and progress every quarter, on all dimensions of responsibility, encompassing all the Group's stakeholders on a global scale.

The success of the SSI further inspired the Group to do even more and to think about the world of tomorrow, both in the environmental and climate fields – without forgetting the social and territorial dimensions. If the transition is not inclusive and equitable, if it does not involve citizens, if it does not allow young people to build their future and create their businesses, it will not happen. 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 and its 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. After updating its Human Rights Policy in 2022, Schneider Electric published internal guidelines to protect, respect, and guarantee dignity for Migrant Workers. The Group also implemented new ways of engaging with its suppliers' employees, through a pilot in Vietnam to identify human rights issues.

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, to accelerate the just transition. After defining the Group's roadmap through the Future Ready program, the Senior Talent program deployment started in 2023 with two waves that included 60% of Schneider Electric's footprint. Two other waves are planned for 2024. The full program encompasses 25,000 seniors with the objective of powering their talent and aspirations.

The third priority focuses on young people. They have never been so many on the planet, but lots of them have no access to education. The Company has a role to play in supporting them. In 2023, Schneider has reinforced its actions towards gender equality in the energy sector with the support of the Schneider Electric Foundation and employees through mentorship. The Group wants to empor girls and demonstrate that access to education can challenge the status quo. This mission is carried out in collaboration with around 400 local partners including F'SASEC in South Africa and ElectroMisr in Egypt.

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.

"Schneider Electric understands that the energy transition will only be possible if it is a just transition. On one hand, digital innovation brings solutions to decarbonize and save the planet. On the other hand, social innovation saves its inhabitants by taking care of everyone. We bring everyone along through various actions including designing solutions for people in difficulty or without access to energy, transfering skills to today's youth and building solidarity initiatives for people in disaster areas."

Gilles Vermot Desroches,
Chief Citizenship Officer & Senior Vice President Institutional Affairs

Progress of our Social Impact commitments

Schneider Sustainability	#	2021 – 2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	9.	Provide access to green electricity to 50M people	2020: 30M	+16.6M	50M
	11.	Train people in energy management	2020: 281,737	578,709	1M
Essentials (SSE)	25.	Increase the number of volunteering days since 2017	2020: 18,469	58,177	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 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

2023 Highlights

New Altivar Solar Drive is a smart solar powered drive for irrigation and livelihood applications. It was launched in 2023, as was Villaya Flex, a packaged microgrid solution for off-grid communities to maximize clean energy while reducing pollution from genset usage and reducing the carbon footprint.

Tomorrow Rising Fund supporting Türkiye, Syria, and Morocco: strong mobilization after the earthquakes, with a first priority on emergency help and a strong focus on youth education.

Schneider Electric has committed EUR 20 million in Gaia Energy Impact Fund II in 2023. This new venture capital impact fund will support entrepreneurs with high environmental and social impact in the field of energy transition in Africa. The ambition: 20,000 jobs created, four million people with access to energy, and four million tons of CO_2 avoided emissions.

The Schneider Electric Foundation draws on a brand new network of around 80 Foundation Delegates, covering 100 countries, with an increasing engagement of employees on mentorship.

In 2023, the Schneider Electric Foundation has reached the bar of 578,709 young people trained in energy-related professions thanks to historical partnerships such as UCEP in Bangladesh. With the launch of the Empowering Girls and Women program, the Foundation will accelerate its objective to reach one million people trained by 2025.

In 2023, Schneider Electric Initiatives launched in Belgium, offering employees innovative pathways to diversify their career development; one employee (shown in the picture) is becoming an entrepreneur thanks to the Creation Pass! These programs were also launched in Germany, Switzerland, and Austria in connection with the Senior Talent program as part of their multi-generational strategy.

Our long-term commitment

2030 **Provide access to green electricity to 100 million people cumulatively since the beginning of the program in 2009**

6.1 Improving lives through access to green electricity

6.1.1 Context

Today[1], around one and half billion people have little or no access to electricity.

In 2021[2], 675 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, more than 560 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.
- Based on the pace of electrification vs. population growth, in 2030, around 560 million people would remain without electricity, which would be 85% of the unelectrified world population. This number is expected to be similar to the number of people without access to electricity in Sub-Saharan Africa in 2021.

Asia-Pacific is approaching universal electrification, thanks to ambitious government programs. Nevertheless, the grid can be unreliable or insufficient for productive use in remote areas where it must be supplemented with renewable energy solutions.

Access to green electricity offers a chance to live a better life, because it can have a positive multiplier effect on all socio-economic dimensions of the individual or community: livelihood, health, education, security, and empowerment of women, while fighting against climate change by replacing fossil solutions.

6.1.2 Group policy

Access to Energy's purpose is to bring green and reliable electricity to populations in emerging markets, both as a fundamental right and a means for social and economic development, by providing a safe, clean, affordable, reliable, and sustainable energy offer. At Schneider, this is called Electricity for Life and Electricity for Livelihood.

6.1.3 Actions and impacts

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 communities. 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, thus allowing people to be the agents of their own transformation.

The Access to Energy social business works in synergy with the Youth Education & Entrepreneurship program and the Impact Investment funds, in a virtuous circle of providing products and solutions, capacity building, and support to startups.

Equal

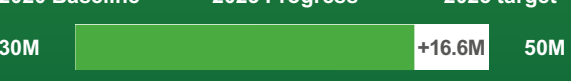
SSI #9

Our 2025 Commitment

Provide access to green electricity to 50 million people by 2025 and 100 million by 2030

Schneider Electric is providing solar solutions for more than 500 health centers in South Asia and Africa. These facilities previously did not have electricity or 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 1.5 million people.

Our progress



* Cumulated since 2009.

(1) Source: Tracking SDG 7: The Energy Progress Report 2023, 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).; Off-Grid Solar Market Trends Report 2022 by Lighting Global/ESMAP, the International Finance Corporation, Efficiency for Access Coalition,GOGLA and Open Capital Advisors.

(2) Source: Tracking SDG 7: The Energy Progress Report 2023, 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.

6.1.4 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. With a focus on circular economy, Mobiya's recycled plastic and recycled packaging material promote durability, reusability, and recyclability.
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 has provided around 4,000 Mobiya Original solar lanterns impacting around 19,000 people in rural and peri-urban areas across Africa.

Homaya

Domestic electrification for access to quality, affordable, and uninterrupted power

3 products

Homaya Hybrid: solar hybrid home system, specifically designed for versatile applications including clean cooking.
Homaya Hybrid PAYG: solar hybrid home system with Pay-As-You-Go function.
Homaya Pro: smart hybrid inverter powered by solar with an inbuilt MPPT controller and compatible with grid charging.

Case Study: More than 100 schools and health clinics in remote and rural areas of Senegal have been equipped with access to clean and reliable electricity through Schneider Electric's Homaya Hybrid and Homaya Pro solutions, benefiting students in schools, and medical staff and patients in health clinics.

Villaya

Collective electrification solutions in remote sites, either 100% solar or hybrid

2 solutions

Villaya Community: solar or hybrid microgrid to power rural communities.
Villaya Water: Villaya solution embedded with new Altivar Solar Drive for irrigation and agro processing applications.

Case Study: In remote areas of Bangladesh, reliable irrigation is being enabled via Schneider Electric's Villaya Water solutions, helping farmers irrigate their farms using clean energy solutions and impacting the lives of over 1700 rural people.

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 and remote connect/disconnect, to build local tariff plan and better manage peak load.

Case Study: Around 16,000 students in remote villages in India have better access to education due to reliable electricity provided by Schneider Electric's solar systems and EcoStruxure™ digital platform.

6.2 Investing for high social impact

6.2.1 Context

Impact Investments are investments made with the intention of generating a positive, measurable social and environmental impact alongside a financial return, as defined by the Global Impact Investing Network (GIIN).

Based on this definition, impact investing is an innovative way for organizations to address social needs, contribute to people's well-being, and help them access development opportunities. Hence many companies are building partnerships with local and international players to drive and nurture innovative and responsible initiatives.

6.2.2 Group Impact Investing policy

The ambition of Schneider Electric's Impact Investing practice is to contribute to a transition towards a fairer and more inclusive society. Supported by its strong and deep knowledge of the energy ecosystem, Schneider Electric focuses its Impact Investing mission on funding and supporting high social and environmental impact initiatives, which are contributing to a better future and positively impacting climate and resources.

The goal is to generate high social impact while protecting the assets under management. Accordingly, Schneider Electric has adopted strict management rules, such as:

- always investing in partnerships with recognized players;
- never taking a majority stake;
- always providing efficient company support (such as helping develop a business plan or provide technical advice) to deliver the optimum social impact while minimizing risk;
- ensuring alignment with the Schneider Electric ecosystem;
- ensuring that ethical business practices and rules are implemented and respected.

6.2.3 Governance

Each investment vehicle has its own governance structure generally composed of at least two bodies:

- The first one is a Board of Directors or a Supervisory Board which is in charge of ensuring compliance with all legal and ethical regulations. In most cases investors are represented on this board.
- The second one is a Management Investment Committee which can either be totally independent or composed of investors, according to the legal structure. All Management Investment Committee members bring specific competencies and knowledge to assess investment decisions. In some cases, they can also rely on external experts. They are responsible for ensuring compliance with investment policies and are regularly updated on investment performance, both in terms of impact and finance.
- In some cases, an investment vehicle can also rely on an Advisory Committee, a Strategic Committee, or an Impact Committee to help them setting up and managing their investment and impact strategies and policies.

All investment vehicles are supervised by independent auditors.

6.2.4 Actions and impacts

As early as 2009, Schneider Electric was a pioneer in the Corporate Impact Investment 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 five vehicles targeted at:

1. Contributing to an inclusive economy with 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 Energy Access Venture (EAV)).
4. Supporting entrepreneurs with high environmental and social impact in the field of energy transition in Africa with Gaia Energy Impact Fund II.
5. 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.

2009 Launch of SEEA

2011 Investment in Livelihoods Carbon Fund #1

2015 Launch of EAV

2017 Investment in Livelihoods Carbon Fund #2

2020 Launch of SEEAA

2021 Investment in Livelihoods Carbon Fund #3

2023 Launch of GEIF II

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 2023, 6,287 (past or present) Group employees in France had invested EUR 42.2 million in the *Schneider Energie SICAV Solidaire* fund.

Since 2009, SEEA has invested in 26 companies and exited from ten. In 2023, SEEA invested in one new company (Wall'up) and reinvested in one company (Envie Rhône-Alpes).

As of December 2023, SEEA portfolio included 16 companies, of which 12 in France, one operating in Europe, and three operating in Africa, South-East Asia and Latin America, and managed the following amounts:

- EUR 3 million in capital invested by Schneider Electric;
- EUR 3.2 million 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:
  - Six invested companies for a total of EUR 2.25 million (*Foncière du Possible*, LVD Energie/HomeBlok, Soliha BLI, Dorémi, Réseau Eco-Habitat, Wall'up).
- **Promote digital and financial inclusion:**
  - Two invested companies for a total of EUR 430,000 (SIDI, Kajou).
- **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).
- **Promote job creation, income generation and inclusion:**
  - Four invested companies for a total of EUR 640,000 (Talendi, Incubethic, *Envie Rhône Alpes, Fabrik à Yoops*).

Okra Solar

Okra closed a new fundraising in 2023, confirming the feasibility of the business model, and enabling a strong deployment in Nigeria and Haiti.

Project description

Okra is an Australian-Cambodian social and innovative enterprise with operations in Southeast Asia and Africa.

It promotes **access to affordable, clean, and sustainable energy to precarious populations.**

The **mesh grid technology** developed by Okra drastically reduces installation costs and enables access to electricity to off-grid communities.

It consists of an intelligent plug and play controller that connects individual solar panels paired with a SaaS technology that remotely monitors and controls networks and manages payments.

Impact assessment

From the launch of the project to November 2023, Okra Solar's projects represented:

- **+31MWh of renewable electricity** produced.
- **14,700 beneficiaries impacted** who have now access to electricity.

OKRA

Goparity

The investment of SEEA in Goparity (2022) was a first step towards expanding SEEA's activities to Europe.

Project description

Goparity is a Portuguese enterprise that has developed a **crowdlending platform/service** that connects companies seeking alternative financing for their environmental and social businesses with individuals and companies who want to invest in impactful projects. It operates mainly in Europe, with some financed projects in Africa and South America.

Between 40 - 50% of the projects are in the sustainable energy sector. Their mission is to democratize access to sustainable finance, controls networks and manages payments.

Impact assessment

From the launch of the project to November 2023, Goparity represented:

- **90,000 beneficiaries** impacted by financed projects.
- **> EUR 30 million** invested in 321 projects with a high environmental and/or social impact.
- **> 25,000 tCO_2 avoided** per year.

GOPARITY

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 2019 to help the region tackle these challenges and advance towards SDG 7 "Ensure access to affordable, reliable, sustainable and modern energy for all". Three other investors joined forces with Schneider: the European Development Finance Institution Management Company (EDFI MC), the Norwegian Investment Fund for Developing Countries (Norfund), and Amundi (*Finance et Solidarité* fund), committing a total of EUR 20.9 million.

SEEAA, through its dedicated Schneider management team based in Singapore, invests primarily in equity and quasi-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 2023, SEEAA had invested in 11 start-up companies (Freyr, Frontiers Markets, Xurya, Oorja, ATEC, Carbon Masters, SMV, Agros, Selex, Biofuels Junction, Solarkita), for a total of EUR 7.7 million.

SEEAA's goals are 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.
- **Accelerate the transition towards renewable energy and net-zero:**
  - The goal is to invest in projects that enable the transition of economies to clean renewable energy sources and provide solutions to reduce CO_2 emissions.

Agros

Project description

Agros is a start-up company pioneering in the sustainable agriculture in South-East Asia. The company provides a one -stop solution for crop farmers to switch to sustainable farming. Their solution includes a combination of hardware, inputs, financing, and advisory with the ambition to allow farmers to double their income while making their farm climate-resilient for generations to come.

Agros' solar water pumps help farmers reduce fuel cost for and provide clean water for year-round irrigation, enabling them to grow additional crop cycles. Paired with soil advisory solutions to improve soil fertility and reduce chemicals dependence, Agros enables farmers to increase their yields. All these solutions are backed with tailored financing.

Impact assessment

Since the launch of the project, Agros has:
- Sold **2,559 solar water pumps** in Myanmar and Cambodia, directly impacting **13,780 beneficiaries.**
- Created **121 direct jobs** (employees and farmers), allowing them to earn decent income.

Freyr

Project description

Freyr is an Indian tech-enabled company that **designs, procures, and installs rooftop solar systems** for private homes and small businesses.

The rooftop systems are sold via Freyr's proprietary technology platform, that streamlines the process from sales and financing to installation, ultimately offering services as the one stop platform.

Freyr brings together an ecosystem of stakeholders and third party vendors to make solar affordable and accessible for more people, as part of the global push for clean energy and decarbonization

Impact assessment

Since the launched of the project, Freyr has:
- Supported the installation of **2,600 rooftop solar panels**
- Deployed a **total capacity of 27.4 MWp.**

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 Entrepreunarial Development Bank), FISEA-PROPARCO, OFID, and AFD-FFEM.

At the end of 2023, E3 Capital had invested in 15 companies and exited one. 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 17.1 million (Zola Electric in Tanzania, BBoxx (Solar Impact Holdings) in Ghana, Nuru in Democratic Republic of Congo, Zonful Solar Energy in Zimbabwe, and ZIZ Energy in Chad).
- **Provide access to clean productive use energy:**
  - Six invested companies for a total of EUR 24.5 million (ManoCap Energy in Ghana, Candi Solar in South Africa, SolarX in Mali, Greenlight Planet (formerly PayGo Energy), SunCulture, and InspiraFarms in Kenya).
- **Promote digital and financial inclusion:**
  - Three invested companies for a total of EUR 12.5 million (Mawingu, Solarise Africa, and Palgo in Kenya).

Nuru

Project description

Nuru is the **leading smart distributed utility in Democratic Republic of Congo (DRC)**.

It develops, finances, and operates profitable **solar powered "metrogrids"** for businesses, industries, SMEs, and households. Nuru focuses on urban zones with high levels of commercial and residential activity that are geographically clustered around dense metrogrid ready zones. Nuru deployed Congo's first solar-based mini-grid in 2017 and has a 1.3 MW solar hybrid site in Goma, the largest off-grid mini-grid in Sub-Saharan Africa. In total, Nuru manages four solar-based grids across DRC.

Impact assessment

From the launch of the project to November 2023, Nuru represented:

- **> 120,000 beneficiaries impacted** who have now access to electricity.
- **13.7 MWp** of operating capacity.
- **> 15,000 tCO_2 avoided** per year.

nuru congo connecté

Photo: © Grace Ruboneka for Nuru Marketing & Communication Department

SunCulture

Project description

SunCulture is a Kenyan-headquartered company that uses **off-grid solar technology to provide customers with reliable access to water, irrigation, lighting, and mobile charging**. It operates through both direct operations and distribution partners in several markets in East, West, and Southern Africa.

The products combine solar water pumping technology with high-efficiency drip irrigation so smallholder farmers can grow more while spending less. SunCulture offers comprehensive solutions, combining market-leading technology with Pay-As-You-Grow financing and value-add services (advisory, installation, training).

Impact assessment

- 89% of beneficiaries reported an **improved quality of life**.
- 87% of smallholder farmers report **increased farming incomes** due to the SunCulture system.
- Drip irrigation **saves up to 80% of water** compared to current practices.

SunCulture

Photo: © SunCulture – Smallholder farmers hold the key to global food security. Here, a SunCulture engineer demonstrates one of their products in action.

4. Supporting entrepreneurs with high environmental and social impact in the field of energy transition in Africa with Gaia Energy Impact Fund II (GEIF II)

In September 2023, Schneider Electric, Capelan, Capital Croissance, and *Investisseurs & Partenaires* joined forces with the Gaia Impact team to launch GEIF II. This new venture capital Impact fund is specialized in the energy transition in Africa and the support of entrepreneurs with high environmental and social impacts. The fund is managed by Capital Croissance. Gaia Impact acts as exclusive advisor both to the fund manager and the portfolio companies. Schneider Electric and Capelan are two cornerstone investors. *Investisseurs & Partenaires* provides its expertise regarding African countries and technical assistance to the Gaia Impact team. Schneider Electric committed a total amount of EUR 20 million and has seats at the Advisory Board, the Consultative Investment Committee, and the Impact Committee.

