

Information on the compensation of Corporate Officers - 2019

In accordance with article 26.1 of the AFEP-MEDEF Code

At its meeting of February 19, 2020, after examining the suitability and fairness of the outcome of the 2019 compensation policy for the corporate officers and its alignment with the Group's performance, upon hearing the report from the Governance and remunerations committee, the board determined the corporate officers' compensation for 2019 in accordance with the principles and criteria prior approved by the shareholders at the Annual Shareholders' Meeting of 25 April 2019.

The following tables summarize the compensation and benefits awarded or paid to Messrs. Tricoire and Babeau for the financial years 2018 and 2019, presented on a reported basis in accordance with AFEP/MEDEF guidelines as well as on a Realized basis, i.e. where performance metrics assessment have ended in the reported financial year:

Jean-Pascal Tricoire Chairman & Chief Executive Officer <i>Euro</i>	Compensation & Benefits awarded for financial year		Compensation & Benefits realized in financial year	
	2019	2018	2019	2018
A- CASH COMPENSATION				
Base salary	1,000,000	1,000,000	1,000,000	1,000,000
Annual incentive ⁽¹⁾	1,717,300	1,489,800	1,717,300	1,489,800
Compensation in relation to the director's office	0	0	0	0
SUBTOTAL (A) CASH	2,717,300	2,489,800	2,717,300	2,489,800
B- BENEFITS OF ALL KIND				
Valuation of performance shares	3,230,340 ⁽³⁾	3,281,280 ⁽³⁾	5,464,838 ⁽⁴⁾	3,277,254 ⁽⁴⁾
Other benefits ⁽⁵⁾	36,218	11,772	36,218	11,772
SUBTOTAL (B) BENEFITS OF ALL KIND	3,266,558	3,293,052	5,501,056	3,289,026
C- PENSION CASH BENEFIT				
Complementary payment for pension building (fixed)	191,600	191,600	191,600	191,600
Complementary payment for pension building (variable)	329,035	285,446	329,035	285,446
SUBTOTAL (C) PENSION CASH BENEFIT	520,635	477,046	520,635	520,635
D- EXCEPTIONAL COMPENSATION	0	0	0	0
TOTAL COMPENSATION & BENEFITS (A)+(B)+(C)+(D)	6,504,493	6,259,898	8,738,991	6,255,872

Emmanuel Babeau Deputy Chief Executive Officer Euro	Compensation & Benefits awarded for financial year		Compensation & Benefits realized in financial year	
	2019	2018	2019	2018
A- CASH COMPENSATION				
Base salary	680,000	680,000	680,000	680,000
Annual incentive ⁽²⁾	898,280	779,280	898,280	779,280
Compensation in relation to the director's office	0	0	0	0
SUBTOTAL (A) CASH	1,578,280	1,459,280	1,578,280	1,459,280
B- BENEFITS OF ALL KIND				
Valuation of performance shares	1,399,814 ⁽³⁾	1,421,888 ⁽³⁾	2,368,203 ⁽⁴⁾	1,420,118 ⁽⁴⁾
Other benefits ⁽⁵⁾	13,944	8,598	13,944	8,598
SUBTOTAL (B) BENEFITS OF ALL KIND	1,413,758	1,430,486	2,382,147	1,428,716
C- PENSION CASH BENEFIT				
Complementary payment for pension building (fixed)	153,300	153,300	153,300	153,300
Complementary payment for pension building (variable)	202,509	175,682	202,509	175,682
SUBTOTAL (C) PENSION CASH BENEFIT	355,809	328,982	355,809	328,982
D- EXCEPTIONAL COMPENSATION	0	0	0	0
TOTAL COMPENSATION & BENEFITS (A)+(B)+(C)+(D)	3,347,847	3,218,748	4,316,236	3,216,978

