

VIGILANCE PLAN 2022

4th Edition

May 2023

Life Is On

Schneider
Electric

Vigilance Plan - 2022

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1 Introduction



1.1 Schneider Electric's purpose, mission, and ambition to make an impact

Schneider Electric's purpose is to empower everyone to make the most of our energy and resources, bridging progress and sustainability for all. At Schneider Electric, we call this **LIFE IS ON**.

Our mission is to be your digital partner for sustainability and efficiency.

We drive digital transformation by integrating industry-leading processes and energy technologies, and end point-to-cloud connecting products, controls, software, and services across the entire lifecycle. This enables company management for homes, buildings, data centers, infrastructures, and industries.

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

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

We are one integrated company. Our multi-hub approach enables us to be the most local of global companies. It means that our people are in the regions where we operate. It is a key element to offer improved resiliency, agility, and proximity to our customers and suppliers.

We are an impact company; this means sustainability is at the core of everything we do, in line with our purpose. At Schneider Electric, we pride ourselves in being an 'Impact Company' because sustainability does not just inform what we do, it drives corporate decision-making. This entails a responsibility to share our learnings and keep raising the bar. We are an Impact Company, convinced that to do good, we need to do well, and vice-versa. To deliver sustainable impacts, we must combine solid profitability with leading practices across all environmental, social, and governance (ESG) dimensions. At the same time, this positive impact supports the long-term resilience of the company as we attract new customers, investors, and talents.

Our sustainability and business impacts converge to act for a climate-positive and socially equitable world while delivering solutions to our customers for sustainability and efficiency. We bring everyone together in our ecosystem, from our employees to supply chain partners, and customers, to local communities and institutions. Building on a foundation of trust, our unique operating model and multi-hub approach is set up to make an impact at both global and local levels. From a meaningful purpose, our culture builds on strong people and leadership values, empowering everyone at Schneider Electric to build a great company.

1 Do well to do good and vice-versa



Performance

The foundation for doing good



Business

Part of the solution



All ESG

Dimensions

2 Bring everyone along



Model & Culture

Set up for global and local impact



All Stakeholders

in your ecosystem

Our 2025 Sustainability Commitments

In response to societal, economic, and ecological worldwide transformations, expectations from its stakeholders, and in alignment with its purpose and the United Nations Sustainable Development Goals (SDGs), Schneider Electric has made six long-term commitments. By tracking its sustainability performance and publishing quarterly results, Schneider Electric upholds its commitments to the SDGs and industry leaders in corporate social responsibility.



1.1 Schneider Electric's purpose, mission, and ambition to make an impact

Act for a climate-positive world

by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our carbon pledge.

Be efficient with resources

by behaving responsibly and making the most of digital technology to preserve our planet.

Live up to our principles of trust

by upholding ourselves and all around us to high social, governance, and ethical standards.

Create equal opportunities

by ensuring all employees are uniquely valued in an inclusive environment to develop and contribute their best.

Harness the power of all generations

by fostering learning, upskilling, and development for each generation, paving the way for the next.

Empower local communities

by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.

Our Unique Transformation Tools

The execution of the Group's 2021 – 2025 sustainability strategy is tracked through quantitative key performance indicators (KPIs), under two complementary tools - SSI and Schneider Sustainability Essentials (SSE). Collectively, the SSI 11 Global Impacts and its Local Impact, as well as the 25 SSE programs, are the Group's short-term sustainability roadmap and its contribution to the 17 United Nations SDGs.

The SSI is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative programs executing our 2021 – 2025 sustainability strategy. The SSI is a scorecard demonstrating that rapid and disruptive changes for a more sustainable world are possible across diverse, complex topics. The programs are tracked and published quarterly, audited annually, and linked to short-term incentive plans for more than 64,000 employees.

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, to better empower leaders and collaborators to unlock meaningful local impacts.

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



Schneider Sustainability Impact		Baseline ⁽¹⁾	2022 Progress ⁽²⁾	2025 Target
6 Long-term Commitments	11+1 targets for 2021-2025			
Climate	1. Grow Schneider Impact revenues ⁽³⁾	2019: 70%	72%	80%
	2. Help our customers save and avoid millions of tonnes of CO ₂ emissions	2020: 263M	440M	800M
	3. Reduce CO ₂ emissions from top 1,000 suppliers' operations	2020: 0%	10%	50%
Resources	4. Increase green material content in our products	2020: 7%	18%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	45%	100%
Trust	6. Strategic suppliers who provide decent work to their employees	2022: 1%	1%	100%
	7. Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
Equal	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%) ⁽⁴⁾	2020: 41/23/24 ⁽⁴⁾	41/27/28	50/40/30
	9. Provide access to green electricity to 50M people	2020: 30M	+9.7M	50M
Generations	10. Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.33	x2.00
	11. Train people in energy management	2020: 281,737	397,864	1M
Local	+1. Country and Zone Presidents with local commitments that impact their communities	2020: 0%	100%	100%



1.2 Policies

Trust Charter - Our Company Code of Conduct

Schneider Electric’s principles of responsibility are embedded into the Trust Charter, our Company Code of Conduct, demonstrating our commitment to ethics, safety, sustainability, quality, and cybersecurity. The Trust Charter sections outline clear Do’s and Don’ts and provide clear references to relevant company policies and procedures, which are adapted to meet local legal requirements when necessary.

The Trust Charter underpins every aspect of our business, and our willingness to behave and respond respectfully and in good faith to all our stakeholders. It applies to everyone working at Schneider Electric or any of our subsidiaries. It is available publicly on our website in more than 30 languages.

Our Human Rights Global Policy

At the end of 2022, Schneider Electric published the second version of its Human Rights Global Policy. The Company intends to increase its commitments by clearly stating its position on new challenges such as migrant workers and artificial intelligence. The policy 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, always. It 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, Human Rights defenders, and access to a healthy environment. Full deployment, including the creation of an e-learning program is planned for 2023. This new Policy version in English is translated into 8 languages such as French, Spanish, Chinese, German, Arabic, Italian and Portuguese and Indonesian.

Following is the list of our key policies:

Policies			
Risk categories	Sub-risk categories (if any)	Public	Internal
Human Rights	Decent work	<ul style="list-style-type: none"> • Anti harassment • Human rights • Diversity & inclusion 	<ul style="list-style-type: none"> • Flexibility at work • Global benefits • Family leave
	Health & safety	<ul style="list-style-type: none"> • Health & safety • Human rights 	
Environment	Pollution and specific substances	<ul style="list-style-type: none"> • Environmental policy 	
	Waste and circularity	<ul style="list-style-type: none"> • Environmental policy 	
	Energy, CO ₂ and GHG	<ul style="list-style-type: none"> • Energy policy 	
Business Ethics	Ethical business conduct	<ul style="list-style-type: none"> • Anti-corruption code of conduct • Philanthropy policy 	<ul style="list-style-type: none"> • Conflict of interest • Competition law • Export control • Business agent
	Alert system, protection and non-retaliation		<ul style="list-style-type: none"> • Whistleblowing • Case management and investigation
Offer Safety		<ul style="list-style-type: none"> • Quality 	
Data Privacy & Cybersecurity		<ul style="list-style-type: none"> • Data Privacy 	<ul style="list-style-type: none"> • Data Charter • Cybersecurity for products and system • ~30 other specific policies
Suppliers		<ul style="list-style-type: none"> • Supplier Guidebook • Supplier Code of Conduct 	



1.3 Duty of Vigilance

In 2017, Schneider started the implementation of a Vigilance Plan covering its business activities as well as those of its suppliers and subcontractors to prevent negative impacts on people or the planet within its value chain. Since then, this Vigilance plan has been continuously reinforced, aiming to push further toward an end-to-end, risk-based mitigation plan.

Schneider Electric's ambition is to be an ethical company.

Our values shape the way we do business with our many customers, partners, suppliers, and communities around the world. They inform the way that we protect and foster human rights and guide our desire to make a positive impact on the planet and the environment. The Group's Vigilance Plan reflects this ambition. It also complies with the provisions of France's 2017 Corporate Duty of Vigilance Law. The Plan includes:

- A risk analysis, specific to risks that Schneider Electric poses or may pose on its ecosystem and environment
- A review of key actions implemented to remediate or mitigate these risks
- An alert system named 'Trust Line'
- Governance specific to Vigilance

The aim of the Vigilance Plan you are currently reading is to explain Schneider Electric's business context, describe the governance system that is supporting the Duty of Vigilance, and review the main salient risks and actions to help mitigate or prevent these risks. This document's aim is to remain compact and synthetic, and therefore does not include fully detailed reviews of the subjects mentioned. Readers who may want additional specific information may refer to Schneider Electric's annual report (available on our website: www.se.com) or contact us directly.





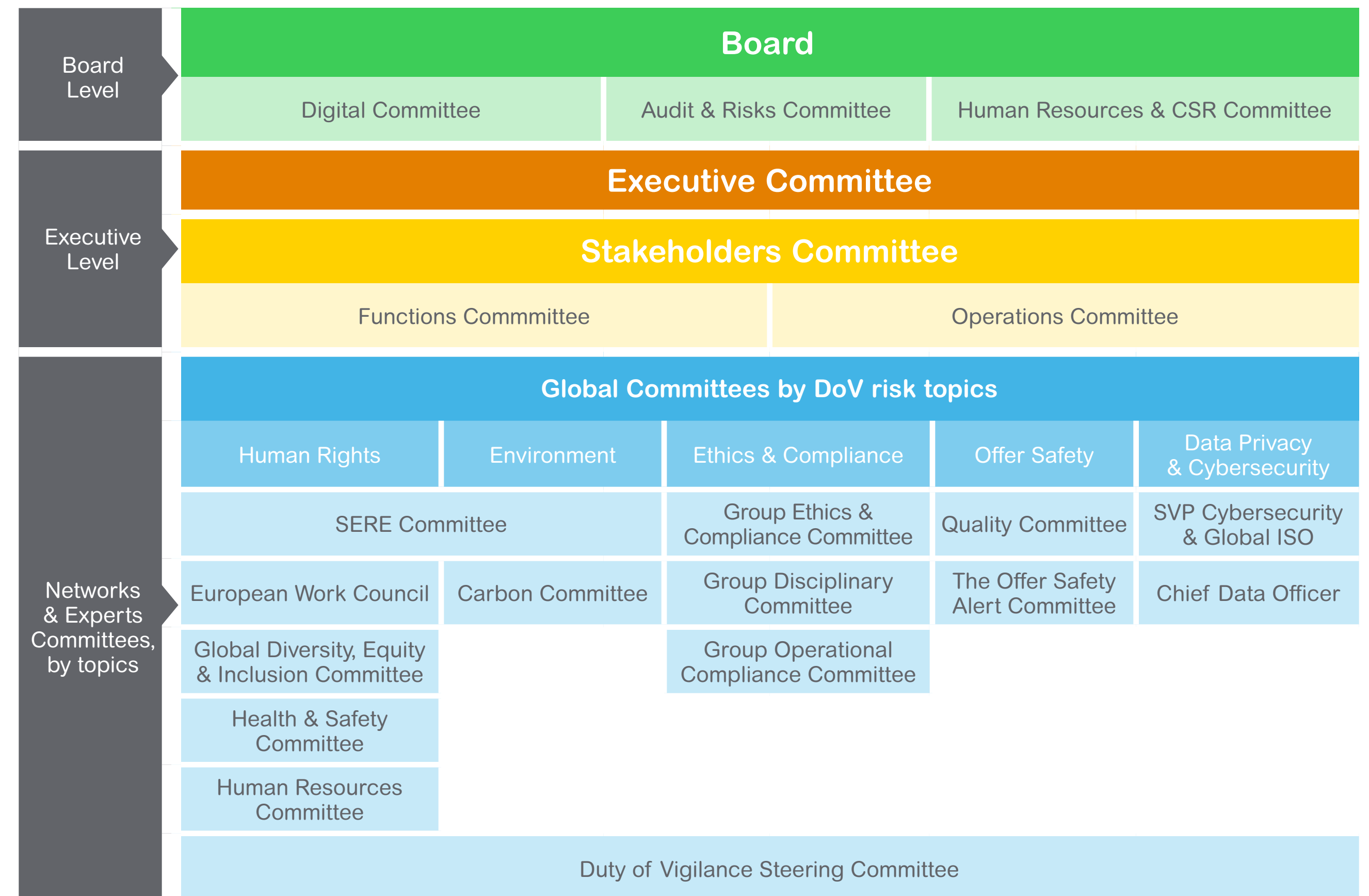
2 | Governance and Stakeholders



2.1 Global Governance

Schneider Electric has set up dedicated governance to the Duty of Vigilance, with robust instances involving every level of the company, from the Board of Directors to Executive and Experts Committees.

- Board of Directors:** The Board, composed of 15 directors, defines the functions, missions, and resources of five study committees. Several topics addressed in the Vigilance Plan are included in the work of the following instances: Digital Committee (cybersecurity), Audit & Risks Committee (Ethics & Compliance program and cybersecurity), and Human Resources & CSR Committee (HR topics and our sustainability approach).
- Executive Committee:** The Executive Committee is composed of 17 members. They are actively involved in the various definitions of policies and the implementation of actions, some of which are directly or indirectly related to Vigilance. The Duty of Vigilance Steering Committee is chaired by one member of the Executive Committee. In 2023, a change of governance will be implemented at the Executive Committee level, including a change of CEO. Two specialized instances of the Executive Committee are the Operations Committee and the Functions Committee.
- External Stakeholders Committee:** To reinforce its sustainability governance further with solid external insights. The Committee is composed of 8 external members, and its mission is to oversee the delivery of long and short-term commitments undertaken by Schneider Electric in accordance with its Purpose and Sustainability strategy.
- Network & Experts Committees:** To define Schneider Electric’s strategy on sustainability, including topics addressed in our Vigilance Plan, and to implement this strategy, Schneider Electric has established several committees, bringing together experts and members of the Executive Committee. The Duty of Vigilance Committee is one of these committees and focuses on the deployment of the Vigilance Plan.



2.2 Duty of Vigilance Steering Committee

2.2.1 Composition

Chairman	Management	Experts
<ul style="list-style-type: none"> Executive Vice President Global Supply Chain (Executive Committee member) 	<ul style="list-style-type: none"> 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 & Compliance 	<ul style="list-style-type: none"> Environment Performance Measurement (1) Sustainable Procurement (2) Human Rights (2) <p><i>Other experts depending on specific needs</i></p>
<p>Duty of Vigilance Dedicated Coordinator, SVP (1)</p>		

(X) number of persons concerned

2.2.2 Responsibilities and frequency of meetings

The Vigilance 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 who represent key internal stakeholders. The Duty of Vigilance is coordinated by a dedicated resource, in charge of involving the different teams and experts and executing actions selected and prioritized in the workplan.