GEIF II will invest tickets between EUR 500,000 and EUR 5 million (in equity or quasi-equity) in around 25 early-stage (Seed and Series A) companies and follow on up to growth phase (Series B). Most investments will be made in companies operating in African countries (with a maximum of 15% in other emerging countries). Investments will support six sectors within the distributed renewable energy value chain: minigrids, decentralized energy systems, commercial and industrial energy systems, productive use of energy, new renewable energies, and enabling technologies (tech innovations).

SureChill

Over summer 2023, GEIF II closed their 1st deal with a US$1 million investment in SureChill.

Project Description

SureChill is a Kenyan-based company whose goal is to improve the living conditions and healthcare of vulnerable populations all around the world.

The company has developed a revolutionary water-based cooling technology that powers autonomous refrigerators when electricity is missing. The technology addresses the issue of providing reliable cooling with an intermittent or erratic power supply. SureChill provides medical refrigerators for temperature-sensitive drugs and vaccines, and robust fridges for homes and businesses.

Impact Assessment

This new technology allows **vaccine refrigerators to operate without the need for a constant power source** and avoids the use of costly and unreliable solar rechargeable batteries. As an example, SureChill is working closely with GAVI, the Vaccine Alliance, UNICEF, PAHO Ministries of Health and other to help make **a positive impact on the Cold Chain**.

SureChill.

Half of the team's carried interest is tied to the achievement of Impact objectives that will be measured by accredited third-party organizations and monitored by an independent Impact Committee. GEIF II's goals are to bring energy to four million people, to create 20,000 jobs, while enabling the avoidance of four million tons of CO_2.

The fund has reached its first target of an initial closing of EUR 40 million for summer 2023. The goal is to raise another EUR 40 million in the first half of 2024 to reach a final target amount of EUR 80 million. At the end of 2023, the fund has deployed EUR 6 million, and the portfolio comprises six companies, of whom four were transferred from the fund GEIF I.

5. 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 230 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 one million people and avoided or sequestered over four million tons of CO_2. Carbon Fund #2 (2017) aims to benefit two 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 two 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 has been carbon-neutral since 2019.

As of December 2023, the total carbon credits accumulated since 2011, corresponding to Schneider Electric's participation in Livelihoods Funds, was 499,743 tons, of which 119,945 tons have been used to offset Schneider Electric's Paris Marathon carbon emissions.

6.3 The Schneider Electric Foundation

6.3.1 Context and goals

Today's younger generation is the first generation to feel the direct impact of climate change and certainly the last generation capable of doing anything about it.

Beyond simply being aware, younger generations are already heavily involved in climate and social transition initiatives led by civil society, for example through climate marches and citizen movements emerging all over the planet, but also through their career choices, volunteering, involvement in non-governmental organizations (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 UN SDGs and thereby improve people's lives and the health of the planet.

6.3.2 Group policy

To successfully secure a sustainable future for humanity, younger generations express the same need for guidance, training, and recognition. The Schneider Electric Foundation's goal, under the aegis of *Fondation de France*, 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. The Foundation goes about fulfilling this objective each and every day, all over the world, through concrete initiatives and programs.

The Group's first Philanthropy Policy was implemented in 2023. The objective is to define Schneider Electric's position on philanthropy, its priorities, and its principles of action, in line with the 17 UN SDGs. It provides a coherent and consistent framework enabling Schneider Electric entities and employees to contribute and act.

In 2023, the EUR 4 million annual budget of the Schneider Electric Foundation was invested in more than 140 projects, supporting 180,845 youth with a key engagement of the Schneider Electric community, contributing with 17,083 days of volunteering.

This commitment is being amplified with an additional EUR 21 million from the Schneider Electric's entities and employees giving back in their communities. In total, more than EUR 25 million has been invested to help local communities worldwide.

6.3.3 Governance

Fondation de France is a non-profit organization that, since its creation in 1969, has been the bridge between donors, founders, and field structures in order to support projects in a range of general interest areas. It supports other foundations (977 in 2023) 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:

- Ten members: five from Schneider Electric (including the Chairman and two representatives of the employees) and five external experts.
- One 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; and
- Social Impact Assessment Leader.

Lastly, the Foundation's Selection Committee is composed of:

- General Delegate;
- Corporate Philanthropy Director; and
- Program Director, Training & Entrepreneurship.

6.3.4 Key actions driven by the Schneider Electric Foundation

Schneider Electric'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. Six main actions are driven by the Schneider Electric Foundation:

1. Developing access to education and entrepreneurship for the youth with the Youth Education & Entrepreneurship program deployed globally.
2. Developing volunteering and social mentorship as a key contribution to the success of youth projects and initiatives.
3. Acting as a corporate citizen by supporting international causes with the Tomorrow Rising Fund.
4. Strengthening its impact thanks to Schneider Electric Sister Foundations (North-America, India, Australia).
5. Support innovation with emblematic projects.
6. Measuring the impact of all the programs.

More information on these actions are given in the next sections.

6.3.5 Youth Education & Entrepreneurship program deployed

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.

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, the program is evaluated every six months 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 on a regular basis. 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 co-ordinator sets regular meetings to support the zone representatives and guarantee the progress of the program in each zone. 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.

For years, the Schneider Electric Foundation has broken new ground in measuring social impact, aiming to enable its partners to better fulfill their missions. After different independent social impact evaluations carried out in previous years, the Foundation has taken a step further in 2023; based on an innovative approach, it started co-creating with its partners and experts an evaluation framework applicable to different programs. It will allow both partners and the Foundation itself to measure the social impact of the missions, autonomously, iteratively, and within a continuous improvement perspective. This will guarantee that the actions are focused on bringing a real positive for the beneficiaries.

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,** linked to the energy transition, 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

Our 2025 Commitment

Train one million people in energy management

The Youth Education & Entrepreneurship program has supported the training of 578,709 people worldwide since 2009. More than 8,500 trainers and 8,200 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.

Schneider Electric and its Foundation's partnership with SENATI marks a significant investment in advancing technical education in Peru, South America. SENATI, an institution established by the National Society of Industries, plays a crucial role in providing professional training across various industrial sectors. The collaborative project focuses on enhancing SENATI's training laboratory for Industry 4.0 by investing in 11 benches. These advanced tools empower SENATI teachers with the skills to diagnose and operate systems remotely, aligning with the demands of modern industries. The Industrial Electricity and Industrial Mechatronics programs are the primary beneficiaries, impacting a total of 4,002 students over five years. In 2023, all training sessions with teachers have been successfully concluded, and Schneider Electric is looking forward to witnessing the positive impact of this initiative in 2024.

Our progress

2020 Baseline	2023 Progress	2025 target*
281,737	578,709	1M

* Cumulated since 2009.

To learn more on the actions developed in 2023, please see section 6.4, **page 191**.

6.3.6 Volunteering and social mentorship for successful youth projects and initiatives

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 youth education, planet, poverty, and communities. In particular:

- Employees volunteer their time, energy, and lifelong learnings 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 Electric 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.

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 and Well-Being;
- Member, volunteer representative;
- Member, Chief Citizenship Officer and Senior Vice-President Institutional Affairs.

One to two Executive Board meetings are organized each year.

The Schneider Electric Foundation draws on a network of around 80 delegates, covering 100 countries. This community was renewed in 2023. Its 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 social 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 are 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 27 languages for Schneider Electric employees with the potential to be increased to 37 languages, the platform can be accessed from anywhere in the world with one click (Single Sign-On) 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 2023, these included the Tomorrow Rising fund and the Giving Tuesday to Empower the Next Generation for Impact dedicated for Mentoring scheme as well as the International Volunteer Day which focused on solidarity and local mobilization through volunteering and mentoring and will continue for the next years. These campaigns showcase local initiatives to a global audience. Delegates also participate in campaigns following natural or other disasters. For example, in 2023, employees responded enthusiastically to the launch of the Tomorrow Rising Fund for the earthquakes that happened in Türkiye, Syria and in Morocco.

Generations

SSE #25

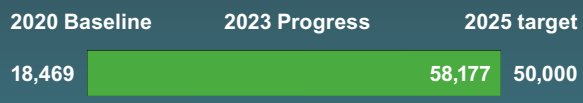
Our 2025 Commitment

50,000 volunteering days since 2017

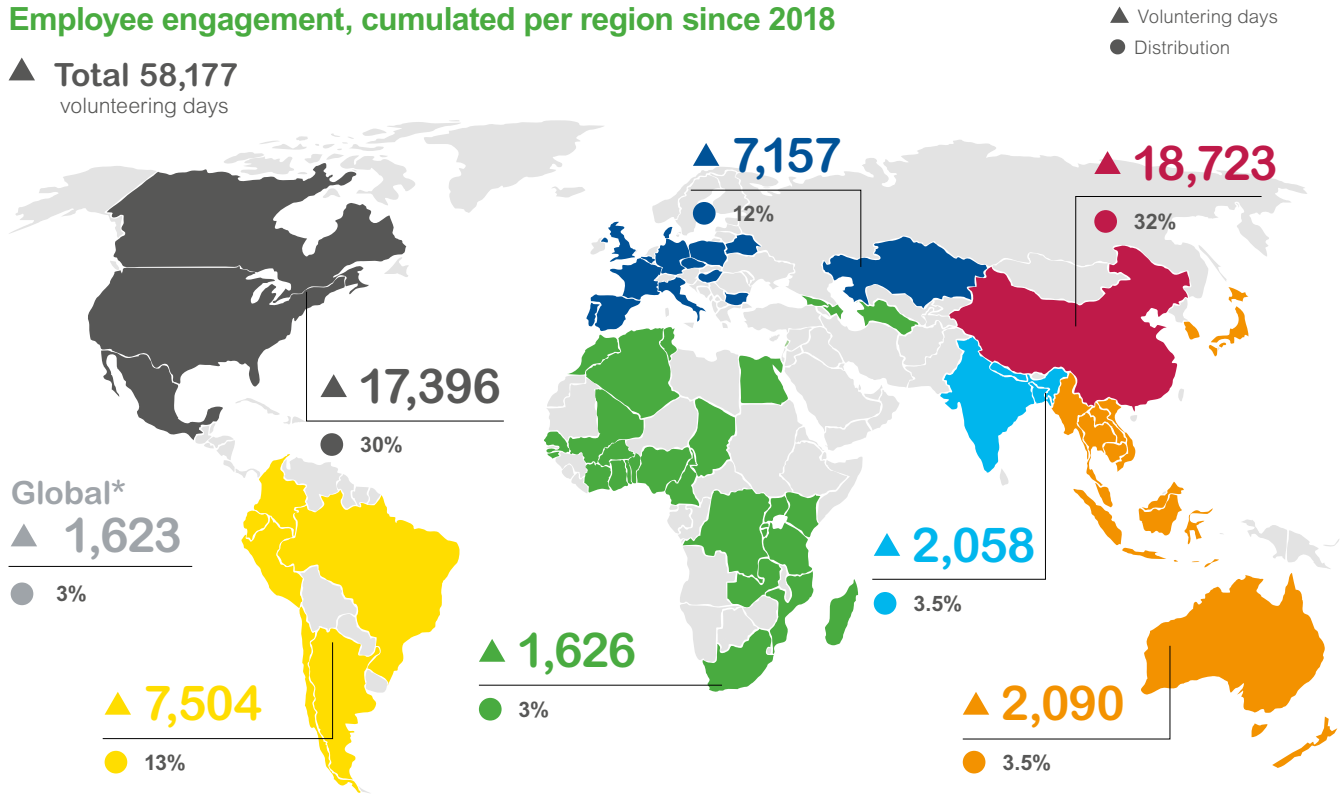
In 2023, employee participation in the activities of the Schneider Electric Foundation greatly increased.

Schneider Electric employees show a high level of commitment to give back. Mainly through in person 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 17,083 volunteering days in 2023, the 2025 target has already been reached.

Our progress



Employee engagement, cumulated per region since 2018



* Days in global/multi-country initiatives

6.3.7 Acting as a corporate citizen: Tomorrow Rising Fund

Context and goals

Since its creation in 1998, the Schneider Electric Foundation has proposed 22 specific emergency and rebuilding campaigns. It acts as a relay and amplifies the mobilizations of local Schneider Electric entities following natural disasters or emergency situations in the concerned countries.

Actions and impacts

Schneider Electric employees have always demonstrated an incredible spirit of solidarity in the face of crisis. Through the Tomorrow Rising Fund, Schneider Electric employees contributed to campaigns following the earthquake in Türkiye, Syria, and Morocco.

For each campaign, a special Steering Committee was established to take charge of organizing the appropriate release of funds to support the communities affected by the earthquake. Donations of Schneider Electric employees from around the world are already contributing by providing emergency kits, maintaining education, and supporting refugees and NGOs' missions.

Türkiye and Syria

Initial donation from the Schneider Electric Foundation. Financial donation campaign from employees with matching.

- To face emergency:
  - In-kind donations organized in Türkiye (blankets, clothes, tents, etc).
  - 7,000 solar lamps.
  - Support to SOS Attitude & ESF
- To contribute to rebuilding the education system and professional training:

Türkiye

- 5 scholarships to female university students for four years with Turkish Education Fund.
- 100 scholarships to female university students for one year with Turkish Education Fund.
- Volunteering and mentoring initiatives in place to support impacted communities.

Syria

- 6 scholarships to female university students in Science, Technology, Engineering and Mathematics for four years with Muslim Hands.

Morocco

Launch of the communication campaign and of the online donation campaign.

- Phase 1: Facing emergency:
  - In-kind donations organized in Morocco (tents, sleeping bags, solar lamps, kitchen devices, etc).
  - 8,000 solar lamps given in five districts.
  - Support to SOS Attitude.
- Phase 2: Education will be deployed beginning of 2024 with a focus on professional training.

6.3.8 Strengthening its impact thanks to 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.

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. The Foundation drives change in its communities. It also offers 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:

1. Energy Equity: energy is a basic human right and to make it available and affordable to everyone, the Foundation partnered with Habitat for Humanity and Inherent Homes.
2. STEM Education: preparation of the next generation for STEM-related careers is done with partners like TryEngineering and FIRST Robotics.
3. Disaster Relief: As natural disasters are occurring at an increasing rate, the Foundation's goal is to ensure its partners, such as Footprint Project and American Red Cross, are prepared to respond sustainably.
4. DEI and well-being: The Foundation is committed to supporting the health, well-being, and equity of all communities by partnering with organizations like NSBE (National Society of Black Engineers) and ACP (American Corporate Partners).

In 2023, the North America Foundation contributed over USD 7 million in cash and product donations to over 1,900 charitable organizations and participated in 25,000 employee hours.

India

During 2023, Schneider Electric India Foundation (SEIF), which is the corporate social responsibility (CSR) arm of all Schneider Electric business entities in India, focused on following programs:

1. Skill development in the field of energy management: 34,292 unemployed youth were provided training in the field of electricity, solar energy and automation including 1,750 females. 363 trainers were also trained through "train the trainers". In addition, 323 youth were provided entrepreneurship training to start their entrepreneur journeys in the energy profession through SEIF's Skill Development program.
2. Clean Energy for sustainable Livelihood: 2,633 indigenous farmer families were supported to have access to irrigation through solar powered pumps and grow two or three crops in a year under the "Clean Energy for Sustainable Livelihood" project. The project impacted the community by doubling the annual income of women smallholder farmers and ensured food and nutrition security in remote villages of Jharkhand, Odisha, and West Bengal.
3. Conserve My Planet: 7,680 school children from 70 schools trained on conservation of energy and environment across seven metro cities under the Conserve My Planet program.
4. Scholarship: SEIF will provide scholarships to 40 meritorious students from financial disadvantaged backgrounds to pursue higher study in the field of engineering.
5. Environment: More than 300,000 trees have been planted for conservation of environment and carbon sequestration.
6. Volunteering: SEIF encourages employees to participate in all the above initiatives, and during 2023 more than 400 volunteers contributed 500 volunteering days. Approximately 300 Schneider employees shared their knowledge with underprivileged youth under the SE Teacher's Mission Initiative.

Australia

In 2023, Schneider Electric Pacific Fund contributed to AU$ 375,000 to major Australian charity partners – Raise Foundation, Beacon Foundation, Australian Torres Strait Islander Maths Alliance (ATSIMA), and Centre for Appropriate Technology (CfAT). In New Zealand, NZ$ 40,000 has supported Puhoro and Graeme Dingle Foundation Through our Giving@SE program, a total of more than AU$ 72,000 was donated to charities thanks to individual employees and matched donations from Schneider Electric (up to AU$ 5,000/employee/year).

6.3.9 Support innovation with emblematic projects

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.

Atelier 21, a Foundation partner, has been granted two Solar Impulse Efficient Solution 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 Réunion, the US, 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.

Building on the success of the exhibition on cities in 2022 at Schneider Electric premises Intencity (Grenoble, France), the Schneider Electric Foundation contributed to the exhibition “Cities of Tomorrow” inaugurated in September 2023 at *La Cité des Sciences* in Paris (France). It was also the opportunity to develop conferences for different stakeholders such as decision makers, and students. At the occasion of COP23, the partnership has been renewed for twi years with a strong focus on advocacy, education, and promotion of solutions

6.3.10 Measuring the impact of all the programs

Social Impact is part of the DNA of Schneider Electric Foundation: we want to bring a real positive change for the beneficiaries of our programs. Social Impact assessment is the compass guiding the Foundation and its partners in the best direction to guarantee that the actions and energy are focused on offering real added value.

For years, different evaluations have been conducted by experts in the domain. These evaluations underlined different challenges. Therefore, the Foundation decided to go one step further with an innovative approach to address them - the creation of a new global and common Social Impact framework for the Schneider Electric Foundation initiatives. This new framework considers one key mindset shift empowering the partners to be autonomous on evaluating the impact of their initiatives.

To develop this program, the Schneider Electric Foundation partners with highly advanced experts in the domain, Impact Track company, in partnership with the E&MISE Social Impact Lab from ESSEC Business School. The framework is supported by a tool responding to decisive aspects such as the possibility to launch assessments on regular/systematic basis as well as on demand, or to have aggregated data at different levels (partners, countries, foundation).