- (1) The Annual Incentive for the financial year 2018 was paid in 2019 after approval by the shareholders at the Annual Shareholders' Meeting of 25 April 2019 of the 5th resolution relating to the compensation paid, due or awarded to Jean-Pascal Tricoire in respect in respect of the 2018 financial year. Hence, **the total compensation in cash actually paid in the financial year 2019 to Jean-Pascal Tricoire** amounts to € 2,966,846 (Base salary 2019 + Annual incentive 2018 + Fixed portion of pension benefit for 2019 + Variable portion of pension benefit for 2018). Likewise, in accordance with article L225-100 III of the French Commercial Code, the variable elements in cash awarded to Jean-Pascal Tricoire for the financial year 2019 will only be paid in 2020, subject to their prior approval by the shareholders at the Annual Shareholders' Meeting of 23 April 2020 under the 7th resolution.
- (2) The Annual Incentive for the financial year 2018 was paid in 2019 after approval by the shareholders at the Annual Shareholders' Meeting of 25 April 2019 of the 6th resolution relating to the compensation paid, due or awarded to Emmanuel Babeau in respect in respect of the 2018 financial year. Hence, **the total compensation in cash actually paid in the financial year 2019 to Emmanuel Babeau** amounts to € 1,788,262 (Base salary 2019 + Annual incentive 2018 + Fixed portion of pension benefit for 2019 + Variable portion of pension benefit for 2018). Likewise, in accordance with article L225-100 III of the French Commercial Code, the variable elements in cash awarded to Emmanuel Babeau for the financial year 2019 will only be paid in 2020, subject to their prior approval by the shareholders at the Annual Shareholders' Meeting of 23 April 2020 under the 8th resolution.
- (3) **Value of performance shares granted during financial year** – as per AFEP/MEDEF Code methodology, compensation is presented on a reported basis. Benefits of all kind for the financial year include performance shares granted during the financial year, the performance period of which has not elapsed. The value of performance shares corresponds to the number of shares granted, before reduction on account of performance, multiplied by the share price determined in line with IFRS 2 accounting standards.
- (4) **Value of performance shares deemed vested during the financial year** – In order to facilitate the analyses, the benefits of all kind are also presented on realized value basis, where the value of performance shares corresponds to the actual number of shares (granted in previous years) deemed vested at the end of the financial year, after reduction for performance conditions, multiplied by the share price on December 31, 2018 or 2019, as the case may be.
- (5) **Other Benefits** include company car, employer matching contributions to capital increase for employees and to collective Pension Saving Plan (PERCO) as well as benefits from French profit sharing plan.

Base salary

For 2019, the board has decided not to award any salary increases to the corporate officers.

Corporate officer	FY 2019 (as of 1/1/19)	FY 2018 (as of 1/1/18)	% Change
Jean-Pascal Tricoire, Chairman & CEO	€1,000,000	€1,000,000	0%
Emmanuel Babeau, Deputy CEO	€680,000	€680,000	0%

Annual incentive

The annual incentive was set in compliance with the principles and criteria approved at the shareholders' meeting of April 25, 2019.

For Mr. Tricoire, the annual incentive at target amounts to 130% of the base salary and may vary from 0 to 260% depending on achievement of objectives. For Mr. Babeau, the annual incentive at target amounts to 100% of the base salary and may vary from 0 to 200% depending on achievement of objectives.

At its meeting held on February 19, 2020, the board of directors set the achievement rate of performance criteria at 132.1% on a base 100, representing for Mr. Tricoire an annual incentive of 171.7% of the base salary and for Mr. Babeau of an annual incentive of 132.1% of his base salary. These annual cash incentives will be paid after the annual shareholders' meeting if the latter approves it.

As a result, the 2019 Annual Incentive pay-out for the Corporate Officers stands as follows:

Corporate Officer	as % of salary	Target Payout	Achievement rate	2019 Actual Payout	
		Amount (€)	as % of target	as % of salary	Amount (€)
Jean-Pascal Tricoire	130%	1,300,000	132.1%	171.7%	1,717,300
Emmanuel Babeau	100%	680,000	132.1%	132.1%	898,280

The achievement rates for each of the criteria will be detailed and commented in the compensation section of the Corporate Governance Report.

In compliance with article L.225-100 III of the French Commercial Code, the payment of this annual incentive is subject to approval by the shareholders of the compensation granted to the Corporate Officers for the financial year 2019 (cf. 7th and 8th resolutions submitted to the Shareholders' Meeting of April 23, 2020).

Performance shares (Long-term Incentive Plan)

• 2019 - 2021 Long-term Incentive Plan

Under the 2019 Compensation policy approved by the shareholders, the Chairman and CEO Mr. Tricoire was granted 60,000 shares and the Deputy CEO Mr. Babeau was granted 26,000 shares.