The Steering Committee meets twice a year under normal circumstances. Overall, since the creation of this instance, 15 committee meetings have been held (five in 2017, two in 2018, 2019, 2020, 2021, and 2022). The Committee’s objective is to provide a discussion on strategic orientation and prioritize initiatives and resources allocated to their implementation. This Committee also reviews the actions in progress and defines decisions on the next steps for actions.



2.3 Relationship with stakeholders and results

In 2022, Schneider Electric started to expand the involvement of stakeholders in the Vigilance process. For that purpose, Schneider Electric has conducted 4 workshops with the European Work Council (EWC) to present its Vigilance Plan. As a result of these sessions, we received feedback from the EWC and considered their recommendations to improve the Plan. A list of six actions has been identified, which will be presented to the Steering Committee in 2023 and integrated into the Duty of Vigilance work plan. These actions are related to the following domains:

- 1. Communication
- 2. Governance
- 3. Suppliers' vigilance
- 4. Risk mapping by country
- 5. Alert system
- 6. Specific subjects

Schneider Electric also works with different external local and international organizations and associations (300+ worldwide) on economic, social, and environmental issues to foster sustainability. Schneider Electric confirms its commitment and participation in discussions on challenges related to climate change. In the following table, we present Schneider Electric's major memberships.

The table below outlines the main channels of Duty of Vigilance engagements with stakeholders (the table is not exhaustive).

Topic	Scope of work	Commitment with external stakeholders	Result
Human Rights	Decent Work and Human Rights in direct operation and across the global supply chain	Business for Inclusive Growth Coalition (B4IG) Ressources Humaines Sans Frontières (RHSF)	B4IG members have adopted a collective statement supporting a European framework on mandatory Human Rights due diligence and providing suggestions to be considered in legislation. In 2021, the working group has implemented a toolbox gathering best practices from member companies. RHSF is an NGO working on preventing the risks of child labor, forced labor, and more broadly indecent labor in supply chains. RHSF experiments pilot prevention solutions with stakeholders and shares its expertise to promote decent work throughout supply chains.
	On-site auditing and monitoring of suppliers' activities	Responsible Business Alliance (RBA)	Alignment with the RBA framework to perform 374 on-site audits in 2018-2020, 205 audits in 2021 and 223 in 2022 with high-risk suppliers (member of RBA since 2018)
	Peer-to-peer work	Entreprises pour les droits de l'Homme (EDH – Businesses for Human Rights)	Business association providing its members with tools and advice on implementing the United Nations Guiding Principles on Business and Human Rights – Connection with other large peer companies. Workshops on specific Human Rights subjects
	Diversity, Equity, and Inclusion	Youth and regional development with associations (FACE, 100 Chances 100 Emplois, Energie Jeunes, ADIE, GEFLUC)	Supporting employment of students and young professionals from diverse social backgrounds. The ambition is to provide at least 60% of candidates with jobs and/or skill development opportunities. At the end of 2022, more than 9,000 young people had been supported through the company's association '100 chances – 100 jobs'.



2.3 Relations with stakeholders and results

Topic	Scope of work	Commitment with external stakeholders	Result
Environmental	Climate	Schneider Electric is a signatory of the Business Ambition for 1.5°C Initiative (1.5°C science-based target initiative)	The Group's 2030 targets (Net-zero CO ₂ emissions on scope 1 and 2, and -35% on scope 3) have been validated with the 1.5°C scenario (science-based target initiative)
	Energy/ Energy efficiency	Solar Impulse Foundation	Partnership with the Solar Impulse Foundation on its Efficient Solutions Label initiative. +1,000 solutions to fight climate change have been identified
	Biodiversity	Schneider Electric is a founding member of the Livelihoods Carbon Fund (carbon offset fund for biodiversity and rural communities) Act4nature	Creation of the first sustainable carbon fund with high social impact in 2011, managed by an independent team based in Paris. In 2021, Schneider Electric invested EUR 25 million in Livelihoods Carbon Fund #3, in addition to EUR 10 million invested in Livelihoods Carbon Funds #1 and #2 (EUR 5 million each). Schneider Electric has committed to Act4nature International, to help quantify and regularly publish assessments of the Group's impacts on biodiversity.
Business Ethics	Anti-corruption	Transparency International	Schneider Electric participates in the initiatives of many NGOs and professional associations, such as Transparency International France, to help stop corruption and promote transparency, responsibility, and integrity across all sectors.
Corporate Citizenship Responsibility	Education	Training program in energy management for disadvantaged people, in partnership with local vocational training centers and non-profit organizations.	397,864 people trained since 2009
	Philanthropy	International Association for Volunteer Effort (IAVE)	More than 70 NGOs supported each year in over 35 countries
Cybersecurity	Cybersecurity	ISO/IEC JTC 1/SC 27	Engaging in cyber discussions with our customers, suppliers, and partners to improve resilience across the value chain. Partnering with leading companies, experts, and authorities in the field of cybersecurity.



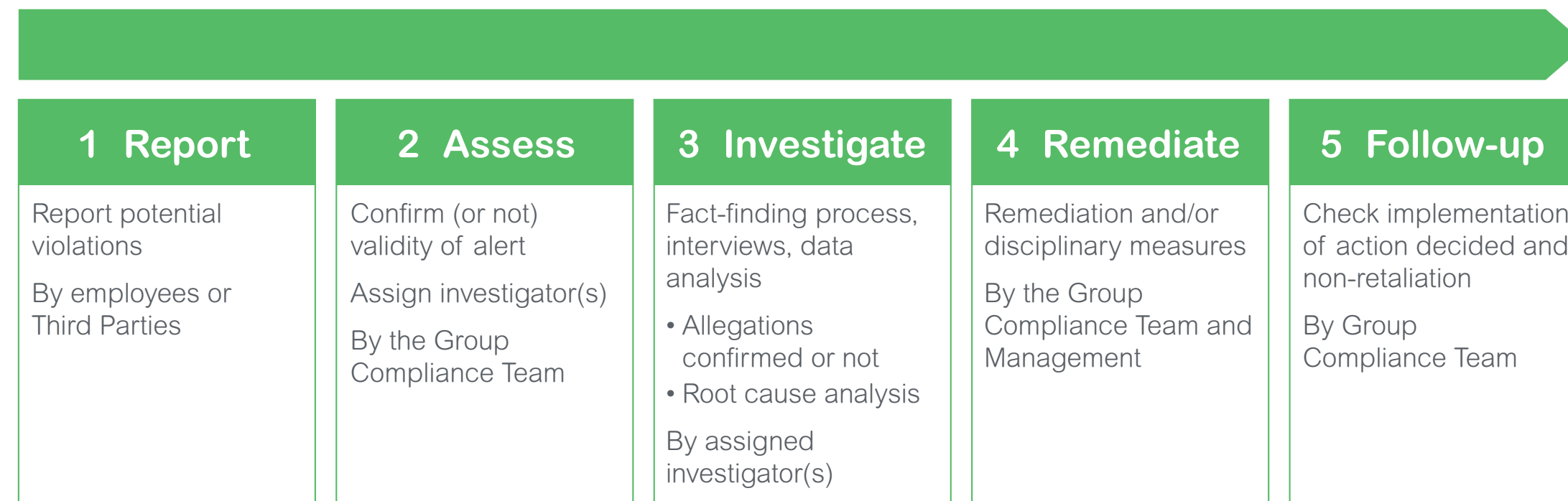
2.4 Alert system

2.4.1 Trust Line: Our whistleblowing system

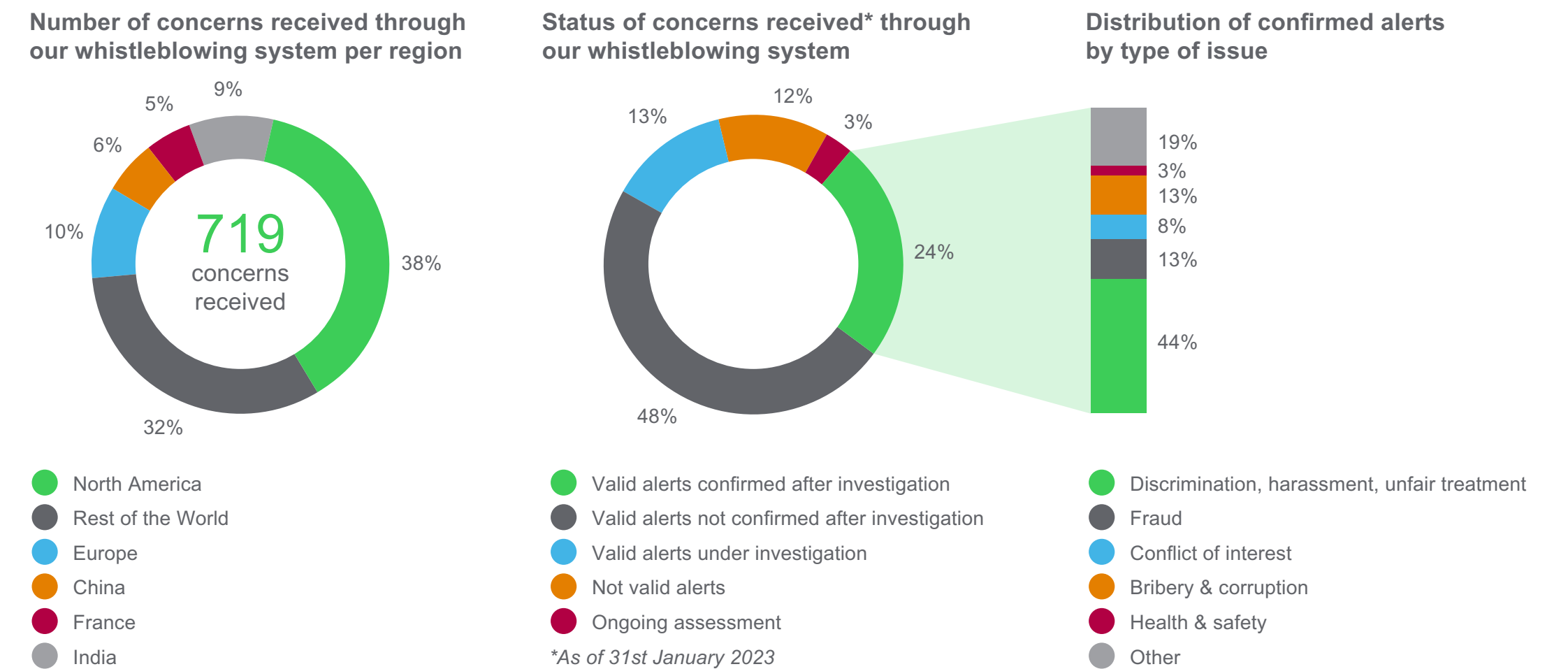
Trust Line is Schneider Electric’s internal and external alert system, accessible by any stakeholders who wish to raise concerns associated with ethical or sustainability standards with respect to business associations. It is aimed at Schneider Electric’s employees, suppliers, subcontractors, customers, shareholders, partners, commercial agents, or NGOs who might be experiencing or may have witnessed any unethical behaviors that involve or affect Schneider Electric.

The system is provided by an external, impartial third-party company and aims to provide support to stakeholders during complex and difficult situations. It manages all alerts with strict confidentiality so that whistleblowers can report any potential misconduct without fear of retaliation, in compliance with local country laws. Unless there are legal provisions to the contrary, the system can be used to send any concern in every country in which the Group operates. All alerts received are treated by a structured process led by Group Compliance.

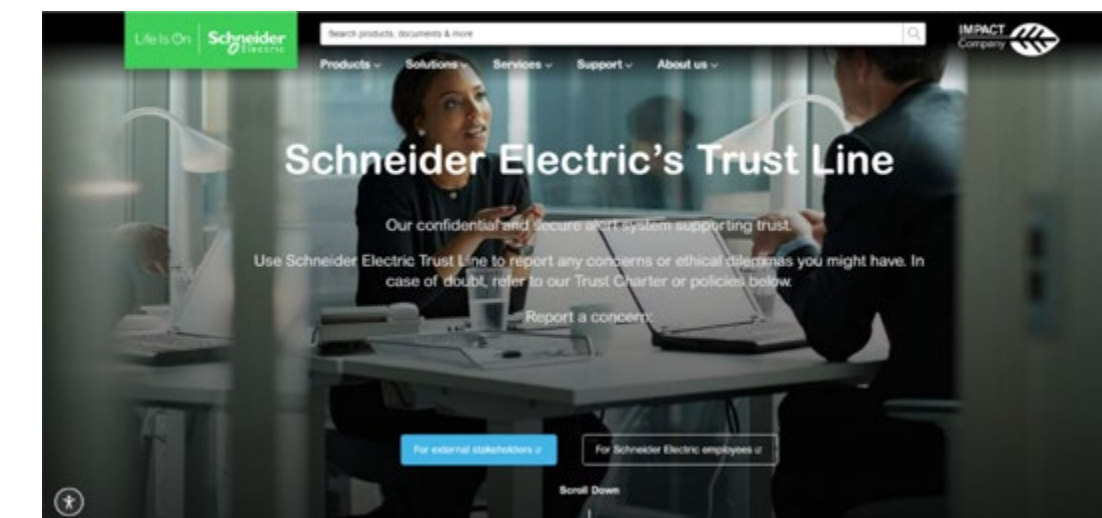
Case management: a structured process



In 2022, 719 Ethics & Compliance concerns were received through our internal reporting mechanisms.



The Trust Line is available online globally at the following link, at all times, and protects the anonymity of the whistleblower (unless there is legislation to the contrary) <https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/trustline/>



All employees are invited to express whether they are comfortable “reporting an instance of unethical conduct without fear” each year. In 2022, 82% of employees surveyed answered “yes”, a one point increase from 2021, on track with the Group’s 2025 ambition to raise its employees’ confidence by 10 points (SSI 7).