To develop this plan, the Schneider Electric Foundation has adopted an incremental approach in two main phases:

- A pilot phase, with first focus being in the training program, with a co-creation process with partners, domain experts, and internal teams of the Theory of Change, applied in concrete and diverse scenarios. The participation of the foundation partners, ACTEC (Association for Cultural, Technical and Educational Cooperation), IECD (*Institut Européen de Coopération et de Développement*) and the SRF Foundation, is key in this phase, allowing piloting a deployment: Ecuador, Egypt, India, and Cameroon.
- A scale phase, globally deploying the methodology to other countries and partnerships and, later, starting to involve new programs of the Foundation.

6.4 Next Gen Academy: the workforce of tomorrow

6.4.1 Context and goals

For over a decade, Schneider Electric with the support of its Foundation has partnered with more than 850 local and global stakeholders, in over 46 different countries, to create programs covering the latest technological developments, and tailored to local job market needs.

The objective is to contribute to provide quality vocational training courses culminating in qualifications that address local employment markets. Young people can acquire skills, find work or become entrepreneurs in the energy sector. These trainees can change not only their own lives but also the direction of their communities, contributing to the development of their countries, by bringing in new, safe, reliable, and sustainable energy solutions.

In addition, Schneider Electric also supply training centers with its products and solutions and train young people and teachers in its technologies; thus, helping raise the brand's image among future users and customers.

Schneider Electric is becoming an actor for today's pedagogical issues to prepare workforce for tomorrow. All these programs – from the Schneider Electric School to Youth Education & Entrepreneurship, from digital learning to the education equipment service - are grouped under the umbrella "Next Gen Academy". Schneider Electric has also developed the "Next Gen Campus" program for its own employees (apprentices, Go Green, and young talents). See more section 5.3.5 on page 161.

6.4.2 Youth Education & Entrepreneurship Program

1. Support access to qualitative jobs through technical and vocational education training (TVET) in the energy sector

Training in the energy field provides an inclusive answer to several challenges of the UN SDGs. For more than then years, the Group has been supporting 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 and its Foundation through 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, Ministries of Education, International Agencies) and with Schneider Electric's local subsidiary.

The three key priorities are the following:

- Basic training over a few months (minimum three months): 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.
- Single or multi-year trainings leading to a diploma, 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.

The program focuses on equipping training laboratories and encouraging Schneider Electric offices to donate training equipment, training the trainers with the support of the VolunteerIn association, renewing curriculum and promoting training programs. With the new methodlogy, the Schneider Electric Foundation programs are systematically audited following global guidelines and standards.

To take a step further, Schneider Electric intends to supplement its training offer with digital learning curricula. For more information, see section 6.4.3.

Schneider Electric and its Foundation, in collaboration with the Ministry of Education of France and the Ministry of Education and Culture of Indonesia, have established the Center of Excellence in Bandung, Indonesia. This initiative is dedicated to providing specialized training in electricity, automation, and renewable energy to vocational teachers and laboratory technicians. The main focus of the Center of Excellence is the "training the trainers", which aims to empower educators with the necessary knowledge and skills to effectively impart their expertise to students. As of 2023, this program has already made a significant impact, reaching 27,109 students. In addition, 291 teachers and 163 assistants to teachers have undergone training, further enhancing their skills and expertise.

6 Delivering social impact for a just transition

Supporting training of trainers in the energy field

The Youth Education & Entrepreneurship program ensures education quality by supporting trainers at partner training centers. This assistance helps trainers understand the approach and materials, facilitating effective knowledge transfer to students in short, and long-term courses. The program aids trainers in updating curricula and adding market-relevant modules, aiming to expand dedicated training centers. This approach, backed by the VolunteerIn association, focuses on the training of trainers for the long-term transmission of quality, up-to-date knowledge. The Institute of Electricity and Energy Management (IEEM) in Bengaluru, Karnataka, India, is an example, 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-day training program. This intensive training covers the latest technologies and practices in electricity, including safety, domestic and industrial distribution, energy quality, renewable energies, and energy management. To date, 1,764 trainers have benefited from this comprehensive training, ensuring the effective and long-term transmission of quality, up-to-date knowledge in the energy sector.

Testimony of a trainee in Pakistan

The Youth Education and Entrepreneurship program, in collaboration with Muslim Hands has implemented actions for Women Empowerment in Pakistan, to foster gender inclusivity in the energy sector. This strategic partnership has a specific focus to enhance female enrollment, disseminate skills in the energy domain, and champion equal access to training and education. By catalyzing action, the initiative aims to expedite progress in gender equality and contribute to the empowerment of women, fostering an inclusive and sustainable energy transition.

"The Youth Education and Entrepreneurship program shattered barriers and empowered me as a young woman to discover my potential, embrace my passions, and proactively shape my future in the electrical field. It has instilled in me the belief that my gender should never constrain my aspirations or hinder me from realizing my dreams. My goal is to become an electrical engineer and help my community with sustainable energy solutions. This program provides me with essential knowledge and skills. It will contribute to my success by building a strong foundation and teaching problem-solving. I want to make a positive impact in remote areas."

Hani Baig, 1st Year student Govt. College of Technology, Karimabad, Karachi.

2. Learn new skills for the future linked to the energy transition

Since 2022, the Youth Education & Entrepreneurship program supports the spread of the skills to unlock current and future opportunities for the youth linked to the energy transition.

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 knowledge on the energy transition, 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. Schneider believes 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. The Youth Education & Entrepreneurship program supports the development of training contents online and offline, implementation of activities and follow-up of students, development of concrete solutions by the students, competitions and volunteering actions supported by the VolunteerIn association of the Schneider Electric Foundation.

Educando Brazil

In collaboration with Educando, Schneider Electric and its Foundation are actively enhancing STEM education in Brazil. As a non-profit organization dedicated to improving STEM courses, Educando is preparing 12 STEM learning activities linked to residential and industrial electricity, and solar energy. This initiative serves as a catalyst for change in 35 schools across São Paulo state, offering courses in Industrial Automation, Electronics, Electromechanics, Mechatronics, and first and second-year STEM programs. The primary aim is to address learning gaps and reduce the number of students abandoning their technical careers. By the end of 2023, 100% of STEM benches have been implemented, positively impacting 30,000 students who have benefited from Energy and STEM courses.

3. Spread entrepreneurial spirit and encourage innovation for the energy transition

The Youth Education & Entrepreneurship program, with 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 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. Schneider encourages them to work in groups and participate in collective thinking.

The projects deliver support to young people over a period of three months minimum.

New Skills for The Future, Mexico

Schneider Electric and its Foundation, in collaboration with Enactus Mexico for the New Skills for The Future program, has left a lasting impact. In 2023, across 400 universities and colleges in Mexico, the initiative reached 60,000 students, with 50% being young women empowered with essential entrepreneurial and leadership skills. This program, which promotes social entrepreneurship, goes beyond conventional models. It not only equips students with tools for success in the market but also fosters a commitment to positive change in local communities. Schneider Electric's dedication to empowering young women aligns with its broader vision of nurturing youth entrepreneurship, contributing to a more sustainable and inclusive future.

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.

Economic and Social Development of Women through Renewable Energies in the Sahel with Plan International

Since 2019, in collaboration with Plan International, the Youth Education & Entrepreneurship program has been actively supporting the DESFERS (Economic and Social Development of Women through Renewable Energies in the Sahel) initiative, fostering economic and social development for women in the Sahel region of West Africa. The program's core objectives involve training 7,000 women in solar energy, promoting the renewable energy revolution, and facilitating economic activities through improved energy access.

This transformative initiative addresses gender inequality in the region by focusing on the renewable energy sector. It incorporates community awareness, technical and soft skills training, entrepreneurship support, and job creation within sustainable energy. By introducing decentralized renewable energy solutions, the program seeks to empower women to lead income-generating activities, potentially transforming traditional gender roles.

The DESFERS initiative aims to facilitate access to entrepreneurship in the sustainable energy sector for 4,500 small and medium-sized enterprises owned by women. This includes creating a supportive environment, providing access to credit and solar energy, and strengthening capacities.

The project is already making strides in facilitating access to credit for energy infrastructure, providing quality energy services, and promoting women's entrepreneurship in renewable energy. Infrastructure projects, including solar installations, are underway in Senegal, Mali, and Niger. Plan International plays a crucial role by organizing workshops, awareness campaigns, and advocating for the indispensable role of women in the renewable energy sector. The project aims to break down socio-normative constraints and create a more sustainable and inclusive future in the Sahel region.

4. Gender strategy in the energy transition: empowering women through education and entrepreneurship

Since the inception of the Youth Education & Entrepreneurship program, female participation in energy training has faced challenges due to the male-dominated nature of the sector and societal norms discouraging women from pursuing technical paths. Schneider Electric and its Foundation are committed to breaking these barriers by actively including women across the entire energy value chain. Traditionally, women have been limited to non-technical and administrative roles in the energy sector, but Schneider Electric's program supports local organizations focusing on skills development and female empowerment.

These organizations specialized in creating inclusive ecosystems, providing training, mentoring, and funding to empower women in the energy sector and foster entrepreneurship. Simultaneously, Schneider Electric and its partners engage in community awareness, advocating gender equality from the grassroots level. The Youth Education & Entrepreneurship program thus plays a dual role, championing economic inclusion and gender equality.

Schneider Electric's innovative gender strategy is designed to support girls at all stages of their lives and careers. Starting with STEM education initiatives for school-age girls, the Company emphasizes capacity building, soft skills development, and exposure to opportunities in the energy transition. The strategy extends to TVET, addressing gaps in education and encouraging girls to pursue technical fields.

Through skills-based programs, mentorship, and networking opportunities, Schneider Electric and its Foundation actively upskills girls and women, particularly in sustainability and green energy. Mentorship and networks along with the provision of funding and resources are crucial for nurturing leadership and entrepreneurship. In the later stages of their careers, Schneider Electric supports women in becoming successful entrepreneurs and attaining leadership positions, completing the holistic approach of the gender strategy. Schneider Electric's commitment is to empower girls and women to be the driving force behind the progress of the energy transition and climate justice.

In 2023, the second cohort of students from the ElectroMisr School in Egypt achieved a momentous milestone by successfully graduating, underscoring the school's role in preparing a generation of skilled youth for the workforce. This accomplishment is the result of collaborative efforts between Schneider Electric and its Foundation, in partnership with IECD (*Institut Européen de Coopération et de Développement*). Pioneering in Egypt as the first institution of its kind, the ElectroMisr School stands as an exemplary model of innovation and progress in the realm of TVET. Where conservative norms and traditions often chart one's destiny, stands Shahd, an Egyptian girl who shines as a catalyst for empowerment. Alongside her mother, she has assumed the role of a promoter of TVET within their community. Their home has become a haven for numerous girls' parents, offering not only reassurance but also the motivation to pursue electrical education.

Shahd Aly – 17 years old Egyptian girl – former student at ElectroMisr School, and a current Schneider Electric employee

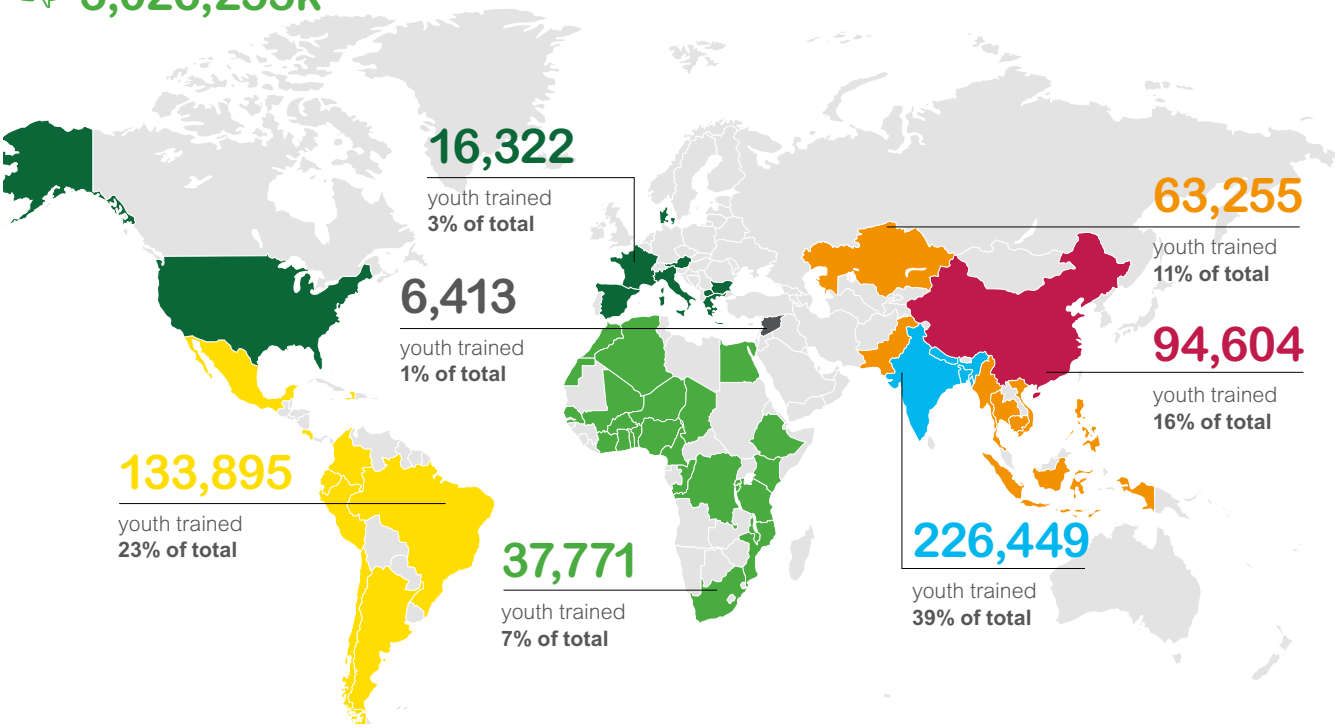
Youth Education & Entrepreneurship program: key figures and 2025 targets

Youth trained
578,709
2025 target: 1M

Trainers trained
8,511
2025 target: 10K

Entrepreneurs supported
8,236
2025 target: 10K

Equipment Donation
3,026,255k



6.4.3 Digital training to expand number of learners

To take a step further, Schneider Electric intends to supplement its training offer with digital learning curricula. This is fully in line with the Group's strategy, with the digitalization of its solutions and the integration of artificial intelligence (AI) into its entire offering. Additionally, it provides means to expand the number of learners, allowing more people to train and pursue careers in energy and automation, thanks to Schneider Electric's digital learning courses.

The goal is to impact more than ten million people with training, by 2030, and make them ready for the energy transition.

Young people, all around the world, can learn about and contribute towards the energy transition by training on the most innovative and efficient Schneider Electric technologies. To achieve it, particular attention is planned for disadvantaged populations, with adapted courses on the basics of electricity, safety, and automation, and with technological feasibility of offline digital trainings; translated into local languages. A special focus to impact female population will be organized through mentorship, role models, and learning modules to increase awareness about industrial professions.

To promote training beyond usual partners and channels, the content will also be distributed via other online learning platforms.

Digital learning offers a range of unique additional benefits. It allows Schneider Electric to be more agile in the content offered; to focus on courses that contribute to the energy and digital transition, and to rapidly distribute content to partner training centers and beyond the walls of conventional institutions. It appeals to the new generation, already active on many online platforms, and offer them innovative content that inspires them to join industrial professions. Digital learning is also innovative. Immersive technologies allow Schneider Electric to develop practical exercises using virtual, augmented, or mixed reality. Embedding AI into conventional pedagogical methods help create personalized learning courses and adaptive learning to match the needs and progress of each learner.

In 2023, Schneider Electric has designed and developed the first digital learning course for Electrical Assistants to teach them how to wire a house. This path will be available in 2024 on Schneider University platform. Schneider also experimented with Schneider Electric's EcoStruxure™ Operator Advisor software practical exercises in virtual and augmented reality. All exercises will complement the digital learning path.

6 Delivering social impact for a just transition

To promote industry, and energy-related jobs, Schneider launched three virtual tours of Schneider Electric's factories in France, focused on: circular economy, women in industry, and industry 4.0.

Schneider Electric, the International Trade Centre (ITC), a UN agency, and the French NGO Atelier 21, developed an online training module about the energy transition. Titled "Become a Player in the Energy Transition", the course is free to access and is available to everyone in English. It aims to raise public awareness and understanding of the political and technological challenges and the benefits of the transition. Encompassing a variety of case studies from rural and urban settings marked by differing levels of development, the module also encourages participants to consider professional opportunities in the clean energy sector by directing them to more technical courses on solar power, wind power, and other specialized areas.

For the 2 sessions already launched more than 800 people from more than 60 countries registered, with a quarter earning certification.

6.4.4 Didactic solutions for developing digitally competent technicians and engineers

On June 1, 2023, the first education equipment design and experience center was inaugurated at the research and development (R&D) facility in Bangalore. The key focus is to design, develop and introduce new solutions for the education segment. The center showcases Schneider Electric's existing technologies in Smart Energy, Smart Buildings, and Smart Factory and is a dedicated experience and learning center for in-classroom and remote training for Schneider Electric's channel partners, authorized training partners, and for the training of trainers in the education segment.

Schneider Electric is enlarging its training offer by designing and equipping education centers to help youths to be digitally competent technicians and engineers. It is a scalable, self-sustaining business model. Building on its experience, the Group is actively working with various education providers, vocational training centers, engineering colleges, and universities in the fields of electricity, automation, and energy management.

Training young individuals through practical exercises for the jobs of the future and allowing them to visualize what is possible today will not only make a difference in their lives but will enrich Schneider Electric's communities now and for the future. They are the people at the heart of energy transition; the future professionals who will have to juggle multiple technologies: digital skills, information technology (IT), and operational technology (OT) integration together with energy efficiency, renewable energy, electric vehicles, smart grids, robotics, cybersecurity, Industry 4.0, and many more.

In 2023, Schneider Electric implemented more than 50 projects which will impact more than 10,000 youths per year.

6.4.5 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, smart home, smart buildings, energy management, as well as Industry 4.0.

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)*.The Schneider Electric School now includes a high school and a CFA (Apprentices Training Center).

The training offer of the CFA is focused on technical training of excellence; it covers training on Schneider domains of expertise. It combines academic education and practical experience gained through professional activity within a company, resulting in a professional certification, diploma, or title.