Shares granted are subject to a performance period of three years with an additional mandatory one year holding period for 30% of shares granted to the Corporate Officers in consideration for their corporate office with Schneider Electric SE.

The 2019-2021 LTIP awards were granted under the authorization granted in 2016. However, the board, in reviewing the overall future LTIP structure, utilised the flexibility within the existing authorisation to implement the more ambitious approach to performance measurement.

For performance at threshold, 0% of the award will vest. For maximum performance, 100% will vest. Vesting will operate on a straight-line basis between any points on the scale.

100% of the performance shares granted to the Chairman and CEO Mr. Tricoire and to the Deputy CEO Mr. Babeau, are subject to performance criteria measured over a period of 3 years:

- ◆ 40% of the shares are contingent on the level of achievement of an adjusted EBITA operating margin objective for 2019 to 2021 FY;
- ◆ 25% of the shares are conditional on Group Cash conversion rate for 2019 to 2021 FY;
- ◆ 20% of the shares are contingent on the average of the performance rate of the Schneider Sustainability Impact (2019-2021);
- ◆ 15% of the shares are conditional to Total Shareholder Return (TSR) objectives between 2019 and 2021. The TSR objective is set based on Schneider Electric's TSR ranking vs. the following panel of companies: ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric and Yokogawa.

The IFRS value of the performance shares granted in the relevant year is calculated by multiplying the number of shares granted by IFRS share price which is calculated by external actuaries applying IFRS 2 accounting standards.

- **2017 - 2019 Long-term Incentive Plan – Realized value in 2019**

The performance period for shares granted in 2017 has finished on December 31, 2019 and shares under the plans 28 and 29 are therefore deemed vested. Their final acquisition is however still subject to the satisfaction of the presence condition at the delivery date.

At its meeting of February 19, 2020, the board assessed the achievement rate of performance criteria for Plans 28 and 29 granted in 2017 based on the Group's performance over the three-year period 2017 - 2019 and set the final rate of achievement at 99.54%, i.e., a reduction of 0.46% in relation to the number of shares originally granted.

Mr. Tricoire and Mr. Babeau had been granted conditionally 18,000 shares and 7,800 shares under Plan no.28 and 42,000 shares and 18,200 shares under Plan no.29 respectively. After applying the reduction for performance not achieved, the resulting outcomes are as follows:

Corporate Officer	Number of Shares (Plan No. 28)⁽¹⁾	Number of Shares (Plan No. 29)	Number of shares deemed vested	No of shares lapsed	Value of shares deemed vested⁽²⁾
Jean-Pascal Tricoire	18,000	42,000	59,725	275	5,464,839
Emmanuel Babeau	7,800	18,200	25,882	118	2,368,203
Delivery date	March 24, 2020	March 24, 2020			

⁽¹⁾ Plan 28 – performance shares granted under this plan to corporate officers are subject to one year holding period following vesting, therefore shares will only become unrestricted on March 24, 2020.

⁽²⁾ Vested shares are valued at the closing share price of 31 December 2019, i.e. €91.50.

The achievement rates for each of the criteria will be detailed and commented in the compensation section of the Corporate Governance Report.

Pension

The corporate officers have to build their own pension and to this end, are granted a combination of fixed and variable payments that are considered as “cash benefits” to ensure consistency and comparability with other French or international companies. The variable payment is aligned with the annual incentive in terms of criteria and pay-out rate. The corporate officers have committed to depositing these additional payments, after taxes, into investment vehicles dedicated to the supplementary financing of their pensions.

For 2019 Messrs. Tricoire and Babeau are entitled to receive:

Corporate Officer	Fixed Amount	Variable Amount⁽¹⁾
Jean-Pascal Tricoire	€191,600	€329,035
Emmanuel Babeau	€153,300	€202,509

⁽¹⁾ Calculated by applying to the fixed compensation above the percentage of target achievement determined for the calculation of the annual variable compensation.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders' approval.

Other benefits**Employer Matching Contributions and Profit-Sharing**

For the financial year 2019, both Corporate Officers were eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees, as well as the employer matching contribution paid to subscribers to the collective pension fund (PERCO) for the retirement of workers in France.