3 Scope and Business Models



3.1 Schneider Electric's footprint

Headcount >135,000

5.4% of sales dedicated to R&D

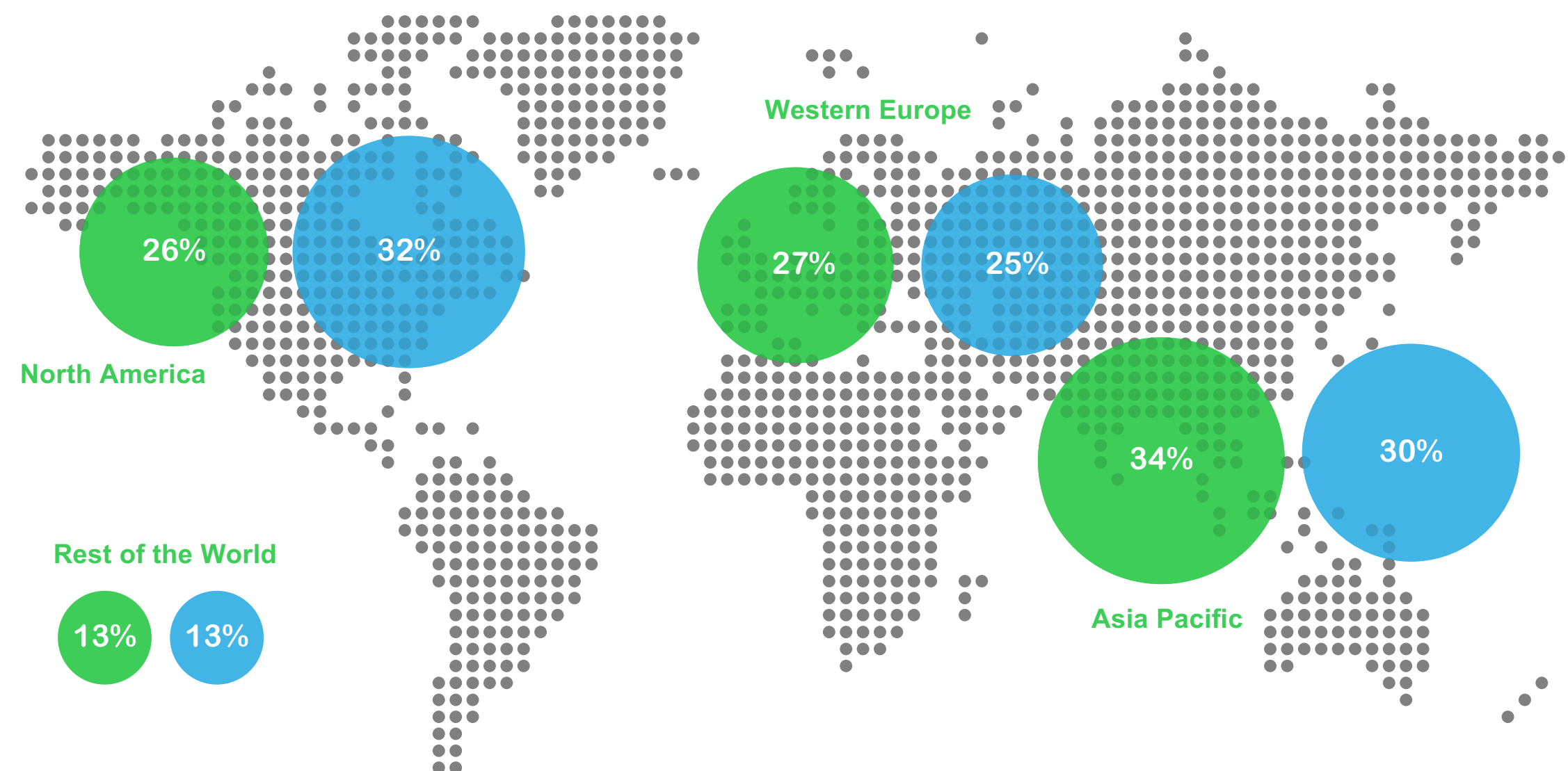
Revenues: €34.2 billion

41% of our revenues in New Economies

56% of employees in New Economies

Our business

● Total number of employees by geography in 2022 ● Revenue by geography in 2022



Number of factories: 162

Number of distribution centers: 84 in 45 countries

3.2 Schneider Electric's value chain and route-to-market

Schneider Electric serves customers in five End Markets: Buildings, Industries, Data Centers, Infrastructures, Homes & Residential. We deliver our range of products, solutions, and software to customers either directly, or via intermediaries (our channel partners). Our manufacturing relies on a large base of suppliers located across the world.

Suppliers:

Schneider Electric's suppliers can be providers of raw materials to be transformed in its factories, or providers of components and sub-assemblies that are put together in Schneider Electric factories.

Schneider Electric:

- Office and commercial sites: Host our administrative functions.
- R&D facilities: Host our research & development teams. These sites receive a specific level of security as they are often the place for electricity-related experimenting activities.
- Manufacturing: Our facilities are mostly one of the following:
 - Product factories: These plants are usually specialized by offer types and focused on one or several product ranges.
 - Equipment factories: These plants assemble customized systems, designed to the specifications of our customers' needs.
 - Distribution centers: These locations concentrate flows from product factories, and dispatch products to local Schneider delivery centers, or to customers.



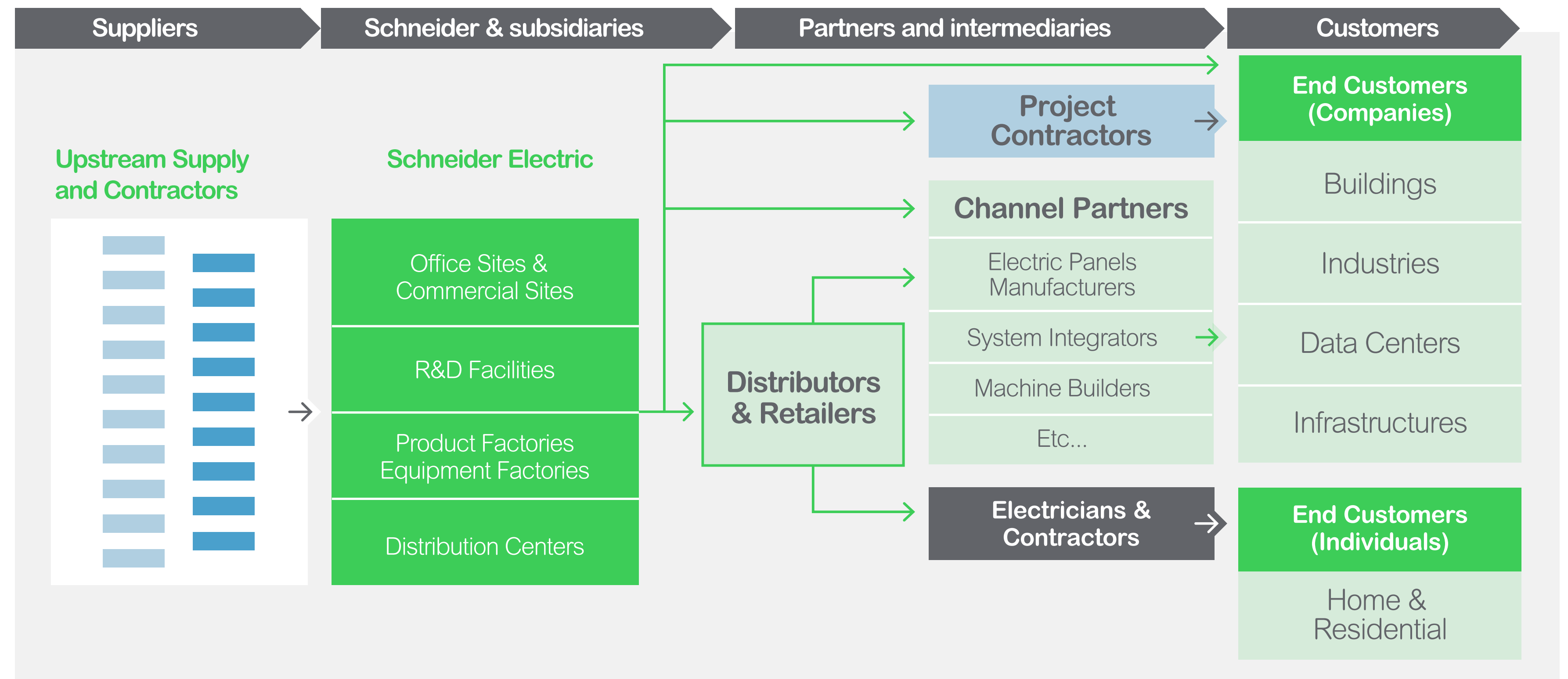
3.2 Schneider Electric's value chain and route-to-market

Partners and intermediaries:

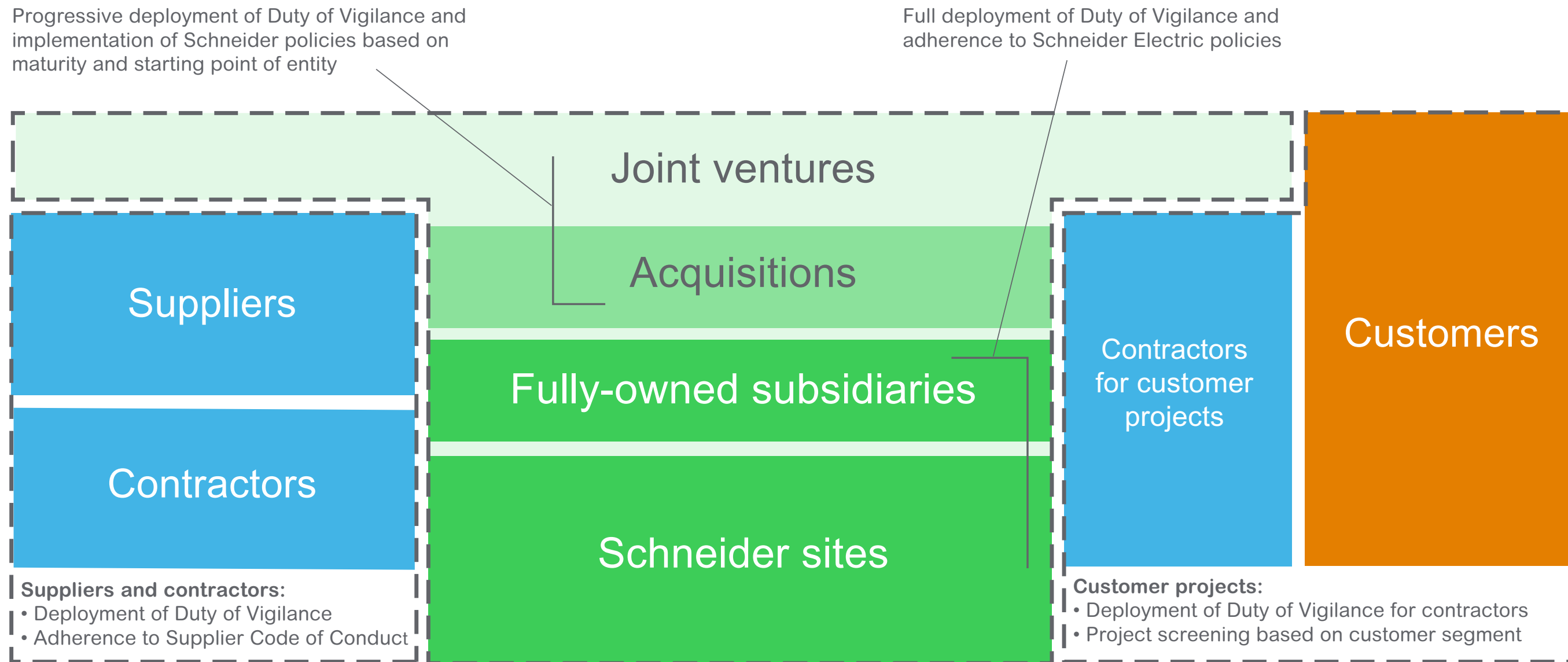
Schneider Electric relies on several sales delivery models to get our solutions to our customers. These models can be grouped into two main types:

- The transactional model delivers standard products or simple systems. Here, the delivery path usually goes through channel partners, who add their specific value before the product reaches a final customer. This added value can be in the form of technical expertise, logistics, or support.
- The project model delivers a complete solution to the final customer. This model may involve specific subcontractors, who handle a part of the project, and post-delivery services and maintenance.

From raw materials to end customers: Schneider's value chain



3.3 Duty of Vigilance - Scope of application



4 Risk Mapping



4.1 Methodology

4.1.1 Global methodology

Schneider Electric is primarily relying on an external consortium, the Responsible Business Alliance (RBA), for its analysis of risk across countries and industries in which it operates. RBA uses a set of publicly available indicators that cover a wide range of topics such as human rights, corruption, transparency, business ethics, pollution, etc.

In addition, to reflect the needs of the Duty of Vigilance risk evaluation, Schneider Electric has developed a specific risk mapping process, which is annually reviewed. The methodology is consistent with other risk evaluations maintained at the Group level but focuses specifically on the risks posed by Schneider Electric on its environment and ecosystem. It is based on interviews with internal experts from diverse areas such as health & safety, social relations, business ethics, supply chain, cybersecurity, and data privacy.

In 2021, Schneider Electric expanded the scope of risk mapping to local communities living close to its locations and customer project sites. The scope of work covered Schneider Electric and its subsidiaries, joint ventures, suppliers, and subcontractors. A review of the downstream supply chain is also carried out for a sample of large customer projects.

4.1.2 Risk categories

Four risk categories have been identified: Human rights, environment, business conduct, and offer safety and cybersecurity. To be able to make a granular assessment of the risk level, based on the nature of the risk and the magnitude of its impact on Schneider Electric's ecosystem, each category has been divided into specific risk areas.

Human rights:

- Decent Workplace
- Health and safety

Environment:

- Pollution and specific substances management
- Waste and circularity
- Energy, CO₂, and GHG

Business conduct:

- Ethical business conduct
- The alert system, protection, and non-retaliation

Offer safety and cybersecurity:

- Offer safety
- Cybersecurity and data privacy

4.1.3 Risk locations

The Group has studied four areas where risks may occur:

- Schneider Electric sites: They are segmented based on categories that present a specific level of risk. Employees with frequent travels (sales, field services, travelers, audit, top management) have been assessed separately.
- Suppliers: The level of risk differs based on the type of process and technologies used; 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, like building a large electrical system at a customer's site, Schneider Electric works with contractors, leveraging their expertise (across civil work, electrical contracting, etc.). This 'off-site' project work generates a specific level of risk 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. These communities have been assessed against three risk categories: Human rights, environment, and business ethics.



4.1 Methodology

4.1.4 Risk evaluation and scale

The evaluation combines the probability of risk occurrence, with the seriousness of potential impacts. This is an evaluation of risk before the impact of mitigation actions. After taking into consideration the impact of these mitigation actions, the level of risk may be significantly reduced. Risks are assessed on the following scale:

1 – Non-existent, 2 – Low, 3 – Medium, 4 – High, 5 – Very high

In this 2022 risk assessment, no ‘Very high’ risk levels were identified.

Medium to high risk: Suppliers

Schneider Electric uses a large panel of suppliers across different geographies: 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 Electric’s audits are related to decent working hours, paid leave, and proper resting time.
- **CO₂ emissions** from the transformation of raw materials into components, and the transportation of these components, have also been identified as an area of risk. This risk is quantified in the Scope 3 ‘upstream’ analysis of the Company’s carbon footprint.
- **A few very specific pollution** risks are linked with some categories of purchases, due to the nature of substances used (solvents, Greenhouse gases, etc.).