Throughout their training, the CFA provides support to apprentices for various administrative tasks (registration, apprenticeship contract, assistance with obtaining a driving license or housing, etc.), ensuring a smooth journey towards professional integration.

In September 2023, 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 Schneider Electric School continued its development:

- A new electrical engineering training path was launched at two levels with the BAC and BTS in High School which now trains a total of 160 students.
- The CFA took also new steps forward and expanded its range of training courses both geographically and in terms of content by forging new partnerships. In addition to the BTS "Fluids Energies Home Automation" and the *Licence professionnelle* "Connected Buildings and Intelligent Energy Management" courses, offered by the CFA there are now new partnerhips to increase its footprint in France:
  - The vocational baccalaureate MELEC (Electrical Trades and Connected Environments) with the Lycée Pablo Neruda in Saint-Martin-d'Hères.
  - The BTS CRSA (Design and Production of Automatic Systems) with six partner schools : Vaucanson High School in Grenoble, Gustave Monod and Leonard de Vinci High Schools in Paris area, Louis Delage in Cognac, Leonce Vieljeux in La Rochelle and Nelson Mandela in High Schools in Poitiers.
  - The BTS FED Home Automation and Communicating Buildings, with three partner schools in Grenoble and Pays de La Loire, extended to a new geographical area, with Maximilien Perret High School in Alfortville and Gustave Eiffel High School in Paris area.
  - Professional licence in building, smart cities, and global smart energy management in partnership with the Grenoble University of Alps.

2023 was a successful year for the Schneider Electric School with:

- 100% success with honors in the baccalaureate diploma
- 100 apprentices with 90% graduating, 50% continuing studies, and 50% gaining employment.

6.5 Future Ready Program

6.5.1 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. 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.

6.5.2 Risks, impacts, and opportunities

There is an increasing risk of a worker shortage that must be addressed. Globally, the gap between the skills and competencies needed to drive the just energy transition and the existing ones is growing due to two main reasons: technological advancements and demographic shifts of an aging population. 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 the result of 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 skills gap during a worker shortage and give everyone the opportunity to take control of their professional future. The Group's workforce, as well as its external communities, must be supported and trained in order to accomplish our common goal.

6.5.3 Empowering all generations to learn and design their professional journey

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. Schneider Electric believes all employees are talent and deserve equitable career development opportunities to reach their fullest potential and create their desirable professional future, at all stages of their career. The Group leverages actions led by the Future Ready program to enable employees, and even youth outside of the Company primarily from disadvantaged backgrounds, design and build their career path. To learn more about Schneider Electric's actions for harnessing the power of all generations, see section 5.2.7 on page 156.

Actions for multi-generational empowerment

To accompany employees in creating a future based on their individual aspirations, Schneider Electric Initiatives (which regroups Creation Pass, Solidarity Pass, Competencies Pass, and Education Pass) offers four innovative pathways to support employees in designing their professional future while having a positive impact on the local community.

1. The Creation Pass: an internal support system to help employees start their own business. In the past ten years, 741 (42 in 2023) projects have been supported and 367 (18 in 2023) of them have resulted in the creation or takeover of a business. These businesses have created more than 498 (nine in 2023) jobs in a range of sectors including electrical, organic trades, restaurants, consultancy, asset management, and tech start-ups.
2. The Solidarity Pass: a skill sponsorship which allows employees to offer their skills, energy, and dedication to an NGO for a certain period of time. In the past ten years, 114 (30 in 2023) employees have benefited from a Solidarity Pass.
3. The Competencies Pass: a skill sponsorship where employees offer start-ups/SMEs their knowledge and skills to enable local economic development for a certain period of time. In the past ten years, 12 (two in 2023) employees have benefited from a Competencies Pass.
4. The Education Pass: a newly created opportunity where employees can offer their knowledge and skills to an educational body (e.g. partner universities and educational ministries). This Pass envelops the already known IPE (*Ingenieurs pour l'école* or Engineers for Schools) with 20 employees participating in 2023 and a new option where employees can benefit from a skill sponsorship as a professor or training project leader in the Schneider Electric School or with a partner of the Schneider Electric School. In 2023, one employee benefitted from this new format.

In 2023, the initiatives were deployed in Europe, starting in Belgium, Germany, Austria, and Switzerland. In the coming years, the ambition is to continue extending these meaningful career opportunities to more employees. In France, Schneider Initiatives is connected to, represented in, and supports local business networks (e.g. *Chambre de commerce et d'industrie, Réseaux Entreprendre*, DIESE), local public stakeholders (e.g. *Direction du Travail et de la Solidarité* and different *Préfectures*) and local NGOs (e.g. *Emmaus Connect, Chemins d'Avenir, Energie Jeunes* and *La Cravate Solidaire)*.

Actions for youth empowerment

Today's youth is the future, however, many young people are in situations of low education or unemployment and therefore have lower access to resources to build their skills. To support the Group's 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 first two, "PaQte" and *Les Entreprises s'engagent*, are sponsored by the French Government. The third, *Le Collectif d'Entreprises pour une Économie plus Inclusive,* gathers 38 major French companies deploying collective actions concerning youth employment (particularly in 14 French cities), inclusive offers, and procurement. The actions on youth employment are being led by Schneider Electric and Engie.

Almost 20 years after having created it, Schneider Electric still strongly supports the NGO *100 Chances 100 Emplois* (100 Opportunities 100 Jobs) to help all young people find their own path and develop their talents in all their diversity. This initiative (focused on coaching, mentoring, and networking) has already helped more than 10,000 young people make progress towards employment when they were previously facing difficulties and roadblocks, such as discrimination and/or a lack of network. *100 Chances 100 Emplois* is now engaged in an ambitious expansion plan (launched in early 2022) aiming at providing its benefits to more young people (1,500+ in 2023) in more territories (50 in 2023).

Schneider Electric is also focusing on its mission of empowering young adults by offering more opportunities for professional integration to apprentices, interns, and doctoral students. See section 5.3.5 on page 161.

These actions complement the wider ecosystem of youth as part of the NextGen Academy strategy.

Actions for senior empowerment

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. Within this journey to further develop talent and enable all to take control of their career path, the Senior Talent program was launched in 2021 connecting Schneider's people and sustainability strategies with a strong focus on meaningful career conversations, career development opportunities, recognition, and knowledge transfer. In 2023, the Group accelerated the program from a pilot phase to a global deployment via a strategic wave approach (beginning with France, India, China, Germany, Switzerland, Austria, North America, Pacific, UK, Ireland, and East Asia) to reach over 90% of Schneider's senior population by the end of 2025 (as measured through SSE#23). To learn more about this program, see section "Talent attraction and development" on pages 226 to 233.

The Senior Talent program

Powering the talent and aspirations of our experienced #SEGreatPeople

"The Senior Talent program gave me clarity on my path to transitioning, dispelled myths, and eased fears. It empowered me to decide on a better direction for my career, directly linked to my personal aspirations."

Srikanth Chappidi
Senior General Manager - Engineering

7 Methodology and audit of indicators

In this section

7.1 Methodology elements on the published indicators

In conformity with regulations in place and in the spirit of transparency with its stakeholders, Schneider Electric regularly publishes corporate social responsibility (CSR) data, which notably includes:

- 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, i.e. 2023 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 reporting 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 full-time equivalent (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 thus be recorded with respect to the scope of financial consolidation.

Notable exclusions in 2023 (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 240 for each topic and are generally well above 85%.

The Group has set a plan to increase its reporting coverage progressively to at least 95%, as described above. The main non-IT integrated entities will be integrated into the CSRD reporting as of 2024.

Company	Acquisition year	% Group employees	% Turnover	Comments
AVEVA (including OSIsoft)	2018 (2021)	4.2%	3.9%	In 2023, Schneider Electric announced the completion of the transaction to acquire the entire share capital of AVEVA. The full integration of AVEVA is in progress. Read more in AVEVA's 2023 Sustainability Report (https://sustainability-report.aveva.com/). AVEVA is excluded from all KPI calculations except SSI #1.
Larsen & Toubro	2020	3.1%	3.2%	Larsen & Toubro's integration is in progress. HR statistics are included in Group results, which include SSE #13, SSE #16, SSE #18, SSE #20, SSE #23 and SSE #24 in 2023. An exception is made for SSI #8, which is calculated on a constant scope.
RIB Software	2020	1.9%	1.4%	RIB Software's integration is in progress. RIB Software is excluded from all KPI calculations except SSI #1.
Other exclusions	–	3.5%	4.5%	Other exclusions concern either non-integrated entities or recently acquired entities grouped here for readibility.
Total maximum exclusions	–	12.7%	13.0%	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.

Internal control

Schneider Electric has drawn up a frame of reference with dedicated reporting protocols for SSI and SSE indicators, and for other HR, safety and environmental data. This frame of reference includes the scope, collection and consolidation procedures and definitions for these indicators.

The HR, safety and environmental data comes from our HR Analytics for HR data, EcoStruxure™ Resource Advisor for environmental data and GlobES (Global Environment and Safety) for safety data. Its consolidation is placed respectively under the Global Human Resources, Global Environment, and 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 SSI, SSE and other Human Resources, Safety and Environmental indicators (see independent verifier's report on page 236). This external assurance practice has been 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).

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. 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, electric vehicles charging infrastructure, medium voltage systems to upgrade electricity distribution networks, low voltage connectable offers enabling smart grid management and energy efficiency, secure power and switches that enable security, and security of supply.

7 Methodology and audit of indicators

3. **Products with differentiating green performance, flagged thanks to our Green Premium™ program.** Green Premium™ products offer environmental transparency (with digital lifecycle 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 down 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 tonnes 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 vs. 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 International Energy Agency (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 on 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 The 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 and 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, the 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, Schneider calculates 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 and 2 CO_2 emissions 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; or
- a material that is the output of an industrial technology which is a key enabler for a 1.5°C climate scenario and/or a more circular economy.

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 approximatively 400,000 metric tonnes.

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 tonnes 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 reassessed annually as the program matures 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, with both tools 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. Prism and Puma enables the two levers mentioned above by allowing Schneider Electric to track suppliers and material grade.

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 North America, 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 not 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 malpractices, 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 the International Labour Organization (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.

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The program requires strategic suppliers to develop a proactive policy and provide a safe, attractive, inclusive workplace to their employees, and treat all workers as the Group treat its own workforce. Criteria defined for each Decent Work pillar may overlap with ISO 26000 standard and are validated by the Global Procurement, Human Resources, Supply Chain, and Sustainability teams.

The suppliers will be assessed through remote questionnaires supported by relevant documentation, as well as on-site visits and 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 was launched in 2022, and its was integrated to the SSI score computation in the same year.

This indicator was audited by PricewaterhouseCoopers.

SSI #7: Measure the level of confidence of our employees to report behaviors against our principles of Trust

Our “Speak Up” mindset 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 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 in the OneVoice survey. 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. This KPI is integrated to the SSI score computation since 2022.

This indicator was audited 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 Schneider operates. This indicator measures female representation within Schneider, at the hiring, front-line manager, and leadership levels.

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-President and Vice-President positions.

This is a composite indicator: the progress of each metric (new hires, front-line 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 of new hires that are women divided by total new hires in the current year x 100%.
- **Percentage of female frontline managers:** count of front-line managers that are women divided by total front-line manager population x 100%.
- **Percentage of female leaders:** count of women leaders divided by count total leaders x 100%.
- **Blended achievement percentage:** weighted 1/3, based on annual percent progression from base year to total five-year achievement.
  - 50% new hires progression: subtract current period percent of women who are new hires from 2020 baseline and divide by targeted 5-year progression target (9%).
  - 40% front-line managers progression: subtract current period percent of women who are front-line managers from 2020 baseline and divide by targeted five-year progression target (15%).
  - 30% leaders progression: subtract current period percent of women who are leaders from 2020 baseline and divide by targeted five-year progression target (6%).
  - Calculate blended progression achievement percent: 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 Asia-Pacific, 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, EAV and GEIF II): 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, Schneider applies the percentage of its participation 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 (such as 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. Its 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., interns, learning event about Schneider and sustainability).
- **Recent graduate hires** are recent graduates or early career professional hires from a formal education program whose relationship with Schneider has a defined start date but open-ended end date (i.e., 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 include (cumulative possible):

- funding of electrical and didactic equipment, donation of requested first generation equipment 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 the SSI), 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.

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Progress against these commitments is measured by precise KPIs. The assessment of this objective goes as follows: KPIs are validated by Zone/Country Presidents, and a local SSI lead is designated and communicated to the Sustainability team. This local SSI lead is in charge of consolidating KPI performance on an annual basis.

This indicator was not audited by PricewaterhouseCoopers and is not included in the SSI score.

7.1.2 Indicators from the Schneider Sustainability Essentials

SSE #1: 150 Zero-CO_2 sites

A site achieves Zero-CO_2 site status if it emits zero GHG 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 GHG 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, EcoStruxure™ 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 EcoStruxure™ 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 and secondary switchgears up to 40.5 kV, indoor only:

A SF_6-free ranges ready in 2020: Vacuum components, Premset, primary AIS with vacuum 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 40.5 kV (WI, CBGS-2, Kite), outdoor equipment such as pole mounted, reclosers, sectionalizers, and 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 ranges available for order (A+C above) compared to the total quantity of the current ranges sold in the 2019 reference base (for both medium voltage 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, Vacuum) ranges sold in quantities (A+B above).

For the calculation, as an example, 1 RM AirSet = 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 on-site and consumed on-site;
- 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 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 vs. a baseline year (2019) for the whole duration of the program. In order to ensure a fair calculation of the savings, the actual consumption of a site is normalized vs. 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 modeled 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 resource-efficient products (energy at usage, low CO_2, material efficiency) whose footprints are fully available through the "Product Environmental Profile" relying on lifecycle 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 Electric 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 the 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 support of countries in the transition. As a mid-term objective, by 2025, Schneider commits to switch a third (1/3) of its fleet to EVs.

Schneider Electric uses the definition by the Climate Group for EVs, including:

- Battery Electric Vehicle (BEV);
- Plug-in hybrids (PHEV): Extended Range Vehicle (EREV) and Fuel Cell Electric Vehicle (FCEV) - with at least 50 km of electrical autonomy.

Vehicles' spot count is taken on 31st December. The share of EVs 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 of 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" (two required for large ISO 14001 sites, one 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 tonnes 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 and energy consumption, CO_2 emissions, and/or water depletion.

Activities in this KPI will enrich on the basis of Schneider Electric's increasing focus on circularity business models, and are currently constituted of:

- Batteries take back and recycling;
- Volume of devices refurbished and repaired in our repair centers (e.g., UPS, drives);
- Volume of MV, LV, and Transformers refurbished or recycled in our ECOFIT Centers.

This indicator was audited by PricewaterhouseCoopers.

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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 the 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 our Ethics & Compliance and Cybersecurity programs, training of employees on ethics, corruption risks (for eligible employees), and cybersecurity is mandatory. To ensure this, 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 (replaced in September 2021 by the Trust Charter, Schneider’s Electric Code of Conduct) and Anti-corruption.
- 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 fixed-term contracts (FTC) are included), present in the Group on December 31st and hired before December 1st.
- **Anti-corruption 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 five pillars of Schneider Electric’s 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 and Safety management and performance before they engage and continue to do business with Schneider Electric.

Moreover, at Schneider Electric our mission is to ensure the 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 well-being 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 counseling; 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 a customer satisfaction level: by producing and delivering back orders impacted by component shortages, by serving new customer orders, and on Sustainability level by anticipating upcoming regulation compliance (anti-waste laws), reducing carbon footprint of our supply chain, and reducing the cost of poor quality due to product recalls.

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 reducing the total number of safety recalls issued to 0.

This KPI covers customer notification and containment actions from any suspected condition in Schneider Electric’s offer that may cause customer bodily injury or property damage with 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: the 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. Impacts are therefore quite varied: reputational impacts, legal impacts, people health and safety, environmental pollution, etc.

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 third-party methodology, RBA, or other) with on-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 or past years.

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 months 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, Organisation for Economic Co-operation and Development (OECD), United Nations agencies, etc.).

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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 the 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 four in the next five 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 three 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 (i.e., plant), 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% of employees by 2025. The progress combines white collar and worker 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 31st 2021, open-ended and fixed-term contracts, and excludes employees in non-integrated entities and further exclusions defined by country.
- **For workers,** the Group aims to achieve >90% of workers complete 2 hours of training per year offered by the GSC Academy on digital transformation, such as the Smart Factory program, Cybersecurity, and Digital knowledge. The scope covers active workers populations and plant team leaders defined by specific job codes and hired before January 31st 2021, Open-ended and fixed-term contracts (China only) in relevant operating units, and excludes workers on extended leave of more than six 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 percentage based on the percent of employees meeting the target defined for white collars and workers to the total employee population in scope (white collars and 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 were launched fully in 2022. As such, the baseline year for this indicator is 2022.

The indicator is calculated as the 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 standards 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 the Group employees, and serves a starting point to adapt its 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-point 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, and 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 was not organized in 2021 for safety reasons. Only missions lasting a minimum of 0.5 days are considered.

This indicator was audited by PricewaterhouseCoopers.

7.2 Methodology elements on EU Taxonomy indicators

Regarding the calculation of the proportion of activities considered eligible and aligned in accordance with the Disclosure Delegated Act in revenue, capital expenditure (CapEx), and operating expenditures (OpEx), Schneider Electric provides the following additional details:

Calculation of Taxonomy-eligible and -aligned revenue

This calculation is using two combined approaches, including an offer-based approach (i.e., by nature of technology), whereby each line of business' offers are reviewed against the definition of economic activities of the EU Climate and Environmental 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) is reviewed. There is no double-counting between the two approaches as the revenues from the offers assessed under the end-segment approach are not included in the revenues assessed under the offer-based approach.

As detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy-eligible revenue is equal to the net revenue recognized pursuant to IAS 1.82(a) after removal of intra-group transactions. At Schneider Electric, this represents EUR 35,902 million, as disclosed in the first line of the consolidated statement of income in this Universal Registration Document (page 452 of the 2023 Universal Registration Document).