Corporate Officer	Employer matching contribution to capital Increase for Employees	Employer matching contributions to collective Pension Saving Plan (PERCO)	Profit-sharing	Total
Jean-Pascal Tricoire	€1,404	€800	€7,970	€10,174
Emmanuel Babeau	€1,404	€0	€7,970	€9,374

Company Car

The use of a company car in 2019 granted to each of Messrs. Tricoire and Babeau represented an equivalent cost of €26,044 and €4,569 respectively.

Compensation policy for the financial year 2020

The Governance and remunerations committee has reviewed the existing policy and concluded that the pillars and principles formulated in 2018 continue to provide market competitive pay, ensuring a strong link between pay and performance, strong alignment with shareholders and long-term focus. Therefore, based on the Committee's analyses and recommendation, the board decided at its meeting of December 13, 2019 to maintain the executive compensation pillars, namely, Pay-for-Performance, Alignment with Shareholders' Interests, and Competitiveness, and the seven principles that they translate into.

Relying on the work and recommendations of the Governance and remunerations committee, the board, at its meeting of February 19, 2020, decided that the overall compensation structure of the corporate officers should remain largely the same as in 2019 as it satisfies the objectives of pay-for-performance and alignment with the shareholders' interests.

Given the departure of Mr. Babeau, effective April 30, 2020, the compensation policy of the corporate officers for 2020 (the "policy") will only apply to the Chairman and CEO Mr. Jean-Pascal Tricoire.

Set out below, the new compensation policy for 2020, which will be in place until next policy is approved by the shareholders, will be presented to shareholders at the 2020 Annual Shareholders' Meeting and, subject to shareholders approval of the 9th resolution, will be in effect till a further compensation policy is approved. As part of the policy review process the board has extensively consulted with the major shareholders.

Compensation Element	Overview of the decisions
Base Salary	<ul style="list-style-type: none"> ◆ Based on the Committee's recommendation, the board decided that the Chairman and CEO's base salary should remain unchanged in 2020: <ul style="list-style-type: none"> - Jean-Pascal Tricoire: €1,000,000
Annual Cash Incentive	<ul style="list-style-type: none"> ◆ No change of the maximum annual incentive in proportion to the base salary (260%). ◆ No change to the performance criteria and weighting since it was simplified in 2019 by reducing the number of performance criteria from 8 to 4 with 80% Financial and 20% Sustainability based criteria. ◆ Continue to apply a more stringent approach to target setting: the maximum annual incentive will only be earned where a strong performance is delivered on each performance metric
Performance shares (Long-Term Incentive Plan)	<ul style="list-style-type: none"> ◆ The maximum number of shares to be granted to the Chairman and CEO will be maintained at the same level as in 2019: <ul style="list-style-type: none"> - Jean-Pascal Tricoire: 60,000 shares

Compensation Element	Overview of the decisions
	<ul style="list-style-type: none"> ◆ From 2020, as approved by the shareholders at the 2019 Annual Shareholders' Meeting under the new LTIP authorization, the LTIP is simplified to reduce number of performance criteria from 4 to 3 and remove duplicate performance criteria between the annual and long-term incentives; ◆ Introduced an adjusted EPS as performance criterion. ◆ Modified TSR peer group to also include CAC40 companies in addition to the current peer group and a demanding pay-out scale; ◆ Introduced new relative and external Sustainability criteria which will measure Schneider Electric's progress in sustainability as assessed externally through independent, demanding and public indices. ◆ Continue a more stringent approach to target setting – 100% of award can only be earned for stretching performance.
Termination provisions	<ul style="list-style-type: none"> ◆ If the new policy is approved by the shareholders at the 2020 meeting: <ul style="list-style-type: none"> - Severance indemnity will exclude pension payments from the calculation. - Circumstances of the termination: Resignation may qualify as a forced departure only if the departure is "requested". Voluntary resignation will not qualify as forced departure. - Right to retain shares: Pro-rata rule will apply as a principle.
Other benefits	<ul style="list-style-type: none"> ◆ No change to other benefits.

As regards Mr. Babeau, Schneider Electric executed on 2 March 2020 a new regulated agreement governing the conditions of the departure of Mr. Emmanuel Babeau, Deputy CEO, whose departure will be effective from 30 April 2020. All relevant information was published on 2 March 2020 in compliance with articles L.225-40-2 and R.225-30-1 of the French Commercial Code and article 26.1 of the AFEP-MEDEF Code (https://www.se.com/ww/en/Images/afep-medef-E-Babeau-compensation-2020-en_tcm564-121778.pdf).