Medium to high risk: Contractors

Among Schneider Electric’s 53,000 tier 1 suppliers, 9,900 are ‘off-site’ contractors (otherwise called solution suppliers), who work on construction sites for customer projects. The key risks identified are:

- Health and safety has been identified as a ‘high risk’, mostly linked to physical injuries that can happen during construction, or while performing services and maintenance operations. Some of the risks are specific to the presence of electrical equipment, while 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 contractors often resort to using temporary manpower, contracted for the duration of the construction, at conditions that may not respect Decent Work standards. In several countries, this manpower comes in from other countries of origin and is therefore at risk of being forced labor or difficult conditions for migrant workers.

Low to medium risk: Schneider entities and sites

Schneider Electric operates 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, except cybersecurity, which is considered high (see below).

- **Health and safety** risks mostly concern production sites, especially when the components or equipment manufactured are heavy (medium voltage activities), or when electrical tests are being performed (project execution centers). The risk is also concentrated on service teams, as their activity is performed at customer sites, and in the frequent presence of powered electrical systems.



4.1 Methodology

- Human rights concerns are linked to working hours and business pressure, and 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 overall fatigue and its consequences on mental health.
- The specific situation of cybersecurity on Schneider Electric sites and systems: As Schneider Electric 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 Electric 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.

Regarding 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 the selection of mitigation actions. A more detailed evaluation is in progress.

Special mention of Carbon emissions for customers (scope 3)

Since the beginning of the Vigilance Plan in 2017, the focus has been on Schneider Electric's operations, the upstream supply chain and associated transformation programs (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 CO₂ emissions. Scope 3 carbon emissions have been quantified, and several major action plans are being deployed as part of Schneider Electric's Net-zero Commitment. Schneider Electric considers that acting on carbon and climate are key responsibilities of the Company. The Duty of Vigilance section does not provide details of these measures. For more information, please see the description of the program included in Chapter 2.3 'Leading the charge on decarbonization', page 148 of the URD.



4.2 Risk matrix

The risk matrix below summarizes Schneider Electric’s risk analysis:

		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 project sites	
Human rights	Decent workplace	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Health and safety	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Environment	Pollution and specific substances management			●	●	●	●		●	●	●	●	●	●	●	●	●		
	Waste and circularity		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Energy CO ₂ and GHG	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●		
Business ethics	Ethical business conduct	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Alert system, protection and non-retaliation	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Offer safety and cybersecurity	Offer safety			●	●	●	●		●		●	●	●	●			●		
	Cybersecurity and data privacy	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		



4.3 Evolution of risk evaluation (compared to 2021)

In 2022, the Group conducted an update of risk mapping with key internal experts. No changes were brought to the methodology compared to last year, and the structure of our risk matrix, which can be further improved and refined, allows us to capture the main natures of risk from a Duty of Vigilance point of view.

Overview of main risks and their evolution:

- **Schneider Electric sites:**

- Psycho-social risks are increasing. Although this is difficult to quantify, the impact of a complex business environment and the pressure it entails is having consequences on employee well-being and mental health. This subject is carefully monitored at global and local levels.
- Business ethics is under permanent scrutiny due to the highly competitive pressure commercial teams are facing.
- Given the increasing complexity of the regulatory environment, combined with the increased sophistication of the Group's software and systems, the subject of data privacy (for employees and customers) requires specific attention.

- **Suppliers:**

- Schneider Electric is using an independent database and risk assessment methodology for its suppliers from the Responsible Business Alliance (RBA). In 2022, RBA reviewed some of the parameters used in its database. Some adjustments are merely 'technical', and others reflect a slight degradation of risk parameters for specific categories of suppliers. The consequence for Schneider Electric is that the number of 'risky suppliers' increased from 1,300 to 3,000. In response, Schneider Electric's on-site supplier audit program remains focused on the top 1,300 risky suppliers. The 1,700 remaining suppliers are covered by our digital self-assessment tool, which allows us to monitor suppliers that may become eligible for an 'on-site' audit (see more details in the section 'Vigilance Plan for suppliers' later in this report).

- Raw materials: The level of risk for suppliers has been raised, to reflect tensions in the extraction and transformation industries, resulting from a complex global business environment. This trend is also reflected in external data available.

- **Contractors:**

- As in 2021, the 2022 assessment confirmed external 'off-site' contractors as one area that requires special attention. This is due to the specific nature of project work (civil work, installation, etc.) that implies high labor activity on construction sites. Projects have been under specific pressure, as supply chain disruptions create some periods of slow-down, or even completely halt 'on-site' works, followed by intense periods of playing catch-up. This situation increases risks linked to health & safety and human rights, probably augmented by social consequences among the population of contracted and migrant workers.

- **Country legislation:**

- Germany's Supply Chain Due Diligence Act: Schneider Electric has significant operations in Germany and is subject to the new Vigilance Law that comes into force in January 2023. The specific requirements of this law are being integrated into the global Vigilance Plan. To facilitate implementation with German stakeholders, the Vigilance Plan will be available in three languages: French, English and German.



5 | Actions



5.1 Inside Schneider Electric

5.1.1 Introduction

The following section presents the main actions taken by Schneider Electric to reduce risks on its sites (offices, factories, distribution centers, etc.). For the sake of clarity and easier viewing, this year we have taken the option to report at a higher level of granularity and in the format of a table.

The risks presented below are selected based on two criteria:

- Either the topic presents a significant level of risk for Schneider Electric operations
- Or the subject does not present a high risk for the Group, but due to its importance and specificity, it is integrated into our review.

This list is not exhaustive and represents only a selection from our detailed risk analysis.

The aim of the table below is to list the risks, the mitigation actions, and the results of these actions. For more detailed information, the reader may refer to the corresponding section of the 2022 Universal Registration Document.

RISK TOPIC		1. EXPLANATION OF THE RISK FACTOR	4. REDIRECTION TO THE URD
Risk level before mitigation	Risk level from ● (low) to ● (extreme)		
2. ACTIONS DEPLOYED TO MITIGATE THE RISK		3. RESULTS OF THE MITIGATION ACTIONS, COMMENTS, HIGHLIGHTS	



5.1 Inside Schneider Electric

5.1.2 Human rights - Decent Workplace

5.1.2.1 Child labor

Risk level before mitigation ●



The risk of having children under 18 work on Schneider premises is very low (except if it is part of their school curriculum above 15), however the subject is of paramount importance and receives our focus

URD 2022:
page 124-126 section 2.2.8

Actions deployed

- Preventive action: Schneider’s Human Rights policy sets clear guidelines to teams around the world.
- Locally, HR teams operate systematic age checks when hiring personal.



Results

- Human Rights policy deployed in 100% of Schneider sites and entities.
- No children under 18 employed except for internships based on local laws.



5.1.2.2 Decent hours and paid leave (i)

Risk level before mitigation ●



Workers and teams in supply chain entities must benefit from a minimum number of rest days per week, and their work time must not exceed a maximum hours per week

URD 2022:
page 124-126 section 2.2.8

Actions deployed

- Preventive action: Schneider’s Human Rights policy sets a limit of 60 hours worked per week, and at least 1 day off per week



Results

- Human Rights policy deployed in 100% of Schneider sites and entities.
- Working time and rest days are monitored by local Human Resources teams.



5.1 Inside Schneider Electric

5.1.2.2 Decent hours and paid leave (ii)

Risk level before mitigation ●



Risk of having Schneider employ forced labor as permanent, temporary, or interim workforce

URD 2022:
page 205-207 section 2.5.2.6

Actions deployed

- Preventive action: flexibility@work policy allows employees to organize their work (time, location, volunteering).
- Preventive and corrective: Mental health program which includes training, awareness and a specific campaign.



Results

- The Schneider Electric's Global Flexibility@Work Policy was updated in 2020, making it a global standard to work from home (WFH) two days a week for all eligible employees.



	2022	2021	2020	2019	2018
Flexibility@Work policy deployment %	99%	99%	/	/	/
Well-being program deployment %	90%	87%	90%	47%	20%
Employee trained on mental health	98%	8%	2%	/	/
Global Leave policy deployment %	100%	100%	100%	99%	75%

5.1.2.3 Forced labor

Risk level before mitigation ●



Risk of having Schneider employ forced labor as permanent, temporary, or interim workforce.

URD 2022:
page 124-126 section 2.2.8

Actions deployed

- Preventive action: Schneider's Human Rights policy sets clear guidelines to teams around the world.



Results

- New Human Rights policy issued in 2022 in process of deployment. Target: 100% of Schneider sites entities.
- Migrant workers protection guidelines in process of elaboration. Target: deployment in 2023 to Schneider sites and external recruiting agencies.



5.1 Inside Schneider Electric

5.1.2.4 Decent wages and benefits

Risk level before mitigation ●



Risk of having Schneider employees paid below the threshold of a living wage.

URD 2022:
page 218-221 section 2.5.4

Actions deployed



- Preventive action: Schneider is carrying a living wage analysis through an independent process to identify living wage gap. Corrective actions are implemented every year to prevent or correct any gap with the living wage.

Results

- Since 2019, Schneider has been leveraging BSR data, then the FairWage Network in order to assess the living wage level per country. The latest gap analysis was conducted in 2022 and showed that there is no gap at Schneider (including subsidiaries).



	2022	2021	2020	2019	2018
Employees covered by living wage analysis	99%	99%	Not done	99%	/
Schneider Electric employee paid above living wage	99.9%	99.9%	99%	99%	/

5.1.2.5 Non-discrimination

Risk level before mitigation ● to ●



Local D&I actions are implemented in countries and regions to encourage to tackle additional DEI and wellbeing challenges specifically relevant to their markets and tailored to their needs.

URD 2022:
page 204-211 section 2.5.2

Actions deployed



- Preventive action: Deployment of a set of policies that refer to non-discrimination: a. Diversity and Inclusion policy b. Human Rights policy c. Anti-Harassment policy.
- A dedicated training “Building a culture of respect” was mandatory for all Schneider employees in 2021.
- The Company educates employees on hidden biases through an e-workout on “Overcoming Hidden bias”

Results

- Local D&I actions are implemented in countries and regions to encourage to tackle additional DEI and wellbeing challenges specifically relevant to their markets and tailored to their needs.



	2022	2021	2020	2019	2018
Human Rights policy deployment %	100%	100%	/	/	/
Employees trained on “Building a culture of respect” (%)	93%	98%	/	/	/



5.1 Inside Schneider Electric

5.1.2.5 Non-discrimination (cont'd.)

Risk level before mitigation ● to ●



Risk of having some segments of population/employees being discriminated among the Schneider workforce because of gender, race, color, ethnicity, nationality, sexual orientation, health condition, etc.

URD 2022:
page 204-211 section 2.5.2
page 218-221 section 2.5.4

Actions deployed (gender balance)



- The Group sets specific gender balance targets in the scope of the SSI, for 2025: 50% women in recruitment, 40% in front line management, 30% in leadership positions.
- Schneider sets an objective to reduce the gender pay gap to under 1%;

Results



	2022	2021	2020	2019	2018
50/40/30 objective	41% 27% 28%	41% 27% 26%	41% 25% 24%	40% 24% 23%	38% / 22%
Coverage of pay equity framework	99.6%	99.6%	99.6%	99%	92%
Gender pay gap	F: -1.6% M: 1.02%	F: -1.61% M: 1.11%	F: -1.73% M: 1.00%	/	/

Actions deployed (Ethnicities & nationalities)



- Based on a global commitment made by Schneider Electric, regional specific actions are deployed for Ethnic and Nationality diversity.

Results



- To reinforce the “equity and equal opportunities” strategy and to reinforce its reputation as the most global of local companies, the objective of Schneider Electric is to ensure that its leadership footprint is in line with its business footprint.

	2022	2021	2020	2019	2018
Revenues from new economies	41%	43%	41%	41%	42%
Leadership teams from new economies	36%	34.5%	34%	/	/
Country presidents from countries/regions they are leading	84%	84%	85%	/	/



5.1 Inside Schneider Electric

5.1.2.5. Non-discrimination (cont'd.)

Risk level before mitigation ● to ●



Risk of having some segments of population/employees being discriminated among the Schneider workforce because of gender, race, color, ethnicity, nationality, sexual orientation, health condition, etc.

URD 2022:
page 204-211 section 2.5.2
page 218-221 section 2.5.4

Actions deployed (Disability)



- Dedicated week-long global awareness campaign on the topic of disability and accessibility.
- In January 2021, Schneider joined the ILO Global Business and Disability Network and signed their charter.

Results

- Company remained committed to the recruitment of people with disabilities, with the addition of 24 new permanent workers, 23 apprentices and 8 new interns in France in 2022.



	2022	2021	2020	2019	2018
Employees with disability in direct workforce (in France)	6.4%	5.25%	3.40%	3.60%	3.44%

Actions deployed (LGBT+)



- In 2018, Schneider adopted the UN Free and Equal Standards on Conduct for Business on Tackling Discrimination against LGBT+ people.
- Dedicated campaign that focused on intersectionality.

Results

- No specific results



Actions deployed (employee engagement)



- Every year, Schneider Electric conducts a specific survey (OneVoice) to measure employee engagement
- 2022 annual employee survey show an employee engagement of 70% (target 2025 is 75%).

Results

- In 2022, high response rate of 85% with a stable engagement score against a backdrop of an increasing uncertain world. Emergence of the following critical areas related to employee experience: recognition and effectiveness.



	2022	2021	2020	2019	2018
Employee engagement	70%	71%	69%	64%	67%



5.1 Inside Schneider Electric

5.1.2.6 Continuous employability

Risk level before mitigation ● to ●



Risk of skill gaps for employees due to fast evolving tools and technologies. This skill gap can be internal to Schneider, or external in comparison to the labor market. The consequence of such skill gap is that employees skills and knowledge may become obsolete compared to requirements of their job / function.

URD 2022:
page 211-217 section 2.5.3

Actions deployed



- Learn every day program enabling employees to own their development, taking responsibility to build critical skills to keep up with the changing world, supported by their manager and enabled by digital tools.
- Open Talent Market (OTM) for employees to get opportunities for mentoring, new positions, and part-time projects, as well as potential career paths.

Results



- Globally, slight decrease in the number of training hours per employee. However, the decrease has been sharper for blue collars as a result of the multiple supply chain disruptions experienced in 2022.

	2022	2021	2020	2019	2018
% employees that receive a digital upskilling program (target by 2025 = 90%)	77%	74%	41%	/	/
Number of employees having an interaction on OTM (target by 2025 20,000)	9.536	10,279	5,019	/	/
Number of training hours per employee	24.1	24.5	24.5	25	27.5

5.1.2.7 Social dialogue

Risk level before mitigation ● to ●



The challenge is to gain and maintain the highest confidence of its stakeholders. Schneider Electric considers freedom of association and collective bargaining as fundamental rights that must be respected everywhere.