For 81% of revenues (excluding entities having their own reporting framework), eligibility calculation combines two approaches:

- For 80% of revenues, eligibility and alignment calculation is using an offer-based approach (by nature of technology), whereby workshops are conducted with sustainability, marketing, and offer management teams for each line of business to define whether products are in line with the definition of economic activities included in the Delegated Acts. 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 accounting for only 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 Delegated Acts and provide with the related amount of revenues generated from Taxonomy-eligible end-segments (Green Transport and Renewables). 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 80% of revenues (excluding entities having their own reporting framework).

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For the remaining 19% 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 is not allocated per product category. The ratio of eligibility and alignment used for the rest of the product line is applied to those revenues, contributing to less than 5% of the total eligible 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.

- Activity CCM 3.5 (manufacture of energy efficiency equipment for buildings): Schneider's eligible revenues are split across eight technical screening criteria such that only the most efficient cooling systems qualify under CCM 3.5.i (cooling and ventilation systems rated in the highest two populated classes of energy efficiency) and only UPS with power chute capability qualify under CCM 3.5.m (energy-efficient building automation and control systems).
- Activity CCM 3.6 (manufacture of low carbon technologies): GHG emission savings are calculated using Schneider's saved and avoided emissions methodology. This calculation method was audited by an independent third-party in accordance with ISO 14067:2018 standard.
- Activity CCM 3.20 (manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation): revenues from medium voltage switchgears with SF_6 gas, as well as revenues from fossil power generation and the fossil fuel value chain are eligible but not aligned.
- Activity CE 1.2 (manufacture electrical and electronic equipment): challenges in assessing the alignment of economic activities with the technical screening criteria led to a conservative disclosure whereby all revenues eligible under this activity have been declared as non-aligned. Schneider Electric is continuously reviewing and improving its circular practices via its EcoDesign Way™ process and Green Premium™ program to further reduce the environmental impact of its products. See more details in section 4 on page 118.
- Activity CE 4.1 (provision of IT/OT data-driven solutions and software): revenues from predictive maintenance systems and software are eligible but not aligned due to the impossibility to assess if those systems and software are used to monitor any type of fossil fuel engine.

See detailed proportion of turnover from Taxonomy-eligible and -aligned activities in the template required by EU Taxonomy Delegated Act on Article 8 on page 220.

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 2023 (including IFRS 16 rights of use), considered before depreciation, amortization, and any remeasurement, including those resulting from revaluations and impairments for the financial year 2023 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 2023.

At Schneider Electric, total tangible assets resulting from the above definition represents EUR 912 million over 2023, including EUR 910 million from additions, as disclosed in note 11 of the Group financial statements, and EUR 2 million from business combinations.

The total covered IFRS 16 rights of use over 2023 represents EUR 305 million, as disclosed in note 11 of the Group financial statements (page 480 of the 2023 Universal Registration Document).

The total intangible assets resulting from the above definition represents EUR 457 million over 2023. This amount is split as follows: EUR 451 million from additions, as disclosed in the note 10 of the Group financial statements (page 478 of the 2023 Universal Registration Document) – this includes EUR 328 million of capitalized Research and Development (R&D) projects, as disclosed in the note 10 of the Group financial statements, and EUR 6 million from business combinations.

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, all CapEx 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 activity CCM 7.7 (acquisition and ownership of buildings). CapEx related to assets, processes, and business combinations associated with Taxonomy-eligible and -aligned activities were calculated with a high level of granularity using allocation keys of eligible, and respectively aligned, revenue per business and operations, except for R&D and IFRS 16 CapEx. The allocation keys methodology is considered as a conservative approach as it is based on the current activity of each product line, which does not consider the transformations driven by the product lines' investments in the calculation of Taxonomy-eligible and -aligned CapEx KPIs.

As described more exhaustively in section 3.4 on page 100, product-related R&D projects of the Group aim at and demonstrate a substantial carbon footprint saving through more efficient products and systems. Those improvements are measured with a life cycle assessment shared publicly in the Product Environmental Profile, aligned with ISO 14067 and verified by an independent third party. Thus, 2023 R&D capitalized expenditures directly linked to capitalized product-related R&D projects are considered both eligible and aligned according to activity CCM 3.6 (manufacture of other low carbon technologies).

See detailed proportion of CapEx from Taxonomy-eligible and -aligned activities on page 224.

Calculation of Taxonomy-eligible and -aligned operating expenditure (OpEx)

To determine the Group's EU Taxonomy-eligible and -aligned operating expenditure, only non-capitalized costs related to 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 1,758 million over 2023, corresponding mainly to non-capitalized R&D costs of the Group for EUR 1,688 million presented before offsetting with the R&D Tax Credit for EUR 58 million, as disclosed in note 4 of the Group financial statements (page 474 of the 2023 Universal Registration Document). This includes non-capitalized costs relative to product-related R&D projects but also, among others, costs incurred in relation with support and platforming, and 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 71 million and is therefore considered non-material for Schneider Electric's business, and thus excluded from the OpEx analysis and OpEx KPIs numerators.

As described more exhaustively in section 3.4 on page 100 and mentioned for CapEx, product-related R&D projects of the Group aim at and demonstrate substantial carbon footprint savings. Taxonomy-eligible and -aligned OpEx KPIs numerator corresponds to operating expenditure directly associated with the Group's product-related R&D projects: these OpEx are therefore both Taxonomy-eligible and -aligned under activity CCM 3.6 (manufacture of other low carbon technologies).

See detailed proportion of OpEx from Taxonomy-eligible and -aligned activities is available on page 226.

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 environmental objectives.

Schneider Electric's activities are subject to the specified DNSH requirements where the objective it belongs to is shown:

- Climate change mitigation (CCM)
- Protection of water and marine resources (WTR)
- Transition to a circular economy (CE)

As the Group's activities are linked to only 3 of the 6 environmental objectives, icons for the 3 remaining objectives are not shown.

For activities belonging to environmental objectives as shown by the icons below, this means that they must not do significant harm to:

Climate change mitigation:
Schneider Electric has developed strategies to account for and reduce the GHG emissions of its activities along the value chain.

Read more about Schneider Electric's strategies and actions for GHG emissions reduction in section 3 on page 88, section 4 on page 118, as well as the Group's GHG footprint in section 8.1 on page 240.

This applies to activities belonging to objectives:

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.

Read more about the Group climate risk management and adaptation measures in the section 3.1 on page 90.

This applies to activities belonging to objectives:

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 4.5.4 on page 137.

This applies to activities belonging to objectives:

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 4.3, page 124.

This applies to activities belonging to objectives:

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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 the Group do not use mercury in its products nor in its manufacturing activities.
- Regarding the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS) and the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), 9% of Schneider Electric's revenues are coming from products with substances either listed in either the Annex II to RoHS or the list of restricted substances (Annex XVII) to REACH. 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) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, and except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions, Schneider declared as non-aligned all revenues coming from such products, amounting to 13% of eligible revenues.
- Regarding substances laid down in Article 57 of Regulation (EC) 1907/2006, and not identified in accordance with Article 59(1) of that Regulation, 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 gradually improve the traceability of the components of each products beyond tier 1, and to make this information digitally available to its customers.
- RoHS application scope in the EU Taxonomy can be seen as ambiguous. As such, RoHS exemptions, which are granted when there is no alternative solution available and no exposure for humans and the environment, were used as a proxy for exemptions to criteria (f) of the generic criteria for DNSH on pollution and prevention and control.

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 solutions provider in those projects.

This applies to activities belonging to objectives:

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.

In cases where Schneider Electric intends to build a new site, the Group may need to complete an EIA. However, due to the nature of the activities performed on Schneider Electric's sites, those projects are not likely to have significant effects on the environment and are not listed in the Annex I nor in the Annex II of the Directive 2011/92/EU, for which an EIA is needed.

Schneider Electric has defined a process to conduct Environmental Site Assessments (ESA) as part of its due diligence phase of new mergers and acquisitions, primarily to detect contamination of soil, ground water surface, water sediment, and soil vapor from known or unknown releases of chemicals, petroleum, or related wastes.

The VP Safety Environment & Real Estate accountable for the EHS compliance of the entity under due diligence has established an assessment framework and conducts the necessary check in all due diligence process as part of the due diligence team.

Schneider Electric requires a Phase I ESA to be performed on all global real estate transactions involving manufacturing properties and, other potentially higher risk sites including factories, distribution centers, or properties with prior industrial activity. The ESA is performed by an independent environmental consultant.

Schneider's assessments and actions on biodiversity are detailed in section 4.2 on page 121.

This applies to activities belonging to objectives:

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 four 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 Schneider Electric's Vigilance Plan as well as section 2.2 on page 49.
Corruption
The Company has anti-corruption processes in place. For details, see section 2.7 on page 64.
Taxation
The Company treats 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 2.9 on page 68.
Fair competition
The Company promotes employee awareness of the importance of compliance with all applicable competition laws and regulations. For details, see section 2.8 on page 67.

7 Methodology and audit of indicators

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 2023, a number of activities have been added (activity 3.20 supporting climate change mitigation, activities 1.2, 4.1, 5.1, 5.2, and 5.5 supporting the transition to circular economy, and activities 1.1 and 4.1 supporting the protection of water and marine resources) compared with 2022. Revenues related to the manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution in support of climate change mitigation, previously classified under activity 4.9, have been transferred under activity 3.20.

Activity name and code as specified in the EU Climate, Environmental and Disclosure Delegated Acts		Activity definition as specified in the EU Climate and Environmental Delegated Acts	Corresponding business activities of Schneider Electric
CCM 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 technologies that are essential parts of the systems producing electricity from renewable energy sources: inverters, mounting frames, solar panels, other solar equipment, wind farm microgrid, and others
CCM 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 • Insulating products
CCM 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.	• UPS with an audited methodology to calculate GHG emission reductions
CCM 3.20	Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	Manufacture, installation, maintenance, or service of electrical products, equipment, or systems, or software aimed at substantial GHG emission reductions in high, medium, and low voltage electrical transmission and distribution systems through electrification, energy efficiency, integration of renewable energy, or efficient power conversion.	• Transmission and distribution wiring devices for wiring electrical circuits • Low voltage electrical products, equipment, and systems • SF_6-free medium voltage switchgears and control gears that increase the controllability of the electricity system • Demand response and load shifting equipment, systems, and services • Communication, software and control equipment, products, systems, and services for energy efficiency • Manufacture of variable speed drives
CCM 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
CCM 6.15	Infrastructure enabling low-carbon road transport and public transport	Construction, modernization, maintenance, and operation of infrastructure that is required for zero tailpipe CO_2 operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport.	• Equipment, projects, as well as modernization and maintenance services for zero-emissions road transport, as well as infrastructure required for operating urban transport
CCM 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 and modal shift and service facilities, safety and traffic management systems.	• Equipment, projects, as well as modernization and maintenance services for low-carbon port infrastructure • Equipment, projects, as well as modernization and maintenance services for electrification and efficiency of ports' operations
CCM 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, and for provision of fixed electrical ground power and preconditioned air to stationary aircraft as well as infrastructure dedicated to transshipment with rail and water transport.	• Energy management equipment, projects, as well as modernization and maintenance services for low-carbon airport infrastructure

Activity name and code as specified in the EU Climate, Environmental and Disclosure Delegated Acts		Activity definition as specified in the EU Climate and Environmental Delegated Acts	Corresponding business activities of Schneider Electric
CCM 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
CCM 8.2	Data-driven solutions for GHG emissions reductions	Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modeling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions.	• Software and data-driven solutions aiming at improving efficiency in building design, planning, and construction
CCM 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
WTR 1.1	Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	Manufacture, installation, or provision of associated services for leakage control technologies that enable leakage reduction and prevention in water supply systems.	• Leakage control technologies for water supply systems
WTR 4.1	Provision of IT/OT data-driven solutions for leakage reduction	Manufacture, development, installation, deployment, maintenance, repair, or provision of professional services for IT or OT data driven solutions to control, manage, reduce, and mitigate leakage in water supply systems.	• Real-time network modeling and optimization • Leakage calculation, control, and reporting
CE 1.2	Manufacture of electrical and electronic equipment	Manufacture of electrical and electronic equipment for industrial, professional, and consumer use.	• Electrical and electronic equipment
CE 4.1	Provision of IT/OT data-driven solutions	Manufacture, development, installation, deployment, maintenance, repair, or provision of professional services for design or monitoring of software and/or IT/OT systems, built for: remote monitoring and predictive maintenance; providing identification, tracking, and tracing of materials, products, and assets to support circularity of material flows or other objectives of the Taxonomy; lifecycle performance management software supporting the monitoring and assessment of circularity performance.	• Remote monitoring and predictive maintenance systems • Lifecycle performance management software
CE 5.1	Repair, refurbishment, and remanufacturing	Repair, refurbishment, and remanufacturing of goods that have been used for their intended purpose before by a customer.	• Repairing, refurbishing, or remanufacturing products that have already been used
CE 5.2	Sale of spare parts	Sale of spare parts beyond legal obligations.	• Sale of spare parts
CE 5.5	Product-as-a-service and other circular use- and result-oriented service models	Providing customers with access to products through service models, which are either use-oriented or result-oriented services.	• Software as a Service offers

7 Methodology and audit of indicators

Proportion of turnover from Taxonomy-aligned activities

Economic Activities	Code(s)	Turnover	Proportion of Turnover, year N	Substantial contribution criteria					
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of renewable energy technologies	CCM 3.1	129	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	1,035	**3%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of other low carbon technologies	CCM 3.6	121	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	6,703	**19%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	**-**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	52	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon road transport and public transport	CCM 6.15	183	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	50	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	32	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	494	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	1,157	**3%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	2	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	9	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	1,003	**3%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	51	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Sale of spare parts	CE 5.2	215	**1%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	3	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**11,240**	**31%**	**28%**	**-**	**0%**	**-**	**4%**	**-**
Of which enabling		10,970	31%	28%	-	0%	-	3%	-
Of which transitional		-	-	-					

= not relevant. N/A = not applicable.

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1	Category enabling activity	Category transitional activity
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	2%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	12%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	3%	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**20%**		
Y	Y	Y	Y	Y	Y	Y	20%	E	
Y	Y	Y	Y	Y	Y	Y	-		T

Continued on next page

(1) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
(2) This figure is less than EUR 0.5 million

7 Methodology and audit of indicators

Proportion of turnover from Taxonomy-aligned activities continued

Economic Activities	Code(s)	Turnover	Proportion of Turnover, year N	Substantial contribution criteria					
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of renewable energy technologies	CCM 3.1	33	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	409	**1%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of low carbon technologies	CCM 3.6	441	**1%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	5,484	**15%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	**-**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	1	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon road transport and public transport	CCM 6.15	31	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	8	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data-driven solution for GHG emission reductions	CCM 8.2	88	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	4	**0%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	293	**1%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	13,825	**39%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	161	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	21	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Sale of spare parts	CE 5.2	59	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**20,860**	**58%**	**18%**	**-**	**1%**	**-**	**39%**	**-**
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**32,099**	**89%**	**46%**	**-**	**1%**	**-**	**43%**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		**3,803**	**11%**						
Total (A+B)		**35,903**	**100%**						

= not relevant. N/A = not applicable.

	DNSH criteria ('Does Not Significantly Harm')									
	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1	Category enabling activity	Category transitional activity
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
								Percent		
								0%		
								2%		
								2%		
								N/A		
								4%		
								-		
								-		
								-		
								-		
								-		
								N/A		
								N/A		
								N/A		
								N/A		
								N/A		
								N/A		
								N/A		
								8%		
								29%		

(2) This figure is less than EUR 0.5 million
(3) EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective;
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

7 Methodology and audit of indicators

Proportion of CapEx from Taxonomy-aligned activities

Economic Activities	Code(s)	CapEx	Proportion of CapEx, year N	Substantial contribution criteria					
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of renewable energy technologies	CCM 3.1	2	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	64	**4%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of other low carbon technologies	CCM 3.6	264	**16%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	200	**12%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	**-**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	1	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon road transport and public transport	CCM 6.15	16	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	1	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	1	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	12	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	9	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	0[2]	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	0[2]	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	18	**1%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	1	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Sale of spare parts	CE 5.2	3	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**592**	**35%**	**34%**	**-**	**0%**	**-**	**1%**	**-**
Of which enabling		588	35%	34%	-	0%	-	1%	-
Of which transitional		-	-	-					

= not relevant. N/A = not applicable.

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1	Category enabling activity	Category transitional activity
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	15%	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	6%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	4%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**27%**		
Y	Y	Y	Y	Y	Y	Y	27%	E	
Y	Y	Y	Y	Y	Y	Y	-		T

Continued on next page

(1) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
(2) This figure is less than EUR 0.5 million

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Proportion of CapEx from Taxonomy-aligned activities continued

Economic Activities	Code(s)	CapEx	Proportion of CapEx, year N	Substantial contribution criteria					
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of renewable energy technologies	CCM 3.1	1	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	47	**3%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of low carbon technologies	CCM 3.6	5	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	141	**8%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	**-**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon water transport	CCM 6.16	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	305	**18%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data-driven solutions for GHG emissions reductions	CCM 8.2	3	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	0[2]	**0%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	8	**0%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	334	**20%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	7	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Sale of spare parts	CE 5.2	1	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**852**	**51%**	**30%**	**-**	**0%**	**-**	**20%**	**-**
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**1,444**	**86%**	**64%**	**-**	**1%**	**-**	**22%**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities (B)		**231**	**14%**						
Total (A+B)		**1,675**	**100%**						

= not relevant. N/A = not applicable.

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1	Category enabling activity	Category transitional activity
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
							Percent		
							0%		
							1%		
							1%		
							N/A		
							2%		
							-		
							0%		
							-		
							-		
							-		
							23%		
							1%		
							-		
							N/A		
							N/A		
							N/A		
							N/A		
							N/A		
							N/A		
							N/A		
							28%		
							54%		

(2) This figure is less than EUR 0.5 million
(3) EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective;
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

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Proportion of OpEx from Taxonomy-aligned activities

Economic Activities	Code(s)	OpEx	Proportion of OpEx, year N	Substantial contribution criteria					
				Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]	Y; N; N/EL[1]
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of other low carbon technologies	CCM 3.6	844	**48%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**844**	**48%**	**48%**	**-**	**-**	**-**	**-**	**-**
Of which enabling		844	48%	48%	-	-	-	-	-
Of which transitional		-	-	-					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**-**	**-**						
Total (A.1 + A.2)		**844**	**48%**	**48%**	**-**	**-**	**-**	**-**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities (B)		**914**	**52%**						
Total (A+B)		**1,758**	**100%**						

= not relevant

Whenever an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall report under the most relevant environmental objective while avoiding double counting. In 2023, non-financial undertakings such as Schneider Electric must now also declare their turnover, CapEx and OpEx that are eligible and aligned with multiple environmental objectives (i.e. without removing double counting when an activity contributes substantially to several objectives) to facilitate financial undertakings' reporting needs, by using the templates below:

Proportion of turnover from activities eligible and aligned with multiple environmental objectives

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	Percent	Percent
Climate change mitigation (CCM)	28%	46%
Climate change adaptation (CCA)	-	-
Protection of water and marine resources (WTR)	0%[1]	1%
Transition to a circular economy (CE)	4%	80%
Pollution prevention and control (PPC)	-	-
Biodiversity and ecosystems protection (BIO)	-	-

	DNSH criteria ('Does Not Significantly Harm')									
	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year N-1	Category enabling activity	Category transitional activity
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
	Y	Y	Y	Y	Y	Y	Y	50%	E	
	Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**50%**		
	Y	Y	Y	Y	Y	Y	Y	50%	E	
	Y	Y	Y	Y	Y	Y	Y	-		T
								-		
								50%		

(1) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of CapEx from activities eligible and aligned with multiple environmental objectives

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	Percent	Percent
Climate change mitigation (CCM)	34%	64%
Climate change adaptation (CCA)	-	-
Protection of water and marine resources (WTR)	0%(1)	1%
Transition to a circular economy (CE)	1%	50%
Pollution prevention and control (PPC)	-	-
Biodiversity and ecosystems protection (BIO)	-	-

Proportion of OpEx from activities eligible and aligned with multiple environmental objectives

	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	Percent	Percent
Climate change mitigation (CCM)	48%	48%
Climate change adaptation (CCA)	-	-
Protection of water and marine resources (WTR)	-	-
Transition to a circular economy (CE)	-	-
Pollution prevention and control (PPC)	-	-
Biodiversity and ecosystems protection (BIO)	-	-

(1) This figure is rounded and represents a percentage less than 0.5%.

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	Tonnes (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, certified to an energy efficiency certification			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 anti-competitive behavior 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 83% of Group energy consumption): (1) 3,365,298 GJ (934,805 MWh) (2) 30.3% (282,838 MWh) (3) 67.9% (634,401 MWh)	Energy Management
Hazardous waste generated: 7,573 tonnes. Hazardous waste channeled according to legal requirements and Schneider Electric expectations: 7,573 tonnes.	Hazardous Waste Management
Zero reportable spills in 2023, therefore no recovered quantity to report.	
23 product recalls have been issued in 2023, amounting to approximately 30,000 units recalled or reworked. 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 80% of Schneider's products are assessed on the presence or absence of IEC 62474 DSL (Declarable Substance List, which covers 37 worldwide regulations and about 160 substances or substance groups). 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 can be found in section 4.3.5 page 127.	Product Life cycle Management
Revenues derived from products certified to energy efficiency certifications, such as ENERGY STAR, are included in our Impact revenues measure (see below).	
Schneider Electric measures "Impact revenues", i.e., 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 2023, 74% 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 2.12 on page 72, 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 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 benefited armed conflict in the covered countries, nor supported illegally operating or sanctioned entities. Critical materials supply risks 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 is implemented and is being ramped-up in 2024 to establish a direct connection to critical material sources and manage strategic stocks, demand, and supply. For example, a Manual Pilot of a copper tolling model is planned in 2024.	Materials Sourcing
As stated in its Trust Charter, Anti-Corruption Policy, Competition Law Policy, and various other policies, 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, the French Sapin II law, and the various antitrust laws and competition rules globally. Schneider Electric has a zero tolerance policy with regard to corruption and breaches of competition laws and considers that "doing the right thing" is a key value-creation driver for all its stakeholders. This commitment materialized through strong and continuously developing programs such as its Anti-Corruption Compliance program (part of its Trust program, see section 2.7 on page 64), and its Competition Law Compliance program (see section 2.8 on page 67).	Business Ethics
No material losses.	
No material losses.	
A breakdown of revenues by activity is provided page 3 and page 518 of the 2023 Universal Registration Document.	Activity metrics
137,855 (spot 2023 year-end headcount, excluding supplementary workforce). More workforce statistics in section 8.2 on page 246.	

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. 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 the Schneider Sustainability Impact (SSI) program 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. Schneider Electric presents below its main climate-related disclosures in line with TCFD recommendations.

Recommended Disclosure	CDP Climate Change & URD 2023 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 – C1.1a, C1.1b URD – Chapter 2 (2.1.7; 2.3.1); Chapter 3 (3.2.2)	Several governance bodies are involved in the process of designing and continuously monitoring the SSI program, which includes a sustainability risks and opportunities assessment (including climate) and leads to the design of concrete transformation initiatives to align the Company on the challenges identified: • The Board of Directors has oversight of climate-related issues notably through its Governance, Nominations & Sustainability Committee (which replaces the Human Resources & CSR Committee, as of May 2023). This Committee has six Director members who report to the Board of Directors, and reviews Schneider's CSR strategy, follows up on progress made, and ensures implementation of the Group's long-term sustainability commitments. • The Executive Committee has a dedicated Function Committee, which meets quarterly. It 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 the rollout of action plans. • Three Committees involving Group Executive Vice-Presidents and Senior Vice-Presidents are dedicated to overseeing 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 ecodesign, 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 URD – Chapter 2 (2.1.7, 2.3.1)	

Recommended Disclosure	CDP Climate Change & URD 2023 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
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, C2.1b, C2.2a, C2.3, C2.3a, C2.4, C2.4a URD – Chapter 2 (2.1.6, 2.3.1)	To identify and price the materiality of climate-related risks and opportunities, the Group mandated an external consultant to perform a scenario-based risk and materiality analysis. Five emissions pathways and three time horizons have been considered: SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6, and SSP1-1.9 by 2025, 2030, and 2050. Significant climate-related risks and opportunities identified for Schneider Electric include: • Transition risks and opportunities, relating to market, policy, reputation, and technology; • Physical risks and opportunities, relating to damage to property and assets, and supply chain disruption. **Market:** The growing demand for low-carbon products and services generally presents significant business opportunity for Schneider Electric. The Group is already exploring ways to enhance the efficiency and emissions profile of existing products through innovations, such as SF_6-free medium voltage switchgears. The low-carbon transition can present risks with potential financial impacts for companies delaying the change, as well as opportunities for sustainability leaders. For example, consumer preferences may change and further veer toward environmentally sustainable alternatives. In 2023, 74% of the Group revenues qualify as Schneider Impact revenues, defined as 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 industry-leading offers on the market for more efficient, low-emission products and services that support the transition to a low-carbon economy needs adapted investments in research and development (R&D). Schneider Electric invests about 5% of its annual revenues in R&D each year. This also includes a sharp focus on product quality and performance to prevent potential trade-offs associated with our products' enhanced sustainability profile. 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 on page 166 of the 2023 Universal Registration Document. **Policy:** A number of governments have introduced or are contemplating regulatory changes to address climate change. For example, Emissions Trading Systems and carbon taxes are now implemented or scheduled in many countries and markets. Given the relatively low level of the Group's Scope 1 and 2 carbon emissions, carbon pricing mechanisms primarily present the potential for indirect rather than direct impacts, namely by higher raw materials and manufactured components costs, and increasing costs incurred by consumers during use of sold products. Schneider Electric supports the shaping of climate policies that can move the industries and world forward. In 2023, 89% of the Group's revenues came from economic activities listed as eligible in the EU Taxonomy for sustainable activities, demonstrating the prominence of Schneider Electric's markets in the transition towards a sustainable economy. The Group is committed to keeping its position as sustainability leader to capture associated opportunities through various strategies, including decarbonization, incorporation of a shadow carbon price, and policy advocacy. Read more on climate policy advocacy in section 2.3.7.2 on page 180 of the 2023 Universal Registration Document.
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)	

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Recommended Disclosure	CDP Climate Change & URD 2023 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)		**Reputation:** 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, there is a 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. In addition, the Group remains diligent in protecting brand reputation through accurate and transparent communications and marketing. In 2023, as litigation and legislative developments surrounding green claims rose, and public focus on greenwashing heightened, Schneider Electric sharpened its focus on environmental claims and language used regarding sustainability. **Technology:** As the global economy transitions towards a low-carbon future, technological innovation will accelerate the impairment of fossil-fuel intensive assets. Schneider Electric has launched several transformations as part of its commitment to be "Net-Zero ready" in its operations by 2030. Read more in section 2.3.3 on page 164 of the 2023 Universal Registration Document. **Damage to property and assets:** Physical risks resulting from climate change can have financial implications for the Group, such as direct damage to property and assets. As a result, climate and weather-related risks are part of the Group's Business Continuity & Risk Management program, leading to preventive investment to secure assets and adapt to material climate and weather risks. Both exogenous threats and endogenous risks were measured and weighed for industrial and logistics sites worldwide. 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 EUR 28 million in 2023. **Supply chain disruption:** Schneider Electric has over 300 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. Climate-related damages to assets, human consequences, and supply chain disruptions 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. Read more on the methodology and results of scenario analysis in section 2.3.1 on page 156, and in Chapter 3 on page 348 of the 2023 Universal Registration Document. To further tie climate-related issues to financial planning, Schneider Electric successfully launched in 2020 the first-ever sustainability-linked convertible bonds, linked to three SSI targets including the objective to save and avoid 800 million tonnes of CO_2 on customers' end by 2025, since 2018.

Recommended Disclosure	CDP Climate Change & URD 2023 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
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)	Several scenarios to 2050 were developed in 2019, which 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 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 IEA, BNEF, the IRENA, among others. Governance is well in place, under the leadership of the Chief Sustainability, Customer Satisfaction & Quality Officer, and both short- and long-term analyses 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. Read more in section 2.3.1.3 on page 160 of the 2023 Universal Registration Document.
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 2.3.1.1 on page 156 of the 2023 Universal Registration Document). In addition to the risk identification processes described above, 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 addition, a materiality analysis is conducted by the Sustainability Department every 3-4 years to identify and prioritize material environmental, social, and governance (ESG) issues through engagement with various stakeholders. The Group is currently working with all stakeholders to update its materiality assessment in alignment with the latest guidance for double materiality.
3. b) Describe the organization's processes for managing climate-related risks.	CDP – C2.1, C2.2 URD – Chapter 2 (2.1, 2.3), Chapter 3 (3.3)	
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 2 (2.1, 2.3)	

7 Methodology and audit of indicators

Recommended Disclosure	CDP Climate Change & URD 2023 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
3. a), 3. b) and 3. c) (continued)		Schneider places dependency analysis at the heart of its risk management and has performed a forward-looking climate risk and vulnerability assessment with an independent third party 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, medium, and long term, using scenario analysis. This assessment covers acute and chronic climate physical risks, legal and regulatory risks and opportunities linked to current and emerging climate regulations, as well as market, technology, and reputational risks and opportunities linked to changes in customer behaviors. 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. Climate adaptation risks are also studied and mitigated at site level for the Group's industrial and key logistic sites. Our Property Damage and Business Interruption program, aligned with 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, and ensures crisis management from the initial phase following an incident all the way to the recovery of critical activities. Typically, all critical industrial sites are externally audited on-site at least every two years. Schneider Electric then deploys protection measures to mitigate or avoid risks identified. The cost of response is based on surveyors' opinion on the cost of the work required to mitigate and adapt to the event. For its supply chain operations, the Group also works with a third-party company providing predictive analytics to obtain intelligence and risk analytics. Risks are assessed on a continuous basis covering sustainability, quality, and financial risks, among others. The different governance bodies involved in the definition and monitoring of Schneider Electric'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 Universal Registration Document. 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. In addition, an Integrated Management System covers the Group's main plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OHSAS 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 the Supplier Risk Assessment. This process enables the Group 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 logistics nodes (such as ports and critical supplier locations) to shorten reaction time when events occur and minimize business impact. Read more on Schneider Electric's climate-related risk management in section 2.3.1 on page 156 of the 2023 Universal Registration Document.

Recommended Disclosure	CDP Climate Change & URD 2023 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, 2.7, 2.8)	Each year, Schneider Electric measures and transparently discloses its end-to-end carbon footprint (Scope 1, 2, and 3) and obtained in 2023 a "reasonable" assurance from an independent third- party verifier on Scope 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 86% are due to the use phase and the products' end of life, and around 12% comes 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 in section 2.3.2 on page 161 of this document. Emissions calculations are done using the Greenhouse Gas Protocol methodology. The carbon footprint methodology is compliant with ISO 14069 principles. The results are calculated in tonnes of CO_2 equivalent, taking into account all GHGs 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 the SSI and SSE 2021 – 2025 programs on pages 71 to 75. 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 customers' end thanks to EcoStruxure™). The overall performance of the SSI represents 20% of the short-term incentives for more than 64,000 employees worldwide (collective share). The Schneider Sustainability External and Relative Index (SSERI), which measures Schneider's performance in four 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 per metric tonne (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 externalities. Schneider Electric is a signatory of the Business Ambition for 1.5°C initiative aimed at setting 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 GHG reduction targets validated by the SBTi, in alignment 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 durable 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.
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)	

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, 2023)

This is a free translation into English 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 your company SCHNEIDER ELECTRIC SE (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited 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, 2023 (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, in all material respects.

Emphasis of Matter
Without modifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment:

We draw attention to Paragraph 2.7.1 of the URD 2023 to the Identified Sustainability Information which specifies that the scope of published indicators excludes certain Schneider Electric's entities. Our opinion is not qualified in respect of this matter.

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 available on request.

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 of SCHNEIDER ELECTRIC SE 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
- designing, implementing and maintaining 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 endorsed 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)(1).

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 11 people between September 2023 and February 2024 and took a total of 24 weeks.

(1) Assurance engagements other than audits or reviews of historical financial information

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 63 interviews with people responsible for preparing the Statement, representing in particular the following Directions: CSR, Risk Management, Compliance, Human Resources, Health and Safety, Environment and Procurement.

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 of the French Commercial Code as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation and includes, where applicable, an explanation of the reasons 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 provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks;
- 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 their business relationships, their products or services, as well as their 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;
- 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. To accomplish this, we conducted the following:
  - Interviews regarding internal control mechanisms for environmental and health and safety risks. These assessments were carried out with a selection of contributing regions and clusters, namely: China, Europe, Global ETO, North America (Energy only), India (Health and Safety only), as well as a selection of countries: China, France, Italy, Mexico, and the USA.
  - Interviews regarding internal control mechanisms for social risks. These assessments were conducted with a selection of countries: India, Italy, Mexico, the USA, the Philippines, China, and France.
- 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 entities, Schneider Electric France (Angoulême Agriers, Espagnac S.E.F.); Schneider Electric Mexico (Monterrey P2 - Monterrey P3); Schneider Electric USA (El Paso 1); Schneider Electric Italy (SEII SPA Napoli); Schneider Electric China (SWD, WPF); Schneider Electric India (Chennai Plant) and covers between 28% and 52% 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 21, 2024
One of the Statutory Auditors
PricewaterhouseCoopers Audit

Jean-Christophe Georghiou	**Nicolas Brément**
Partner	Partner, Sustainable Performance

Appendix: 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 Indicators (SSE) 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 (OIFR) • 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

2.7.6 Reasonable assurance report from one of the Statutory Auditors on a selection of Schneider Electric's non-financial performance indicators as for the year ended December 31, 2023

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, 2023 (the "Identified Sustainability Information") presented below and included in the consolidated non-financial statement presented in the Universal Registration Document 2023 (hereinafter "URD 2023"):

- KPI 1: SSE #14 – 0.38 or below Medical Incident Rate for a value of 0.51;
- KPI 2: Number of hours worked for a value of 301,436,421 hours, of which (1) Schneider Electric employees for a value of de 256,505,806 hours and (2) temporary workers for a value of 44,930,615 hours;
- KPI 3: Lost-Time Injury Rate (LTIR) for a value of 0.28;
- KPI 4: Lost-Time Day Rate (LTDR) for a value of 7.78;
- KPI 5: Occupational Illness Frequency Rate (OIFR) for a value of 0.010;
- KPI 6: SSI #8 – Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%) for a value of 40.94%, 28.20% et 28.98%;
- KPI 7 : SSE #3 – Electricity sourced from renewables for a value of 88%;
- KPI 8: SSE #5 – Energy efficiency in our sites for a value of 13%;
- KPI 9: Measured energy consumption by source for a value of 934,805 MWh, of which (1) grid electricity for a value of 82,590 MWh, (2) purchased renewable electricity for a value of 610,614 MWh, (3) self generated renewable electricity for a value of 23,194 MWh, (4) district heating for a value of 14,736 MWh, (5) fuel oil for a value of 12,991 MW, (6) gas for a value of 190,088 MWh, (7) coal for a value of 0 MWh, and (8) renewable energies (heat and fuel) for a value of 593 MWh;
- KPI 10: Estimated Total Scopes 1 and 2 GHG emissions (market-based) for a value of 112,792 tCO_2eq (Scope 1) and 89,440 tCO_2eq (Scope 2).

Our assurance does not extend to information in respect of earlier periods or to any other information included in the URD 2023.

Our Reasonable Assurance Opinion
In our opinion, the Identified Sustainability Information set out in the URD 2023 for the yar ended December 31st, 2023 is prepared, in all material respects, in accordance with the reporting framework defined by the Company (KPI 1 to 5: GHSD017 (version updated in May 2023) ; KPI 6 : SSI #08 - Gender Diversity - Reporting Protocol (9037_-1) (version updated in November 2023) and KPI 7 à 10 : GED 001 (version updated in September 2023) and Carbon footprint SE - Reporting Protocol (version updated in 2023)) and the basis of preparation set out in the section 2.7.1 of the URD 2023 as for the year ended December 31st, 2023.

Emphasis of Matter
We draw attention to Paragraph 2.7.1 of the URD 2023 to the Identified Sustainability Information which specifies that the scope of published indicators excludes certain Schneider Electric's entities. Our opinion is not qualified in respect of this matter.