URD 2022:
page 222-223 section 2.5.5

Actions deployed (employee engagement)



- The Group joined the Global Deal initiative in 2017.
- Human Rights policy and trust charter sets freedom of association and collective bargaining as fundamental rights
- Regional specific actions are deployed

Results



- In 2021, Schneider has initiated a dialogue with the European Work Council (EWC) to present its vigilance plan. In 2022, 3 workshops sessions have been implemented to take the EWC feedback and enrich the risk mapping process, as well as the actions suggested.



5.1 Inside Schneider Electric

5.1.3 Human rights - Health and Safety risks

5.1.3.1. Occupational Health & Safety and top 5 risks - prevention

Risk level before mitigation to



Risk of occurrence of an accident on the workplace, causing injury or incapacitation to work for to the employee. Among these Safety risks, the Top 5 Hazard in Schneider are: electrical, falls, PIT (Powered Industrial Trucks), Road Safety & Machines).

URD 2022:
page 127-130 section 2.2.9

Actions deployed

- “S.A.F.E. first” global program includes awareness campaigns and dedicated training programs in several languages for teams and individuals.
- Environment, Health and Safety assessment are performed in industrial sites worldwide.
- 2021 first annual safety survey to measure safety teams engagement.



Results

- Overall, stability of health and safety indicators across Schneider employees and temporary workers increased.



	2022	2021	2020	2019	2018
ISO 45001 sites	211	180	184	/	/
ISO 9001 sites	231	231	231	228	243
Medical Incident Rate (h/million)	0.58	0.65	0.58	0.79	0.94
Lost-Time Injury Rate (h/million)	0.32	0.33	0.32	0.39	0.46
Lost-Time Day Rate (h/million)	14.23	15.58	14.74	16.69	13.69
Environment, Health and Safety training vs. total		17%	22%	20%	22%
Global Safety Culture Survey (% of positive answer)		87%	/	/	/



5.1 Inside Schneider Electric

5.1.4 Environmental risks

5.1.4.1 Pollution and substance management

Risk level before mitigation ● to ●



Environmental risks related to manufacturing including soil, water, and air contamination. For example, the release of hazardous substances harmful to humans or the environment.

URD 2022:
page 174-197 section 2.4

Actions deployed



- Implementation of an Integrated Management System (IMS) that hosts ISO 14001 and 50001
- Monitoring of specific substances including VOC.
- Deployment of REACH/ROHS supported by a data collection process to gather information from suppliers
- Disclosure of product environmental information using the “Check a Product” platform, a website providing all relevant product environmental information.

Results

- The 243 ISO 14001 sites, represent approximately 82% of the Group scope in terms of energy consumption, and over 85% of the Group scope in terms of water consumption, waste generation, and Volatile Organic Compounds (VOC) emissions.



	2022	2021	2020	2019	2018
ISO 14001 sites	243	244	232	241	253
ISO 50001 sites	132	140	150	153	168
Atmospheric pollution - VOC/Sales (kg/m€)	9	17.3	17.5	24.1	25.8
VOC Total (kg)	308,250	501,455	440,442	653,502	664,352
Number of significant fines (> EUR 10,000) related to environmental or ecological issues	0	0	0	n/a	n/a



5.1 Inside Schneider Electric

5.1.4.2 Waste and circularity

Risk level before mitigation ●



Risk of wasting natural resources and raw materials or over-using them. Risk mitigation efforts are to be made on the product design, the recycling of products and components, and the circularity of business models.

URD 2022:
page 174-197 section 2.4

Actions deployed



- Development of the Green Premium™ program and the EcoDesign Way™ process to reduce the environmental impact of our products.
- Dedicated program to reach the ambition that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025
- Commitment to reach 200 “waste to resources” sites that must achieve 99% recovery for all on-hazardous waste, of which at least 90% of reused or recycled (and less than 10% is sent to energy recovery).
- Group commitment to reach 100% of primary and secondary packaging used from recycled cardboard & 100% of primary and secondary packaging without single use plastic by 2025.

Results



- Overall, the efficiency of resources and water utilization has been improved in 2022 compared to previous years.

	2022	2021	2020	2019	2018
Green material content in our products	18%	11%	7%	n/a	n/a
Primary packaging recycled cardboard without single-use plastic	45%	21%	13%	n/a	n/a
Tons of primary resources avoided with end-of-life product collection	57.2	42.3	60.1	53.9	46.3
Total waste generated (tons)	131,402	136,816	125,292	152,171	154,940
Waste generated per sales (tons/million€)	3.84	4.73	4.98	5.60	6.02
% of dangerous waste sent to adequate treatment station	100%	100%	100%	96.7%	96.8%
Water usage total (m³)	1,921,569	2,072,263	1,928,032	2,554,428	2,700,674
Water usage per sales (m³/million€)	56.2	71.7	76.5	94.1	105
Product revenues covered by Green Premium™	80.2%	78%	77%	55.2%	45.7%



5.1 Inside Schneider Electric

5.1.4.3 Energy, CO₂ and GHG

Risk level before mitigation ● to ●



Climate change and its consequences on people and planet. The company efforts to contribute to reduce the GHG emissions.

URD 2022:
page 148-173 section 2.3

Actions deployed



- Deployment of an SF₆-free medium voltage offer. Specific processes on all Schneider manufacturing plants and R&D laboratories to limit SF₆ gas usage and leaks.
- Deployment of the Energy Action program to identify opportunities and implement energy-savings actions.
- Schneider joined EP100 and committed to double energy productivity by 2030 against the 2005 baseline, meaning double the economic output from every unit of energy consumed within 25 years.
- Schneider joined RE100 and committed to source 100% of its electricity from renewables by 2030 with an intermediary target of 90% by 2025.
- Schneider joined EV100 with a commitment to switch to 100% electric cars by 2030 with an intermediary target of 33% by 2025.
- The group aims at having 150 Zero CO₂ sites, which emit zero GHG emissions related to energy consumption (= 100% renewable electricity or biofuels) and has in place Digital Energy Monitoring for efficient energy management.
- Schneider aims to further reduce CO₂ intensity in transportation by 15% compared to 2020, or a 3% reduction year on year by 2025.
- Dedicated action plan has been implemented to optimize the environmental footprint of the various components of IT.

Results



- The reporting and actions regarding our CO₂ footprint on scope 1,2,3 is detailed in a specific part in the next page.
- Overall, GHG emissions for Scope 1 and 2 have been reduced by 65 tons, ie 22% reduction vs 2021.
- In 2022, 26 new sites became Zero Carbon.

	2022	2021	2020	2019	2018
% substitution with SF ₆ -free medium voltage technologies	41.5%	38%	0%	/	/
SF ₆ leakage	0.08%	0.10%	0.14%	0.24%	0.26%
SF ₆ tons eq. CO ₂	7,557	6,104	7,557	13,601	13,010
Total energy consumption (est. - MWh)	1,201,276	1,325,491	1,204,381	1,442,841	1,540,831
Total energy consumption per sales (MWh/million€)	35.1	45.9	47.9	53.1	59.9
% of corporate vehicle fleet comprised of electric vehicles	14%	7.7%	1%	/	/
% of renewable energy consumption (est.)	57.3%	50.6%	/	/	/
% of renewable electricity consumption (est.)	85%	82%	80%	50%	30%
GHG emissions per sales (tons CO ₂ eq./million€) - Scope 1+2	6.7	10.2	11.4	16.1	22.2
GHG emissions per sales (tons CO ₂ eq./million€) - Scope 3	1,783	2,384	2,620	2,733	2,749
Zero CO ₂ sites	77	51	30	/	/



5.1 Inside Schneider Electric

5.1.5 Ethical business conduct risks

5.1.5.1. Elimination of bribery and corruption

Risk level before mitigation ● to ●



Risk of abuse of entrusted power, or money, or position from any employee of Schneider, supplier or contractor of Schneider, to obtain an undue advantage that would be at the detriment of local stakeholders or communities.

URD 2022:
page 117-118 section 2.2.3

Actions deployed



- Risk assessment mapping as part of the “Sapin II” law.
- Set of dedicated policies: Anti-corruption, gift and hospitality, fair competition, business agents, export control, conflict of interest, donations.
- Training and awareness programs deployed to specific populations.
- Self-evaluation with Key Internal Controls completed annually by all local entities.

Results

- Trainings for important topics such as ethics and anti-corruption are made mandatory for all concerned employees. In the case of ethics, this applies to all employees in Schneider.



	2022	2021	2020	2019	2018
Employees trained on Ethics Charter (%)	98%	96%	93%	96%	/
“Exposed” employees (40,000+) trained on anti-corruption	97%	97%	94%	94%	68.6%

5.1.5.2 Responsible sourcing of sensitive material

Risk level before mitigation ●



Risk of usage of raw materials or minerals coming from a particular part of the world where conflict is occurring and may be the source of abuses on local populations. The verification of the suppliers all the way to the extraction sites allow to mitigate this risk

URD 2022:
page 141-142 section 2.2.12.7

Actions deployed



- Schneider has established a conflict mineral program based on the OECD due diligence guidance
- Smelters are identified in our supply chain and validated by external 1/3 parties for compliance to international laws, rules and standards

Results

- Following the figures on conflict minerals, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries.



	2022	2021	2020	2019	2018
Smelters and refiners identified and certified	88%	85%	87%	85%	89%



5.1 Inside Schneider Electric

5.1.6 Offer safety

5.1.6.1 Offer safety

Risk level before mitigation ●



Risk of products or systems being the cause of accidents or damage or injuries to their users.

URD 2022:
page 119-121 section 2.2.6

Actions deployed



- Compliance to all norms, standards and regulations from countries where Schneider products are sold.
- “Issue to Prevention” process, systematically analyses the root causes of any failures.
- Quality management system in compliance with ISO 9001.
- Offer safety alert process supported by a dedicated committee and which follows an internal directive which describes the process of ‘managing customer safety risks.

Results



- In 2024 the Group recalled 24 products as approved by the Offer Safety Alert Committee.

	2022	2021	2020	2019	2018
Number of safety recalls	24	14	25	/	/
ISO 9001 sites	231	231	231	228	243



5.1 Inside Schneider Electric

5.1.7 Data privacy and cybersecurity

5.1.7.1 Data privacy and cybersecurity

Risk level before mitigation ● to ●



Probability of exposure, loss of critical assets, data loss or breach, access to sensitive information, or reputational harm as a result of a cyber attack or breach within an organization's network.

URD 2022:
page 122-123 section 2.2.7

Actions deployed



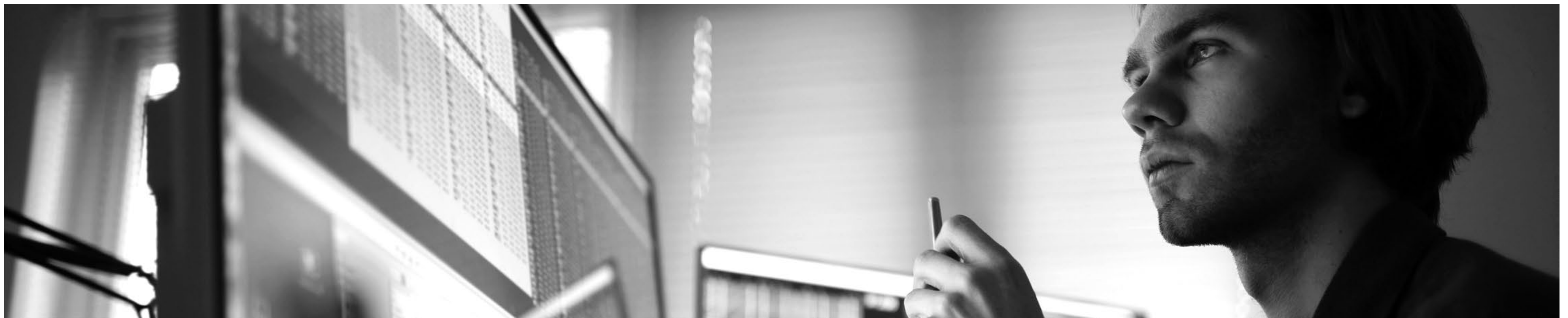
- Cybersecurity by design investing significantly to improve our cyber posture with the result of obtaining additional external certifications (ISO27001, SOC2, IEC62443 etc.).
- Cyber capabilities and digital locks around people, processes, and technologies.
- General and dedicated awareness and training programs on cybersecurity and data protection.
- Internal data privacy policy.

Results



- The Group's cybersecurity rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data: configuration and observed security events. The score is between from 300 to 820. from a baseline of 520 in January 2018, we scored 810 for the year 2022. Schneider Electric's external rating since 2018 has risen by +56%.

	2022	2021	2020	2019	2018
SE ranking position on cybersecurity	Top 25%	Top 25%	/	/	/
% of employees trained on cybersecurity	95.5%	96%	90%	/	/



5.2 Fighting climate change by leading on decarbonization

As the United Nations Environment Programme (UNEP) points out in its Emissions Gap Report 2022, the window to limit the global temperature rise to 1.5°C is closing fast. The world is not on track to reach the Paris Agreement goals, and global temperatures could increase by an average of 2.8°C by the turn of the century. Urgent action and a system-wide transformation are needed to deliver the enormous cuts in emissions necessary to limit GHG emissions by 2030.

5.2.1 Climate impact commitments

As an impact Company, the Group’s climate strategy addresses all its stakeholders, from employees to supply chain partners, customers, as well as local communities and institutions. First, the Group takes responsibility for its carbon footprint, across its operations and full value chain. Second, it adapts and improves the solutions and products it offers to its customers to help them in their decarbonization journey. Concrete actions for the 2021-2025 period are monitored and shared transparently in Schneider Sustainability Impact, and Essentials. They are overseen by various dedicated Committees, up to the Board of Directors. In the longer term, the Group is committed to being net-zero in its operations by 2030, and across its entire value chain by 2050. The Group has made specific commitments to energy efficiency, electrification, and renewable electricity under the EP100, EV100, and RE100 initiatives of the Climate Group.

Long term roadmap

2025	2030	2040	2050
<ul style="list-style-type: none"> Carbon neutral operations 	<ul style="list-style-type: none"> 25% absolute GHG emissions reduction across the entire value chain from a 2021 baseline “Net-Zero Ready” operations 	<ul style="list-style-type: none"> Carbon neutral across the entire value chain 	<ul style="list-style-type: none"> Net-zero CO₂ emissions along the entire value chain

Schneider Electric also aims to deliver to its customers 800 million tons of saved and avoided CO₂ emissions between 2018 and 2025, thanks to EcoStruxure™ solutions.

Schneider Electric’s CO₂ targets and commitments have been validated by the most recent ‘SBTi corporate net-zero standard’ in August 2022.

5.2.2 Climate governance

Overall, the different governance bodies involved in the definition and monitoring of sustainability commitments and programs are responsible for defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at the Group level are then cascaded into business divisions, down to the sites for implementation, and are monitored through its digital platform, EcoStruxure™ Resource Advisor. Each program of the Schneider Sustainability Impact (SSI) has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice-President and Executive levels to ensure management control and oversight.