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 (KPI 1 to 5: GHSD017 (version updated in May 2023) ; KPI 6: SSI #08 - Gender Diversity - Reporting Protocol (9037_-1) (version updated in November 2023) and KPI 7 to 10: GED 001 (version updated in September 2023) and Carbon footprint SE - Reporting Protocol (version updated in 2023)), available upon request from the sustainable performance team of the entity, and the basis of preparation set out in the section 2.7.1 – "Methodology of published indicators" of URD 2023 as for the year ended December 31st, 2023 (together "the Reporting Criteria"), which Schneider Electric has used to prepare the Identified Sustainability Information.

Inherent Limitations in Preparing the Identified Sustainability Information
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 2023.

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, if any, 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 Board of 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 respect of greenhouse gas emissions included in the Identified sustainability information, 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.821-28 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 21, 2024
One of the Statutory Auditors
PricewaterhouseCoopers Audit

Jean-Christophe Georghiou	**Nicolas Brément**
Partner	Partner, Sustainable Performance

8 Indicators

In this section

8.1 Environmental and climate indicators

8.1.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability	#	2021-2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	1.	Grow Schneider Impact revenues[3]	2019: 70%	74%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	2020: 263M	553M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operations	2020: 0%	27%	50%
	4.	Increase green material content in our products	2020: 7%	29%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	63%	100%
Essentials (SSE)	1.	Decarbonize our operations with Zero-CO_2 sites	2020: 30	101	150
	2.	Substitute relevant offers with SF_6-Free medium voltage technologies	2020: 26%	60%	100%
	3.	Source electricity from renewables	2020: 80%	88%	90%
	4.	Improve CO_2 efficiency in transportation	2020: 0%	1.6%	15%
	5.	Improve energy efficiency in our sites	2019: 0%	13%	15%
	6.	Grow our product revenues covered with Green Premium™	2020: 77%	81%	80%
	7.	Switch our corporate vehicle fleet to electric vehicles	2020: 1%	24%	33%
	8.	Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	66%	100%
	9.	Give a second life to waste in 'Waste-to-Resource' sites	2020: 120	137	200
	10.	Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	2020: 157,588	311,229	420,000
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	73%	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 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 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.

8.1.2 Perimeter and Environmental Management Systems (ISO 14001)

Indicators	Units	2023	2022	2021	2020
ISO 14001 certified sites[1]	#	**234**	243	244	232
Industrial and logistics sites	#	**196**	204	211	212
Tertiary sites	#	**38**	39	33	20
% of sites certified ISO 14001[2]	%	**87%**	86%	87%	90%

(1) ISO 14001 certification is systematic for all large industrial, logistics and tertiary sites within two years of acquisition. A reduction in the number of ISO 14001 certified sites usually results from sites closing during the year.
(2) The percentage of sites certified ISO 14001 is calculated based on waste generation from certified sites vs total sites, as the majority of sites - in number - are small leased offices where certification is not relevant.

8.1.3 Group site consumption, emissions and waste

Materials

GRI	Indicators	Units	2023	2022	2021	2020
301-2	SSI #4 – Green material content in our products[1]	%	**29%** ●	18%	11%	7%
301-2	SSI #5 – Primary and secondary packaging free from single-use plastic using recycled cardboard[2]	%	**63%** ●	45%	21%	13%
	SSE #6 – Product revenues covered by Green Premium™	%	**81%** ●	80%	78%	77%
301-3, 306-4	SSE #10 – Metric tons of avoided primary resource consumption through 'take-back at end-of-use'[3]	metric tons	**50,101** ●	57,052	46,488	60,149
	SSE #15 – Reduce total number of safety recalls issued to 0[4]	# recalls	**23** ●	24	14	25

● 2023 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 311,299 avoided metric tons.
(4) SSE #15, originally "Reduce scrap from safety units recalled", has been upgraded in 2022 in line with the Quality ambition of the Group

8 Indicators

Waste

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% waste generation)	%	**87%**	86%	87%	90%
306-3	Total waste generated	metric tons	**124,139**	131,402	136,816	125,292
	Total waste generated/Turnover	metric tons/ million €	**3.46**	3.84	4.73	4.98
306-3, 306-4, 306-5	Non-hazardous waste generated	metric tons	**116,566** ●	123,311	128,267	117,607
	of which reused or recycled	metric tons	**105,593** ●	111,567	115,550	113,211
	of which incinerated with energy recovery	metric tons	**6,871** ●	6,719	6,964	
306-5	of which landfilled or incinerated without energy recovery	metric tons	**4,102** ●	5,025	5,753	4,396
	Non-hazardous waste reduction(1)	metric tons	**21,098** ●	11,941	13,667	7,729
306-2	Share of non-hazardous waste recovered or reduced(2)	%	**97.0%** ●	96.3%	95.9%	96.5%
306-3	Hazardous waste generated	metric tons	**7,573** ●	8,091	8,549	7,685
306-5	Hazardous waste channeled according to Schneider Electric expectations(3)	metric tons	**7,573** ●	8,091	8,549	7,667
	Hazardous waste generated/Turnover	metric tons/ million €	**0.21**	0.24	0.30	0.30
	Hazardous waste intensity reduction against 2017(4)	%	**-50%**	-44%	-30%	-27%
	SSE #9 - Number of 'Waste-to-Resource' sites	#	**137** ●	127	126	120
2-27, 306-3	# and aggregate quantity of reportable spills	kg	**0**	0	0	0
306-3	Quantity of spills recovered	kg	**NA**	NA	NA	NA
2-27, 306-3	Number of significant fines (> EUR 10,000) related to environmental or ecological issues	#	**0**	0	0	0

● 2023 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: 96.5%, 95.9%, 95.5%, and 96.3% for 2023, 2022, 2021, and 2020, 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	2023	2022	2021	2020
304-1	Number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA)(1)	#	**260**	260	260	UP
	of which industrial sites or distribution centres	#	**107**	107	107	UP
	of which office buildings	#	**153**	153	153	UP

● 2023 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	2023	2022	2021	2020
	Estimated coverage (% VOC emissions)	%	**90%**	90%	90%	90%
305-7	VOC emissions (estimates)	kg	**304,975** ●	308,520	342,228	440,442
305-7	VOC/Turnover (estimates)	kg/million €	**8.5**	9.0	11.8	17.5

● 2023 audited indicators.

Water

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% water withdrawal)	%	**84%**	83%	86%	88%
303-3	Total water withdrawals (other than for cooling)	m^3	**1,899,190** ●	1,921,569	2,072,263	1,928,032
	of which surface water	m^3	**17,699** ●	14,514	19,156	17,461
	of which groundwater	m^3	**472,199** ●	492,308	513,631	452,602
	of which third party sources	m^3	**1,377,377** ●	1,388,474	1,507,606	1,446,391
	of which other sources(1)	m^3	**31,916** ●	26,273	31,870	11,578
303-3	Water withdrawn for cooling and restituted w/o impact(2)	m^3	**813,411** ●	622,951	879,602	780,201
303-3	Water withdrawal/Turnover(3)	m^3/million €	**52.9**	56.2	71.7	76.5
	Water withdrawal intensity reduction vs 2017(3)	%	**-51.0%**	-48.0%	-33.6%	-29.1%
303-3	Total water withdrawals from areas with water stress(4)	m^3	**874,114**	842,216	930,603	UP
303-1	SSE #11 – Sites in water-stressed areas with a water conservation strategy and related action plan(4)	%	**73.0%** ●	48.0%	8.5%	UP

● 2023 audited indicators. UP = Unpublished.

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

(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	2023	2022	2021	2020
	Estimated coverage (% energy consumption)(1)	%	**95%**	95%	95%	96%
	ISO 50001 certified sites	#	**128**	132	140	150
302-1, 302-4	Estimated total energy consumption	MWh	**1,124,327**	1,201,276	1,325,491	1,216,845
	of which measured energy consumption	MWh	**934,805** ●	979,497	1,080,366	1,034,003
	of which estimated energy consumption for sites out of reporting perimeter(2)	MWh	**189,522**	221,779	245,125	182,842
302-1, 302-4	Estimated total energy consumption/turnover	MWh/million €	**31.3**	35.1	45.9	48.3
	Estimated total energy productivity	€/MWh	**31,932**	28,450	21,803	20,709
	Estimated total improvement in energy productivity vs 2005(3)	%	**157.3%**	129.3%	75.7%	66.9%
	Estimated total energy consumption from renewable sources	MWh	**707,033**	688,474	670,287	UP
	Estimated total percentage of renewable energy	%	**62.9%**	57.3%	50.6%	UP
	Estimated total energy consumption from non-renewable sources	MWh	**417,294**	512,802	655,204	UP
	Estimated total percentage of non renewable energy	%	**37.1%**	42.7%	49.4%	UP
	Measured energy consumption by source					
	grid electricity	MWh	**82,590** ●	108,263	132,771	148,969
	purchased renewable electricity(4)	MWh	**610,614** ●	588,851	612,752	585,495
	self generated renewable electricity	MWh	**23,194** ●	20,719	15,861	12,464
	district heating	MWh	**14,736** ●	24,519	33,830	27,602
	fuel oil	MWh	**12,991** ●	6,520	6,967	6,941
	gas	MWh	**190,088** ●	229,552	276,954	251,377
	coal	MWh	**0** ●	0	0	0
	renewable fuel and heat	MWh	**593** ●	1,073	1,231	1,155

8 Indicators

Energy (continued)

GRI	Indicators	Units	2023	2022	2021	2020
	Measured renewable electricity generated on site and sold back to the grid	MWh	**2,960** ●	2,263	2,558	2,734
	SSE #3 – Measured electricity sourced from renewables	%	**88%** ●	85%	82%	80%
	Estimated energy consumption by source(2)					
	grid electricity	MWh	**92,379**	107,019	148,720	UP
	purchased renewable electricity(4)	MWh	**72,632**	77,831	40,443	UP
	self generated renewable electricity	MWh	**0**	0	0	UP
	district heating	MWh	**2,490**	2,829	5,491	UP
	fuel oil	MWh	**1,013**	855	797	UP
	gas	MWh	**21,008**	33,245	49,674	UP
	coal	MWh	**0**	0	0	UP
	renewable fuel and heat	MWh	**0**	0	0	UP

● 2023 audited indicators. UP = Unpublished.

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

(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. 2023 includes 48,100 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 2023 EAC account for 32.8% of total measured purchased renewable electricity reported.

Greenhouse gas (GHG)

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% total GHG emissions)	%	**99%**	99%	99%	99%
305-1, 305-2	Estimated Total Scopes 1 and 2 GHG emissions (market-based)(1)(2)	TCO_2e	**202,232** ●	229,177	293,832	287,595
305-5	Absolute reduction vs base year (2021)(2)	%	**-31.2%**	-22.0%	0.0%	NA
305-4	Total Scopes 1 and 2 per euro turnover	TCO_2e/ million €	**5.6**	6.7	10.2	11.4
305-1	Direct (Scope 1) GHG emissions(2)	TCO_2e	**112,792** ●	119,447	140,718	142,388
	of which fuel oil	TCO_2e	**3,116** ●	4,414	4,520	4,451
	of which gas	TCO_2e	**38,968** ●	47,271	56,776	52,197
	of which coal	TCO_2e	**0** ●	0	0	0
	of which vehicle fleet	TCO_2e	**61,492** ●	55,598	62,683	73,229
	of which SF_6 emissions(2)	TCO_2e	**4,054** ●	4,606	5,886	7,287
	SF_6 leakage rate(3)	%	**0.08%**	0.08%	0.10%	0.14%
	Target SF_6 leakage rate(3)	%	**0.11%**	0.11%	0.19%	0.25%
	of which estimated Scope 1 GHG emissions of sites out of reporting perimeter(4)	TCO_2e	**5,162** ●	7,557	10,853	5,224
305-2	Energy indirect (Scope 2) GHG emissions(1)	TCO_2e	**89,440** ●	109,730	153,115	145,207
	of which grid electricity (market-based)(1)	TCO_2e	**39,476** ●	49,674	66,692	70,145
	of which renewable electricity (market-based)(5)	TCO_2e	**0** ●	703	701	694
	of which district heating	TCO_2e	**4,853** ●	8,358	14,714	11,550
	of which estimated Scope 2 GHG emissions of sites out of reporting perimeter (market-based)(1)(4)	TCO_2e	**42,961** ●	50,995	71,008	62,818
305-3	Other relevant indirect (Scope 3) GHG emissions(2)	TCO_2e	**56,777,964** ●	60,788,549	68,737,485	65,770,721
305-5	Absolute variation vs base year (2021)(2)	%	**-17.4%**	-11.6%	0.0%	NA

Greenhouse gas (GHG) (continued)

GRI	Indicators	Units	2023	2022	2021	2020
305-4	Total Scope 3 per euro turnover[2]	TCO_2e/ million €	**1,581**	1,779	2,378	2,614
305-3	Other relevant indirect (Scope 3 upstream) GHG emissions	TCO_2e	**7,766,994** ●	8,613,192	8,237,192	6,966,062
	1. Purchased goods and services	TCO_2e	**6,829,733** ●	7,572,974	7,278,733	6,137,388
	2. Capital goods	TCO_2e	**55,361** ●	57,986	62,876	63,863
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	TCO_2e	**40,652** ●	43,544	53,167	55,151
	4. Transportation of goods paid by the Group	TCO_2e	**563,643** ●	670,840	616,519	497,761
	5. Waste generated in operations	TCO_2e	**34,927** ●	37,415	42,760	31,872
	6. Business travel	TCO_2e	**60,702** ●	56,501	30,778	33,304
	7. Employee commuting	TCO_2e	**181,977** ●	173,932	152,359	146,723
305-3	Other relevant indirect (Scope 3 downstream) GHG emissions[2]	TCO_2e	**49,010,970** ●	52,175,356	60,500,294	58,804,659
	9. Transportation of goods not paid by the Group	TCO_2e	**481,039** ●	427,872	485,877	371,159
	11. Use of sold products[2][6]	TCO_2e	**44,223,749** ●	47,281,888	55,338,592	54,103,061
	12. End-of-life treatment of sold products[2]	TCO_2e	**4,306,182** ●	4,465,596	4,675,824	4,330,439
	SSE #1 – Number of Zero-CO_2 sites	#	**101** ●	77	51	30
	Saved GHG emissions thanks to sold products and services[7]	TCO_2e	**52,434,385** ●	51,325,544	49,708,425	46,964,497
	Avoided GHG emissions thanks to sold products and services[7]	TCO_2e	**60,163,742** ●	41,674,416	33,930,803	28,605,883
	SSI #2 – Cumulative CO_2 saved and avoided thanks to sold products and services since 2018[7]	TCO_2e	**552,559,056** ●	439,960,929	346,960,969	263,321,741

● 2023 audited indicators. NA = Not applicable.

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

(1) Scope 2 emissions are quantified with the market-based methodology and the location-based methodology, following GHG Protocol Scope 2 guidance, and the results from both approaches are disclosed. Values 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). Location-based Scope 2 electricity emissions on energy reporting perimeter are equal to 301,748 TCO_2e (audited value), and 378,840 TCO_2e on total estimated perimeter (audited value). Total Scope 2 (location-based) emissions is 386,781 TCO_2e (audited value). 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 499,573 TCO_2e (audited value).

(2) The historical values of this indicator have been updated to be in line with the latest Global Warming Potential (GWP) value of SF_6, as published by the IPCC in its 6th Assessment Report available in January 2024. Previous GWP value of 23,500 (AR5) has been updated to 24,300 (AR6) for 2023 and historical emissions. This change impacts Scope 1 and Scope 3 CO_2 equivalent emissions.

(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 12 sites in 2023, 13 sites in 2022 and in 2021, and 14 sites in 2020 and 2019.

(4) The CO_2 emissions linked to energy consumption for sites outside the energy reporting perimeter are considered estimates for two reasons: on the one hand, energy consumption and corresponding CO_2 emissions of these sites are estimated (instead of being collected from meters and invoices, energy consumption are based on site surface and average energy intensity of sites per region from 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.

(5) Prior to 2023, this category was meant to capture greenhouse gas emissions (CH_4 and N_2O emissions) generated from renewable electricity produced with biomass.

(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. 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: this scenario is 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. The 2023 carbon footprint is based on this same scenario. The update introduced in 2022 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 have led to 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. When new methodologies are developed during the reporting 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 potentially to some adjustments with retroactive impact. In 2023, there has been no update to methodology, nor any retroactive impact due to methodological adjustments.

8.2 Social indicators

8.2.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability	#	2021-2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	6.	Strategic suppliers who provide decent work to their employees	2022: 1%	21%	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%)	2020: 41/23/24	41/28/29	50/40/30
	10.	Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.52	x2.00
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%	97.3%	100%
	14.	Decrease the Medical Incident rate	2019: 0.79	0.51	0.38
	15.	Reduce total number of safety recalls issued to 0	2020: 25	23	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	3,248	4,000
	18.	Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.00% 0.67%	<1% <1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	61%	60%
	20.	Pay our employees at least a living wage[4]	2019: 99%	100%	100%
	21.	Multiply the number of employee-driven development interactions on the Open Talent Market	2020: 5,019	x1.5	x4
	22.	Support the digital upskilling of our employees	2020: 41%	78%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	67%	90%
	24.	Increase our employee engagement level	2020: 69%	73%	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 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) SSE #12 'Social Excellence' program currently under development.

Indicators below have a Group scope as described in section 7, page 200.

HR statistics presented below cover about 90% of the 153,121 employees from consolidated companies where HR IT systems have been deployed. About 14,800 employees are excluded, including approximately 6,400 AVEVA employees, 3,000 LUMINOUS 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 2023. Total Group workforce, i.e. employees and non-employee interim workers, is 167,104 people in 2023.

The calculation methodology of the absenteeism rate varies from one country to another, in this domain Schneider Electric communicates at Group level the number of lost days and the number of hours worked (Safety data). The precisions on the variations of scope are contributed at the end of the tables below and indicated by footnotes.

8.2.2 General disclosure

Spot workforce at year-end

GRI	Indicators	Units	2023	2022	2021	2020
	Spot workforce at year-end including supplementary employees*	year-end HC	**153,121**	149,812	147,468	147,349
	Spot workforce at year-end excluding supplementary employees*(1)	year-end HC	**137,855** ●	134,931	128,384	128,770
	Open-ended contract	%	**89.8%**	88.8%	87.2%	87.3%
	Fixed-term contract	%	**10.2%**	11.2%	12.8%	12.7%
	Spot supplementary employees* at year-end	year-end HC	**15,266**	14,881	19,084	18,548
2-7	Share of temporary personnel (fixed-term contracts and supplementary personnel*)	%	**19.2%**	22.3%	24.0%	23.7%

● 2023 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 (137,855 employees, i.e. around 90% of employees excluding supplementary employees).