The sustainability strategy, including climate, is overseen by the Board of Directors with the assistance of the Human Resources and Corporate Social Responsibility (HR & CSR) Committee. Schneider Electric was one of the first companies to address this topic at the Board level with the creation of the HR & CSR Committee in 2014. The Group further pursued the topic in depth by deciding that the annual variable compensation of the Chief Executive Officer and of the more than 64,000 employees (who benefit from a variable compensation), includes ESG criteria, part of which relates to climate. The long-term incentive plan is also correlated with ESG criteria (for more details on compensation, please refer to section 2.5.4, page 218). Several other governance bodies are also involved: The Executive Committee and its Function Committee, the Stakeholder Committee, and the Sustainability Department. At the Group level, the Chief Strategy & Sustainability Officer, who is part of the Executive Committee, helps determine and enforce the Group’s environmental goals and underlying transformations. Three Committees involving Group Executive Vice-Presidents and Senior Vice-Presidents are dedicated to overseeing the implementation of the Group’s decarbonization roadmap, respectively focusing on the supply chain, low-carbon product design, and the decarbonization of Schneider Electric’s operational emissions.

Schneider Electric’s Chief Strategy and Sustainability Officer is the head of the Global Environment team, leading the overall environmental vision, strategy, and program execution,



5.2 Fighting climate change by leading on decarbonization

including climate. Several governance bodies enable the communities of experts and leaders within its environmental function to meet every month or every quarter to ensure consistent adoption of environmental policies and standards throughout the Group. To implement these policies, environmental leaders organize a network of more than 600 managers responsible for the environmental management of sites, countries, product design, and marketing.

5.2.3 Climate scenario embedded in Schneider Electric’s strategy

In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Schneider Electric launched a prospective approach to climate change and energy transition three years ago, by setting up a dedicated organization - the Strategy Prospective & External Affairs team, in charge of climate and environmental scenario analysis. In 2021, Schneider Electric published a set of scenarios exploring the feasibility of a 1.5°C trajectory. These scenarios demonstrate that a net-zero carbon future aligned with IPCC’s 1.5°C scenarios, is still possible.

5.2.4 Schneider Electric’s Greenhouse Gas emissions - Footprint and targets

Schneider Electric calculates its end-to-end carbon footprint (Scopes 1, 2, and 3) annually in line with the Greenhouse Gas (GHG) Protocol Standards and obtained a ‘reasonable’ assurance from an independent third-party verifier on Scopes 1 & 2 reported GHG emissions and a ‘limited’ assurance on Scope 3 reported GHG emissions. The charts below represent Schneider Electric’s

Suppliers Scope 3 upstream		Schneider Electric’s Operation Scopes 1&2		Customers Scope 3 downstream	
14%		<1%		86%	
Purchased goods and services	7.6 MtCO ₂ e	Energy consumption in sites	0.17 MtCO ₂ e	Use of sold products	47.3 MtCO ₂ e
Freight	0.7 MtCO ₂ e	Company cars	0.06 MtCO ₂ e	End-of-life (mostly SF ₆)	4.6 MtCO ₂ e
Other	0.4 MtCO ₂ e	SF ₆ leakage	<0.01 MtCO ₂ e	Freight	0.4 MtCO ₂ e

2022 carbon footprint for Scopes 1, 2, and 3, including all GHG emissions, from the upstream activity of all its suppliers to the use and end-of-life of its offers sold to customers.

Analysis of the carbon footprint

Emissions from Scopes 1 & 2 are primarily from the use of electricity, gas, and fuel for the company fleet (respectively 43%, 23%, and 24% of total Scopes 1 & 2). Scope 3 emissions represent more than 99% of the Group’s carbon (CO₂) footprint, of which:

- 77% are due to the use phase of products: These emissions correspond to the electricity consumption of Schneider Electric’s products throughout their lifecycle, through heat dissipation (Joule Effect). This value is based on a lifecycle approach. It is not the volume of CO₂ emitted in the reporting year from the use of products sold and in use by customers. It is a forward-looking view and an estimate of emissions resulting from the use of products sold in the reporting year, during their full useful life. It is worth noting that the Group’s products have long lifetime, which can be up to 30 years in calculations.
- 12% result from the purchase of goods and services: The calculations are based on the purchasing database, combining spending and volumes (e.g., tons) of raw materials, electronic and electrical products, printed circuit board assembly, and fabricated components, along with purchases that are not directly related to production (e.g., services such as insurance and banking services).
- 8% are from the products’ end of life, and more specifically end-of-life treatment of SF₆: The calculation is based on the SF₆ gas used by Schneider Electric in products sold in 2022, and that may be released at the Product End Of Life (EOL).

Over the last five years, since 2017, emissions from Schneider Electric’s operations (Scopes 1 & 2) have decreased by 67% absolute, while emissions from the value chain, both upstream and downstream, have been more challenging to control. In its operations, direct emissions from Scope 1 have decreased by 36% since 2017, thanks to efforts focused on energy efficiency and electrification of the Group’s on-site processes and company cars. In addition, targeted



5.2 Fighting climate change by leading on decarbonization

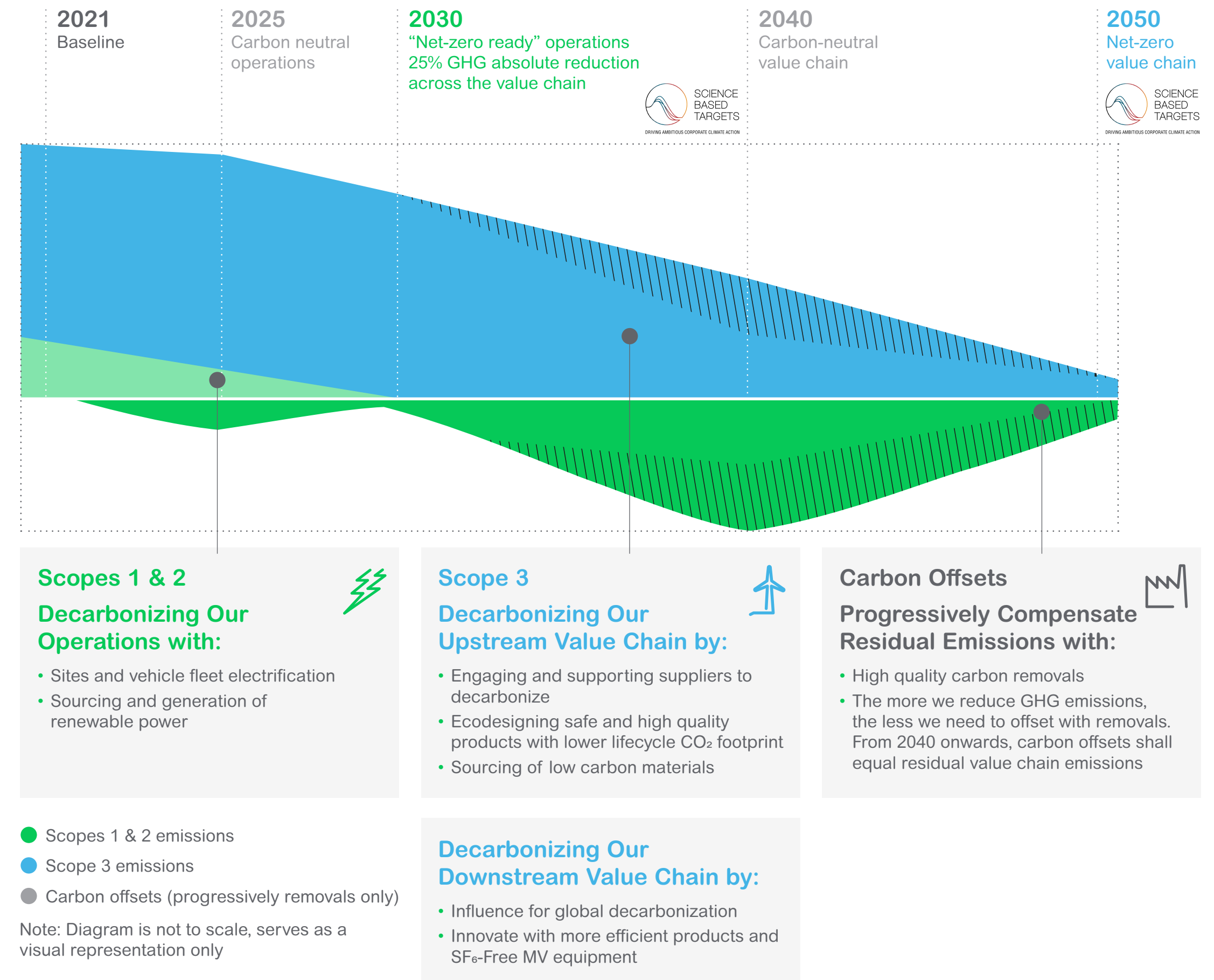
efforts to reduce SF₆ have yielded great results. On Scope 2, emissions have decreased by 79% between 2017 and 2022. On Scopes 1 & 2 combined, the emission reduction has historically been driven by energy efficiency, leveraging the Group’s portfolio of EcoStruxure™ solutions. On Scope 3, emissions have decreased by 12% between 2021 and 2022.

Schneider Electric’s net-zero commitment and targets

In August 2022, Schneider Electric was one of the first companies to see its Greenhouse Gas (GHG) reduction targets validated by the Science Based Targets initiative (SBTi), aligned with its ‘corporate net-zero standard’ published in October 2021. As part of its net-zero commitment, the Group has defined mid and long-term targets. Ultimately, the Group is committed to be net-zero across its entire value chain by 2050, which means that the Group aims to reduce its 2021 footprint by an absolute 90% by 2050 and neutralize residual emissions with high-quality and durability carbon removal credits.

Schneider Electric has set four milestones towards its net-zero commitment:

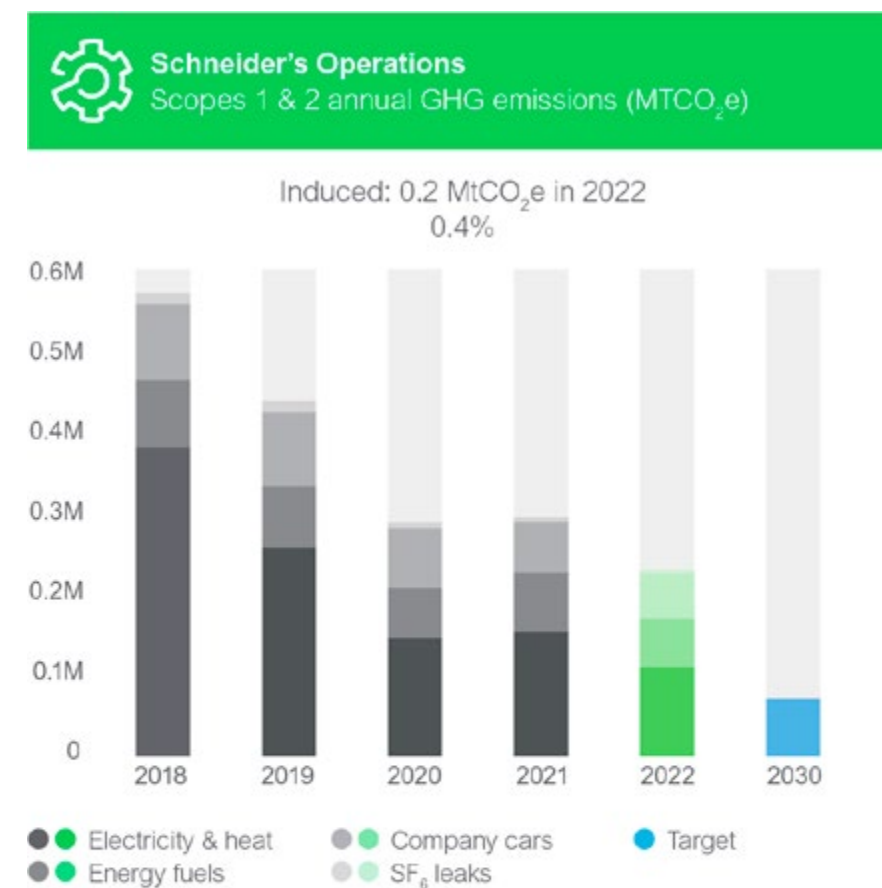
- By 2030 - Reduce value chain emissions by 25% and be ‘net-zero ready’ across its operations**
 Schneider Electric commits to reducing its absolute Scope 3 GHG emissions across its entire value chain by 25% from a 2021 base year. This encompasses all Scope 3 emissions, in particular upstream emissions from purchased goods and services, as well as downstream emissions from the use of electricity by its sold products.
- By 2050 - Reach net-zero CO₂ emissions across the entire value chain**
 To reach its net-zero commitment, the Group will reduce its absolute Scopes 1, 2, and 3 GHG emissions by at least 90% from a 2021 base year, and compensate residual emissions with carbon offsets, in line with the SBTi ‘corporate net-zero standard’.
- Reach carbon-neutral operations and a carbon-neutral value chain in 2025 and 2040 respectively**
 To achieve carbon neutral operations by 2025, Schneider Electric will compensate residual Scopes 1 & 2 GHG emissions with high-quality carbon offsets. Similarly, by 2040, the Group aims to compensate its end-to-end carbon footprint.



5.2 Fighting climate change by leading on decarbonization

5.2.5 Concrete actions in our ecosystem

Decarbonizing the Group's operations by 2030



-22%

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

The Group's energy policy and management system:

The Group's energy policy requires sites to implement energy efficiency programs, to decarbonize their energy consumption, and to adopt Schneider Electric's own energy management and automation EcoStruxure™ solutions wherever feasible to showcase the Group's solutions for customers and business partners and help them embark on an energy excellence journey.

EcoStruxure™ Resource Advisor energy is a cloud-based software that provides energy data visualization and analysis. This information allows a better understanding of the energy consumption pattern and implementation of energy efficiency and savings actions. This software is used across Schneider Electric sites and is proposed to customers to support their energy-usage reduction programs.

The Group also certifies all sites consuming over 5GWh with ISO 50001. By the end of 2022, 132 Schneider Electric sites were ISO 50001 certified, and able to understand and reduce their energy footprint.

EP100: Schneider Electric has been a member of Energy Productivity 100 (EP100), a Climate Group initiative, since 2017. The target is to double energy productivity by 2030 against the 2005 baseline, which means doubling the economic output from every unit of energy consumed within 25 years. In 2022, the Group achieved 129% energy productivity (against a 2030 target of 100%) compared to 2005.

RE100: Switch to 100% renewable electricity by 2030: Since 2017, Schneider Electric has accelerated renewable electricity sourcing and the installation of on-site solar panels, coupled with EcoStruxure™ metering and power architectures. In 2022, 203 sites (ISO 14001 certified) sourced 100% renewable electricity, accounting for 60% of the Group's measured electricity consumed. Additionally, there are 56 sites generating on-site renewable electricity, for a total of 23,000 MWh. On-site generation and bundled certificates now account for 64% of the Group's total renewable electricity consumption, up from 58% in 2021.