Workforce composition(1)

GRI	Indicators	Units	2023	2022	2021	2020
	Coverage (of total employees)		**90%**	90%	93%	97%
2-7	Organization of working time					
	Full-time	%	**98%**	98%	98%	97%
	Part-time	%	**2%**	2%	2%	3%
401-1	Hires(2)	HC	**24,608** ●	28,214	27,189	19,536
401-1	Departures(2)	HC	**19,738** ●	22,005	22,877	20,840
	Layoffs	HC	**5,246** ●	5,970	7,114	5,626
	Resignations	HC	**10,878** ●	12,757	11,944	8,729
	Other (retirement, end of contract, etc.)	HC	**3,614** ●	3,278	3,819	6,485
401-1	Total employee turnover	%	**14.6%**	16.6%	18.1%	16.1%
	Turnover by gender					
	Men	%	**14%**	15%	17%	16%
	Women	%	**16%**	19%	21%	18%
	Turnover by generation					
	Gen Z	%	**36%**	47%	60%	64%
	Millenials	%	**14%**	17%	19%	18%
	Gen X	%	**8%**	8%	8%	9%
	Boomer	%	**18%**	18%	18%	18%
	Silent	%	**18%**	0%	39%	69%
401-1	Voluntary turnover	%	**8.0%** ●	9.6%	9.5%	6.9%
2-7	Breakdown of workforce by region					
	Asia-Pacific	%	**33%**	34%	31%	32%
	Western Europe	%	**27%**	27%	27%	27%
	North America	%	**27%**	26%	26%	24%
	Rest of the world	%	**13%**	13%	16%	17%

8 Indicators

Workforce composition (continued)

GRI	Indicators	Units	2023	2022	2021	2020
2-7	Breakdown of workforce by top 10 countries					
	United States	%	**14%**	14%	14%	13%
	China	%	**12%**	12%	11%	11%
	Mexico	%	**11%**	11%	10%	10%
	India	%	**11%**	11%	8%	7%
	France	%	**11%**	11%	11%	11%
	Germany	%	**4%**	4%	4%	3%
	Spain	%	**3%**	3%	3%	3%
	United Kingdom	%	**3%**	2%	3%	3%
	Italy	%	**2%**	2%	2%	2%
	Philippines	%	**2%**	2%	2%	2%
2-7	Annual change in workforce in top 10 countries					
	United States	%	**6%**	5%	5%	-5%
	China	%	**3%**	6%	-2%	-3%
	Mexico	%	**8%**	7%	8%	36%
	India	%	**5%**	46%	8%	-3%
	France	%	**-1%**	2%	7%	-4%
	Germany	%	**6%**	2%	9%	-9%
	Spain	%	**12%**	8%	0%	-5%
	United Kingdom	%	**7%**	-1%	-3%	-6%
	Italy	%	**7%**	0%	4%	-4%
	Philippines	%	**3%**	10%	-9%	-2%
2-7	Women in our workforce					
	Overall workforce	%	**34%** ●	33%	34%	33%
	Board of Directors	%	**46%**	42%	42%	42%
	Executive Committee	%	**41%**	41%	44%	38%
	All management (junior, middle, leadership)	%	**34%**	33%	33%	23%
	Leadership teams	%	**29%** ●	28%	26%	24%
	Front-line management	%	**27%** ●	27%	27%	25%
	Middle management	%	**25%**	24%	23%	23%
	Junior management	%	**40%**	37%	37%	34%
	Management positions in revenue-generating functions	%	**19%**	21%	16%	UP
	Sales	%	**23%**	22%	21%	19%
	STEM	%	**22%**	21%	19%	21%
2-7	White collar	%	**53%**	52%	51%	50%
	of which men	%	**65%**	66%	66%	67%
	of which women	%	**35%**	34%	34%	33%
	Blue collar	%	**47%**	48%	49%	50%
	of which men	%	**67%**	67%	66%	67%
	of which women	%	**33%**	33%	34%	33%

Workforce composition (continued)

GRI	Indicators	Units	2023	2022	2021	2020
2-7	Breakdown of workforce by age[3]					
	< 30 years	%	**24%**	24%	23%	23%
	30-50 years	%	**59%**	59%	59%	59%
	> 50 years	%	**17%**	17%	18%	18%
2-7	Breakdown of workforce by seniority					
	< 5 years	%	**42%**	43%	40%	46%
	5/14 years	%	**31%**	31%	34%	33%
	15/24 years	%	**18%**	17%	16%	13%
	25/34 years	%	**7%**	7%	7%	6%
	> 34 years	%	**2%**	2%	3%	2%
2-7	Breakdown of workforce by function					
	Marketing	%	**4%**	4%	4%	4%
	Sales	%	**13%**	13%	13%	13%
	Services and projects	%	**20%**	19%	19%	19%
	Support	%	**27%**	24%	24%	29%
	Technical	%	**8%**	11%	10%	7%
	Industrial	%	**28%**	29%	31%	28%

● 2023 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 (137,855 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	2023	2022	2021	2020
401-1	Breakdown by type of contract					
	Permanent contract	%	**77%**	69%	64%	62%
	Fixed-term contract	%	**23%**	31%	36%	38%
401-1	Breakdown by category					
	White collar	%	**38%**	39%	34%	19%
	Blue collar	%	**62%**	61%	66%	81%
401-1	Breakdown by gender					
	Men	%	**59%** ●	59%	59%	59%
	Women	%	**41%** ●	41%	41%	41%
401-1	Breakdown by age[3]					
	< 30 years	%	**58%**	61%	64%	UP
	30-50 years	%	**40%**	37%	34%	UP
	> 50 years	%	**2%**	2%	2%	UP
401-1	Breakdown by region					
	Asia-Pacific	%	**31%**	36%	34%	26%
	Western Europe	%	**17%**	16%	13%	9%
	North America	%	**42%**	37%	42%	55%
	Rest of the world	%	**10%**	11%	12%	10%

● 2023 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 (137,855 employees, i.e. around 90% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

8 Indicators

Layoffs [1][2]

GRI	Indicators	Units	2023	2022	2021	2020
401-1	Breakdown by type of contract					
	Open-ended contract	%	**81%**	69%	70%	72%
	Fixed-term contract	%	**19%**	31%	30%	28%
401-1	Breakdown by category					
	White collar	%	**26%**	21%	22%	20%
	Blue collar	%	**74%**	79%	78%	80%
401-1	Breakdown by region					
	Asia-Pacific	%	**22%**	35%	33%	28%
	Western Europe	%	**8%**	10%	9%	8%
	North America	%	**61%**	48%	47%	50%
	Rest of the world	%	**9%**	7%	10%	14%
	Breakdown by gender					
	Men	%	**61%**	60%	62%	63%
	Women	%	**39%**	40%	38%	37%
	Breakdown by generation					
	Gen Z	%	**27%**	34%	30%	UP
	Millenials	%	**47%**	44%	44%	UP
	Gen X	%	**21%**	16%	19%	UP
	Boomer	%	**5%**	6%	7%	UP
	Silent	%	**0%**	0%	0%	UP

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 (137,855 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	2023	2022	2021	2020
401-1	Breakdown by seniority					
	< 1 year	%	**35%**	36%	41%	41%
	1/4 years	%	**42%**	40%	36%	39%
	5/14 years	%	**18%**	19%	19%	16%
	15/24 years	%	**4%**	4%	4%	3%
	25/34 years	%	**1%**	1%	1%	1%
	> 34 years	%	**0%**	0%	0%	0%

(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 (137,855 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	2023	2022	2021	2020
401-1	Breakdown by gender					
	Men	%	**62%**	62%	62%	63%
	Women	%	**38%**	38%	38%	37%
401-1	Breakdown by age[3]					
	< 30 years	%	**46%**	50%	50%	UP
	30-50 years	%	**41%**	39%	38%	UP
	> 50 years	%	**13%**	11%	12%	UP
401-1	Breakdown by region					
	Asia-Pacific	%	**31%**	33%	31%	30%
	Western Europe	%	**16%**	15%	15%	17%
	North America	%	**42%**	42%	41%	39%
	Rest of the world	%	**11%**	10%	13%	14%

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 (137,855 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	2023	2022	2021	2020
2-7	Breakdown by category					
	White collar	%	**11%**	10%	8%	10%
	Blue collar	%	**89%**	90%	92%	90%
2-7	Breakdown by region					
	Asia-Pacific	%	**62%**	54%	67%	64%
	Western Europe	%	**19%**	24%	16%	15%
	North America	%	**12%**	10%	6%	7%
	Rest of the world	%	**7%**	12%	11%	14%

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

8.2.3 Dialog and social relations

GRI	Indicators	Units	2023	2022	2021	2020
	Coverage[1]	%	**95%**	94%	92%	85%
2-30	Employees represented by					
	Unions	%	**79%**	60%	80%	66%
	Works Council	%	**53%**	55%	63%	70%
403-4	Health and Safety Committee	%	**80%**	76%	81%	89%
2-30	Number of collective agreements	#	**205**	202	150	78
2-30	Employees covered by collective bargaining agreements	%	**77%**	70%	72%	69%

(1) Compared to employees recorded in our global TalentLink tool

8.2.4 Health and safety of employees and subcontractors

GRI	Indicator	Units	2023	2022	2021	2020
403-8	Number of ISO 45001 sites	#	**172**	211	180	184
	Percentage of operational facilities that are ISO 45001 certified	%	**83%**	87%	77%	80%
403-9	Number of medical incidents(1)	#	**154** ●	171	186	154
	of which Schneider Electric employees	#	**119** ●	143	152	133
	of which temporary workers	#	**35** ●	28	34	21
403-9	Number of lost-time accidents(1)	#	**83** ●	95	96	85
	of which Schneider Electric employees	#	**63** ●	80	76	74
	of which temporary workers	#	**20** ●	15	20	11
403-9	Number of fatal accidents	#	**0**	0	2	1
	of which Schneider Electric employees	#	**0**	0	2	1
	of which temporary workers	#	**0**	0	0	0
403-9	SSE #14 Medical Incident Rate(2)	per million hours worked	**0.51** ●	0.58	0.65	0.58
	of which Schneider Electric employees	per million hours worked	**0.46** ●	0.57	0.63	0.58
	of which temporary workers	per million hours worked	**0.78** ●	0.64	0.73	0.55
403-9	Lost-Time Injury Rate (LTIR)(2)	per million hours worked	**0.28** ●	0.32	0.33	0.32
	of which Schneider Electric employees	per million hours worked	**0.25** ●	0.32	0.32	0.32
	of which temporary workers	per million hours worked	**0.44** ●	0.34	0.43	0.29
403-9	Lost-Time Day Rate (LTDR)(2)	per million hours worked	**7.78** ●	14.23	15.58	13.74
	of which Schneider Electric employees	per million hours worked	**7.80** ●	15.22	16.47	14.92
	of which temporary workers	per million hours worked	**7.66** ●	8.54	11.00	6.61
403-9	Number of lost days	#	**2,345** ●	4,195	4,477	3,662
	of which Schneider Electric employees	#	**2,001** ●	3,822	3,963	3,412
	of which temporary workers	#	**344** ●	373	514	250
403-9	Number of hours worked	#	**301,436,421** ●	294,742,174	287,369,013	266,582,055
	of which Schneider Electric employees	#	**256,505,806** ●	251,075,834	240,649,594	228,742,624
	of which temporary workers	#	**44,930,615** ●	43,666,340	46,719,419	37,839,431
403-10	Occupational Illness Frequency Rate (OIFR)(2)	per million hours worked	**0.010** ●	0.003	0.017	0.019
	of which Schneider Electric employees	per million hours worked	**0.012** ●	0.004	0.021	0.022
	of which temporary workers	per million hours worked	**0.000** ●	0.000	0.000	0.000

● 2023 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 Illnesses X 1,000,000 Hours/Total Hours Worked).
Note that the Medical Incident Rate (MIR) consists of both medical incidents + Occupational Illnesses and is based on 1 million hours worked.

8.2.5 Talent development and training

GRI	Indicator	Units	2023	2022	2021	2020
	Coverage	%	**95%**	92%	91%	90%
404-1	Number of training hours	#	**3,126,358** ●	2,988,795	2,881,627	2,869,111
404-1	Average hours of training per person	#	**24.1**	24.1	24.5	24.5
	of which white collar	#	**25.4**	25.3	25.1	24.9
	of which blue collar	#	**22.5**	22.4	24.0	24.0
	of which men	#	**24.5**	24.7	24.9	25.1
	of which women	#	**23.2**	22.9	23.7	23.2
404-1	Breakdown of hours by category					
	White collar	%	**57%**	57%	53%	52%
	Blue collar	%	**43%**	43%	47%	48%
404-2	Employees taking one day training (7 hours or more)	%	**81%**	81%	83%	81%
2-24	Percentage of employees trained on the Trust Charter, Schneider's Code of Conduct		**99%**	98%	96%	93%
2-24	Percentage of the eligible workforce who received training on anti-corruption practices	%	**98%**	97%	97%	94%
2-24	SSE #13 – Employees trained every year on Cybersecurity and Ethics	%	**97%** ●	95%	96%	90%
2-24, 404-2	Breakdown of hours by training type					
	Data & AI / Analytics[1]	%	**0%**	UP	UP	UP
	Digital / IT	%	**9%**	6%	6%	8%
	Functional	%	**23%**	22%	25%	24%
	Sustainability[2]	%	**18%**	17%	17%	20%
	Management and Leadership	%	**7%**	8%	6%	4%
	Mandatory / Compliance	%	**5%**	8%	9%	4%
	Offer Excellence[3]	%	**6%**	7%	6%	6%
	Personal Development	%	**6%**	7%	7%	11%
	Products, Solutions and Services	%	**13%**	14%	12%	12%
	Supply Chain	%	**9%**	9%	12%	9%
	Well-being	%	**1%**	2%	1%	2%
	Other	%	**4%**	-	-	-
	Total Learning & Development spend[4]	million €	**91.1**	75.6	56.8	44.2
	Learning & Development cost per employee	€/employee	**660.8**	560.8	425.8	356.1

8 Indicators

GRI	Indicator	Units	2023	2022	2021	2020
404-3	Employees having had a performance review[5]	%	**97%**	98%	98%	98%
	Breakdown by category					
	White collar	%	**75%**	76%	76%	75%
	Blue collar	%	**25%**	24%	26%	25%
	Breakdown by gender					
	Men	%	**69%**	70%	71%	72%
	Women	%	**31%**	30%	29%	28%
	Breakdown of promotions by gender[6]					
	Men	%	**67%**	67%	UP	UP
	Women	%	**33%**	33%	UP	UP
	Breakdown of promotions by generation	%				
	Gen Z	%	**11%**	17%	UP	UP
	Millenials	%	**62%**	61%	UP	UP
	Gen X	%	**24%**	20%	UP	UP
	Boomer	%	**3%**	2%	UP	UP

● 2023 audited indicators. UP = Unpublished.

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

(1) This figure is rounded and represents a percentage less than 0.5%.
(2) Includes Sustainability, Environment and Health and Safety trainings.
(3) Prior to 2023, this was reported under “Technical” and “Agile” categories.
(4) 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
(5) The data relates to the eligible workforce for Performance interview at 12/31/2023 (TalentLink).
(6) Based on a change in grade level.

8.3 Societal indicators

Indicators are published on the basis of declarative information submitted by Foundation delegates. It covers about 90% of Schneider Electric Group employees and highlights the importance of company and employee participation in the Foundation's approach to involvement towards local communities. With EUR 25.3 million in 2023, the amount of budget for the Foundation's actions includes the Foundation's intervention budget, the amount of the donations from entities, employees and partners, and the amount of donations in kind.

8.3.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability	#	2021-2025 programs	Baseline(1)	2023 progress(2)	2025 Target
Impact (SSI)	9.	Provide access to green electricity to 50M people	2020: 30M	+16.6M	50M
	11.	Train people in energy management	2020: 281,737	578,709	1M
Essentials (SSE)	25.	Increase the number of volunteering days since 2017	2020: 18,469	58,177	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 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 236). Please refer to page 200 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

8.3.2 Breakdown of the Foundation's financial commitments

Indicator	Units	2023	2022	2021
Foundation's intervention budget	€	**4,000,000**	4,000,000	4,000,000
Breakdown by program				
Training and entrepreneurship	%	**83%**	81%	75%
Raising awareness about sustainable development	%	**5%**	12%	17%
Employees' volunteering/skills-based sponsorship	%	**1%**	2%	1%
Emergency	%	**7%**	3%	4%
Other	%	**4%**	2%	3%
Breakdown by region				
Africa & Middle East	%	**16%**	15%	8%
America	%	**38%**	6%	10%
Asia & Pacific	%	**19%**	31%	48%
Europe	%	**22%**	35%	18%
Cross countries	%	**5%**	13%	16%

8.3.3 Breakdown of contributions from employees and Schneider Electric entities to the Foundation's actions

Indicator	Units	2023	2022	2021
Total financial contribution	€	**10,490,937**	12,461,007	7,045,158
From employees	€	**1,227,005**	1,520,324	1,121,092
From the Schneider Electric entities and partners(1)	€	**9,263,932**	10,940,683	5,924,066
Total in-kind contribution (products or services)	€	**10,800,121**	7,267,507	8,444,800

(1) In 2023, data from Schneider Electric entities and partners are grouped together. Data from past years have been restated accordingly.

8.3.4 Breakdown of total contributions (Employees, Schneider Electric entities and Schneider Electric Foundation) to the Foundation's actions

Indicator	Units	2023	2022	2021
Breakdown by region				
Africa & Middle East	%	**10%**	5%	3%
America	%	**39%**	35%	34%
Asia & Pacific	%	**17%**	25%	29%
Europe	%	**33%**	31%	31%
Cross countries	%	**1%**	4%	3%

8.3.5 Total budget for the Foundation's actions

Indicator	Units	2023	2022	2021
Foundation budget, financial contributions and donations in kind	€	**25,291,058**	23,728,514	19,489,958

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**

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