EV100: Shift 100% of the company fleet to electric vehicles: At the end of 2019, Schneider Electric committed to accelerate its efforts to cut CO₂ emissions from transport by switching to 100% electric cars by 2030. By 2025, Schneider Electric aims to switch one-third of its corporate car fleet. At the end of 2022, 14% of the Group's corporate car fleet was comprised of EVs. Additionally, several initiatives to foster alternative transportation options have been encouraged, with additional secure bike storage on sites, co-driving and site-connecting shuttles.

Zero-CO₂ sites: The ambition is to have 150 sites with zero carbon emissions by 2025. By the end of 2022, 77 sites were compliant.

Reduction of SF₆ emissions: Several actions have been implemented to reduce the leakage of SF₆ gas, a component used in medium voltage switchgears that has high dielectric characteristics and is also a significant GHG contributor. The Group achieved a 0.08% leakage rate globally in 2022, exceeding the 0.11% target set for 2022. This SF₆ leakage reduction enabled the avoidance of 900 tons of CO₂ equivalent in 2022 compared to 2021.

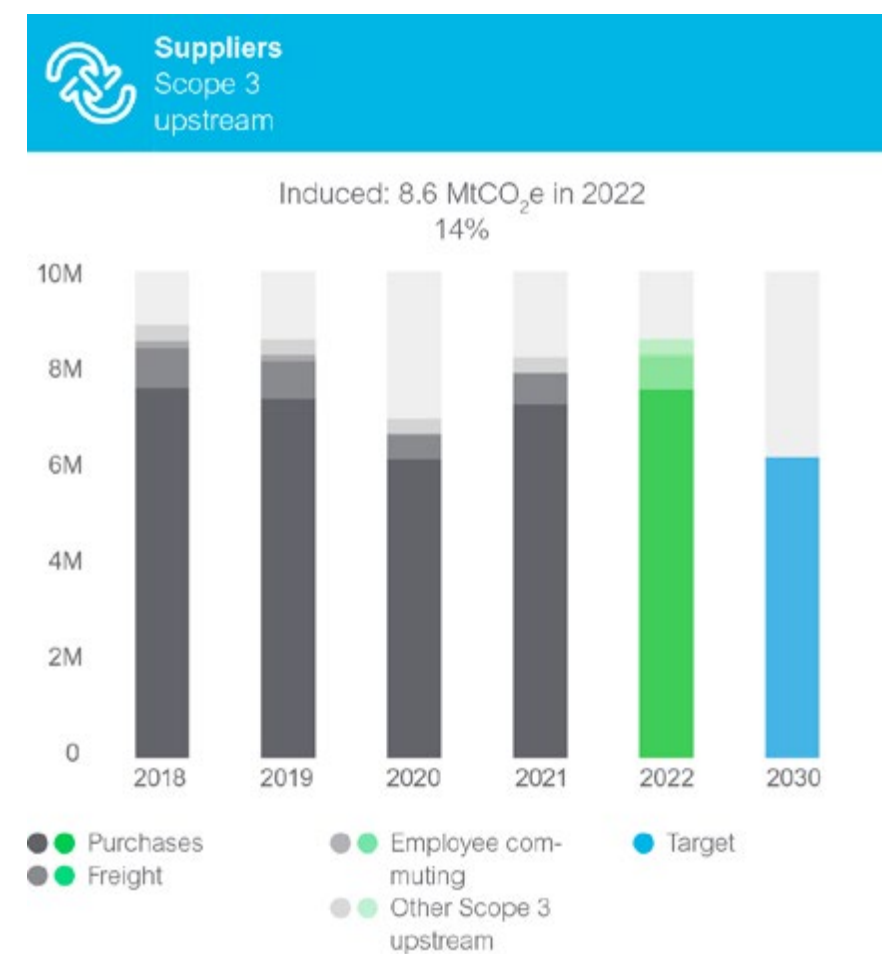
Energy sufficiency plan in Europe: In 2022, Europe faced an unprecedented energy crisis – with risks on their energy supply, along with escalating prices. In this context, Schneider Electric implemented an energy sufficiency plan to adapt quickly to the fast-changing energy situation. From August to 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.



5.2 Fighting climate change by leading on decarbonization

Decarbonizing the Group's supply chain by 2050

The Zero-Carbon Project for suppliers (TZCP): Schneider Electric launched the initiative in April 2021 on an all-digital global event, attended by the leadership of key supplier partners. The ambition of TZCP is to collaborate with 1,000 suppliers and reduce their operational Greenhouse Gas (GHG) emissions by 50%, by 2025 (SSI #3). In 2022, all eligible suppliers have committed to join this program.



+4.6%

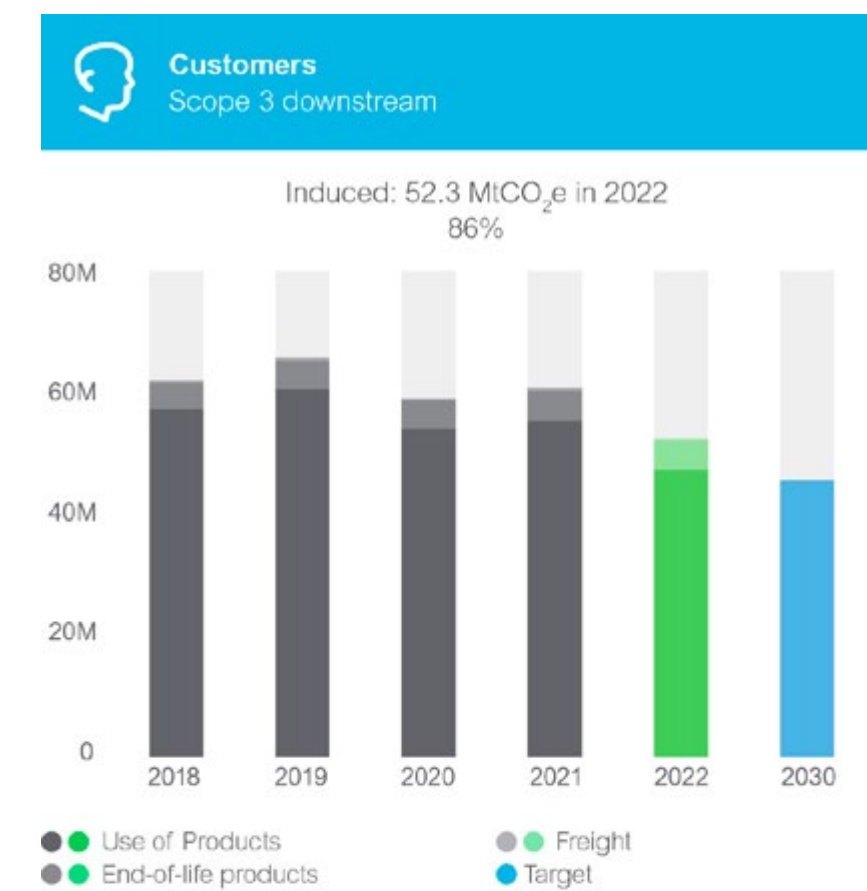
CO₂e emissions in Scope 3 upstream vs. 2021. Note that total Scope 3 GHG emissions decreased by 11.5% in 2022 vs. 2021.

Green materials: Purchases are responsible for the largest share of Schneider Electric upstream Scope 3 CO₂ emissions. Schneider Electric has committed to increase green materials in products to 50% by 2025. By the end of 2022, 18% of materials in scope where qualified as 'green' compared to 11% in 2021.

CO₂ efficiency in transportation: The CO₂ emissions related to our transportation network are part of Scope 3 emissions of the Group's carbon footprint, as this activity is performed by transport suppliers. From 2017 to 2020, CO₂ emissions related to transport decreased by 8.4%. In 2021 the evolution was flat due to the intense pressure on the supply chain generated by the Covid pandemic. With Schneider Sustainability Essentials 2021-2025, the Group aims to further reduce CO₂ intensity in transportation by 15% compared to 2020, or a 3% reduction year-on-year (SSE #4). In 2022, due to the supply chain disruptions, additional transportation means had to be implemented to be able to procure components and ship products, resulting in a 7.7% increase of CO₂ emissions compared to 2021.

Decarbonizing the Group's downstream emissions

Developing SF₆-free offers and SF₆ recovery services: SF₆ gas has excellent insulating properties and has therefore been widely used for building switchgears – especially medium voltage gear – for the past 30 years. By 2025, Schneider commits to having 100% of its offers currently using SF₆ to be substituted by SF₆-free solutions. By the end of 2020, we had reached 41.5% substitution.



-13.7%

CO₂e emissions reduction in Scope 3 downstream vs. 2021, mostly driven by an update of electricity emission factors projections.

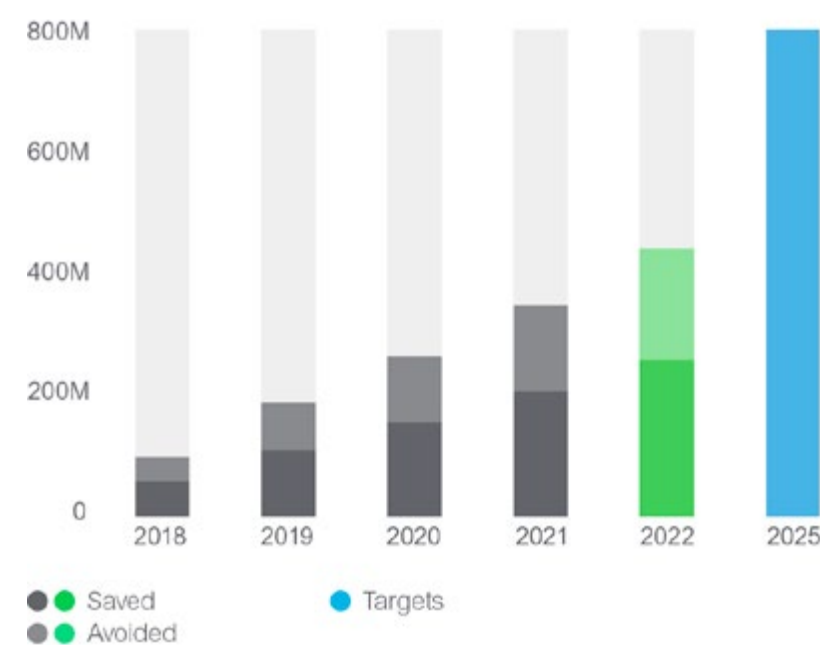
Carbon price: As part of its carbon pledge, Schneider Electric is committed to take into consideration a carbon pricing of EUR 50 – 130/Ton (depending on time horizons) to inform the Group's climate strategy. In line with the vision, an internal price on carbon is already used in several cases to include the cost of CO₂ externality in decision-making and strategy.



5.2 Fighting climate change by leading on decarbonization

Enabling customers to decarbonize with EcoStruxure™

Cumulative saved & avoided CO₂e emissions since 2018 (MtCO₂e)



+93M tonnes

CO₂e emissions saved and avoided for our customers in 2022.

Saved and avoided 800 million tons of CO₂ emissions at the customers' end through the implementation of Ecostruxure™ architecture and systems as solutions for our customers, as well as green products.

Delivering access to energy products and solutions: Today, 25% of the world's population still has no or reduced access to energy, and only 17% of the total global energy consumption was renewable in 2017. Schneider Electric has committed to provide access to green electricity to 100 million people in underserved areas by 2030, both as a fundamental right and a means for social and economic development.

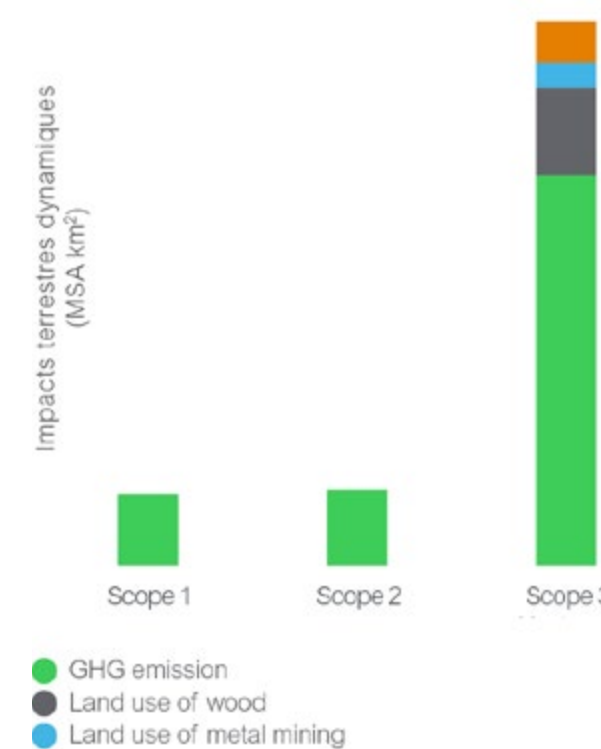
Green Information Technology (IT): Schneider Electric has implemented actions to reduce the

carbon footprint of its IT systems. These actions include the increased lifespan of computers, the optimization of the portfolio of applications and software, and the optimization of the complete network of servers and data centers.

5.2.6 Biodiversity footprint measurement

Schneider Electric has committed to Act4nature International to quantify and regularly publish assessments of the Group's impacts on biodiversity. This first step is essential to understand its impacts and dependencies on nature and outline appropriate action. In 2020, Schneider

Schneider Electric's biodiversity industrial footprint by scope (in MSA.km²)



Electric became the first company to publish the end-to-end Biodiversity Footprint Assessment (BFA) of its activities, using the Global Biodiversity Score (GBS) tool developed by Caisse des Dépôts et Consignations (CDC) Biodiversité.

Schneider Electric's commitment to Act4nature International:

1. Quantify and regularly publish assessments of the Group's impacts on biodiversity
2. Commit to reducing Schneider Electric'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

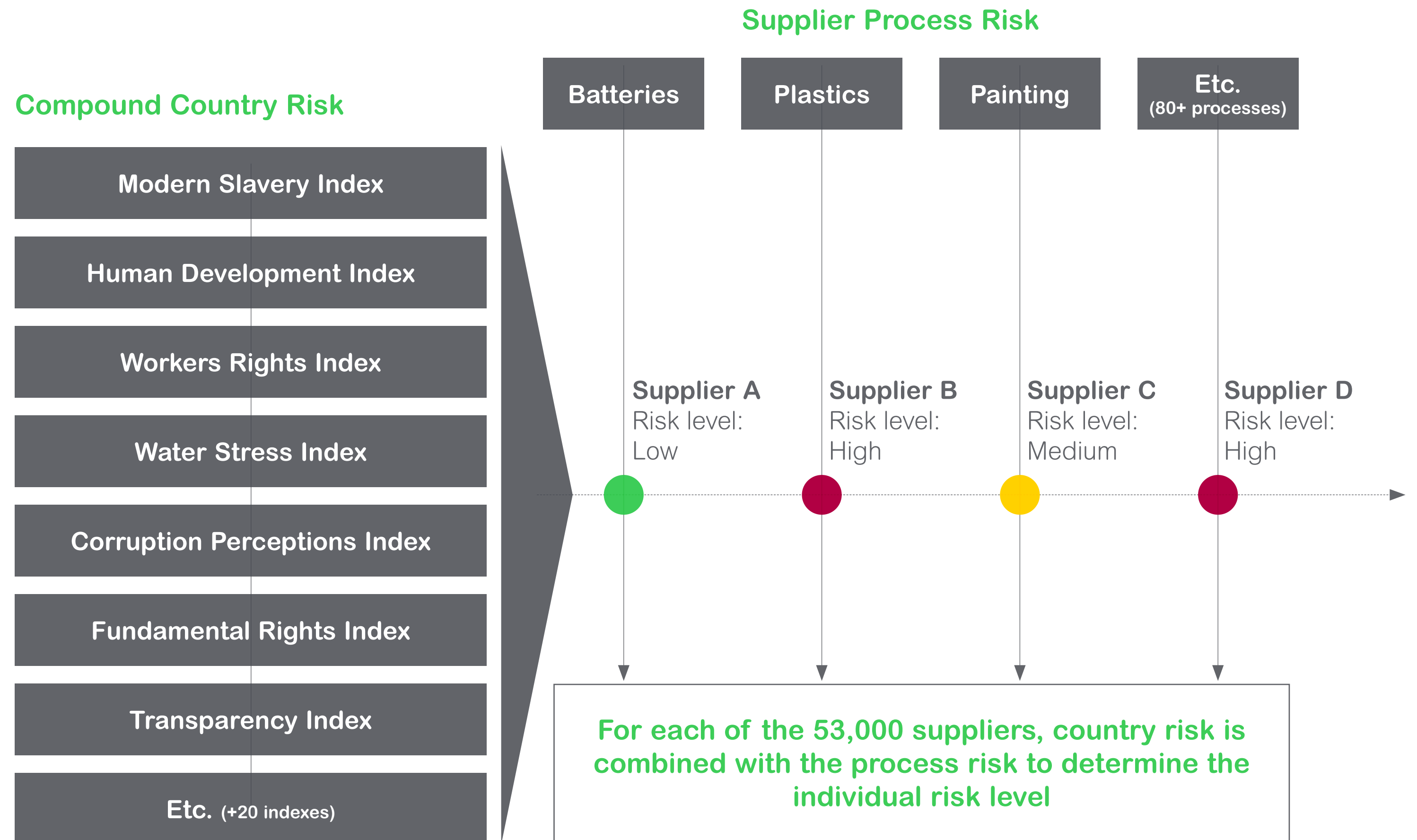


5.3 Supplier vigilance

5.3.1 Supplier risk categories and audit plan.

To evaluate and mitigate sustainability risks 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 suppliers, their technology, and the geographic location. This allows the Group to factor in risks that may arise from a country's specific situation (social, political, etc.). These parameters are compiled in a third-party independent database (Responsible Business Alliance methodology, RBA, ex-EICC, of which Schneider Electric has been a member since January 2018). Schneider Electric's entire network of about 53,000 tier 1 suppliers is processed through this methodology and refreshed every year with the new supplier baseline to identify high-risk suppliers.

High risk supplier identification process:



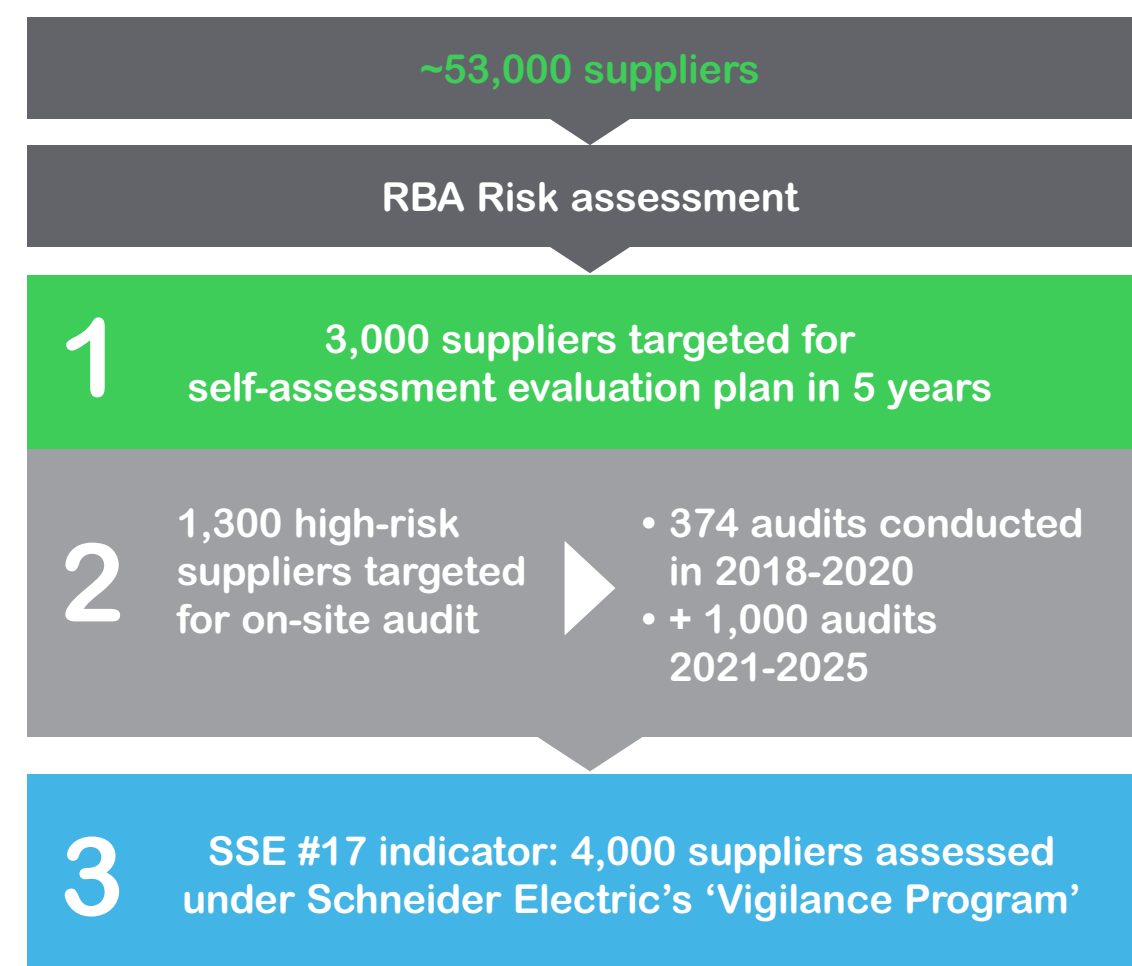
5.3 Supplier vigilance

5.3.2 Overall plan

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

From 2021 to 2025, Schneider Electric has defined new objectives as part of its sustainability strategy: Expanding from the previous plan, the Group set an objective to conduct 1,000 on-site audits of high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers not in the high-risk category. This audit plan is integrated into the Schneider Sustainability Essentials (SSE #17) and progress is externally assured and published each year.

For the Group’s 2022 plan, about 1,300 ‘high-risk’ suppliers have been identified; this number varies depending on the year.



5.3.3 On-site audits

Schneider Electric’s 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 follows:

- Human rights: Decent workplace - 36 questions
- Health and safety: 40 questions
- Environment: 21 questions
- Offer safety: Non-applicable in RBA framework
- Business conduct: 11 questions
- Cybersecurity: Non-applicable in RBA framework

In 2022, despite COVID-19 travel restrictions during the first part of the year, notably in Asia, the Group conducted 223 initial on-site audits with suppliers (audits conducted for the first time with a supplier). These audits allow Schneider Electric to identify non-conformances and request the supplier to implement corrective actions. Re-audits were then conducted to review 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-conformances in 2022 were related to health and safety, labor standards and management systems (32%, 27%, and 23% respectively). The graph in 5.3.5 provides the breakdown of non-conformances by topic and graph 4 by geography.



5.3 Supplier vigilance

For the most serious non-conformances, each case is escalated to the Chief Procurement Officer level. An analysis of the 172 ‘top priorities’ raised in 2022 shows that the following issues are the most recurring:

- Labor standards (47% of top priority non-conformance issues): Lack of respect for working hours and rest days (time measurement systems are often insufficient); poor overtime reporting and payment; lack of formalization of working contracts
- Health and safety (44% of top priority non-conformance issues): Weak emergency procedures; insufficient emergency training issues and preparation drills; insufficient fire alarm and protection systems; lack of medical response equipment
- Environmental and management systems (9% of top priority non-conformance issues): Lack of administrative compliance, management tools, and systems; insufficient waste management and pollution prevention systems

5.3.4 Remote self-assessment

In 2021, a specific self-assessment questionnaire was developed, building on the experience of on-site audits performed during previous years. Among the questions asked, the core ones aim to check whether suppliers are compliant on the mandatory subjects of labor, human rights, environment, and health and safety. The two main goals of this assessment are to help suppliers reflect on their compliance to Vigilance standards, and for Schneider Electric to identify whether on-site audits may be necessary.

During 2021, 624 suppliers submitted answers, and 657 in 2022. Procurement teams reviewed the answers and identified a few suppliers where on-site audits were conducted to ensure that suppliers had implemented corrective actions.

5.3.5 Remediation and mitigation actions

As of the end of 2022, Schneider Electric has closed 90% of 2021 and 28% of 2022 non-conformances (all types). Schneider Electric’s approach is to help suppliers remediate the issues by sharing good practices and providing them with guidance and training. When non-conformances are not remediated (mainly top priorities), escalation to the Chief Procurement Officer may lead to the end of the business relationship. In 2022, two relationships with suppliers were terminated, including a contractor for project execution.

In 2022, Schneider Electric implemented a program to review a select number of audits that were carried out years ago 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.

In order to reinforce the coordination between Schneider Electric teams and suppliers on vigilance topics, a specific training program has been implemented. The primary target audience is the Schneider Electric Procurement team; the training modules aim to increase their knowledge on the nature of risks, so they can integrate these topics earlier in discussions with suppliers. At the end of 2022, approximately



5.3 Supplier Vigilance

800 employees had taken this training, which combines in-class experience with e-learning sessions.

To raise suppliers' awareness, improve their ability to identify risks earlier, and implement mitigation solutions, Schneider Electric organized face-to-face workshops dedicated to vigilance-related subjects. At the end of 2022, approximately 1,000 supplier team members had attended these events. These sessions include in-class face-to-face workshops and digital webinars.

5.3.6 Impact












From the beginning of the program in 2017 to the end of 2022, around 800 suppliers had been audited on-site, and 10,000+ non-conformances were raised, and subsequently remediated. Most were related to health and safety, and labor issues. Among the most serious ones are issues of fire safety, protection of workers from accidents and injuries, respect of decent working hours including proper rest periods and payment of overtime wages.

Overall, the resolution of non-conformances identified since the program's inception in 2017 has supported improvements in working conditions for 250,000 employees.

5.3.7 Additional actions concerning suppliers

In addition to the specific vigilance audit program at targeted suppliers, Schneider Electric is implementing several actions to reduce risks in its supply chain. These actions are not a direct part of the supplier vigilance program, however they contribute to reducing the level of risks within our supply chain.

5.3.7 Suppliers – other actions

5.3.7 Suppliers – other actions		Risk level before mitigation ● to ●				With a complex global supply chain of more than 52,000 suppliers, there are potential risks that Schneider Electric is committed to mitigating in the areas of health and safety, human rights, ethics, the environment, and sustainable development.		URD 2022: page 136-145 section 2.2.12																			
Actions deployed (Net zero CO₂ emission) 		<ul style="list-style-type: none"> Target of operating a net-zero carbon emission supply chain and aims at reducing 50% of operational carbon emissions from its top 1,000 suppliers by 2025. 		Results 		<ul style="list-style-type: none"> The GHG emission reduction reported for the indicator below, is measured as the average carbon intensity reduction of reporting suppliers, multiplied by the proportion of reporting companies among the 1,000 committed suppliers. 		<table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2021</th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Reduce CO₂ emissions by 50% from top 1,000 suppliers' operation</td> <td>10%</td> <td>1%</td> <td>/</td> <td>/</td> <td>/</td> </tr> </tbody> </table>			2022	2021	2020	2019	2018	Reduce CO ₂ emissions by 50% from top 1,000 suppliers' operation	10%	1%	/	/	/						
	2022	2021	2020	2019	2018																						
Reduce CO ₂ emissions by 50% from top 1,000 suppliers' operation	10%	1%	/	/	/																						
Actions deployed (Circular supply chain) 		<ul style="list-style-type: none"> Objective of using recycled cardboard in all primary and secondary packaging and remove all single use plastic from Schneider packaging by 2025. An initiative launched to increase the proportion of green material in our products by 50% by 2025. 		Results 		<ul style="list-style-type: none"> Concerning Green Materials, 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. 		<table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2021</th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Primary packaging recycled cardboard without single-use plastic</td> <td>45%</td> <td>21%</td> <td>13%</td> <td>/</td> <td>/</td> </tr> <tr> <td>Proportion of green material in our products</td> <td>18%</td> <td>11%</td> <td>7%</td> <td>/</td> <td>/</td> </tr> </tbody> </table>			2022	2021	2020	2019	2018	Primary packaging recycled cardboard without single-use plastic	45%	21%	13%	/	/	Proportion of green material in our products	18%	11%	7%	/	/
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Primary packaging recycled cardboard without single-use plastic	45%	21%	13%	/	/																						
Proportion of green material in our products	18%	11%	7%	/	/																						
Actions deployed (Environment) 		<ul style="list-style-type: none"> Deployment of REACH/ROHS supported by a data collection process to gather information from suppliers. Schneider has established a conflict mineral program based on the OECD due diligence guidance. 		Results 		<ul style="list-style-type: none"> Following the figures on conflict minerals, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries. 		<table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2021</th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Smelters and refiners identified and certified (in %)</td> <td>88%</td> <td>85%</td> <td>87%</td> <td>85%</td> <td>89%</td> </tr> </tbody> </table>			2022	2021	2020	2019	2018	Smelters and refiners identified and certified (in %)	88%	85%	87%	85%	89%						
	2022	2021	2020	2019	2018																						
Smelters and refiners identified and certified (in %)	88%	85%	87%	85%	89%																						
Actions deployed (Decent work) 		<ul style="list-style-type: none"> Definition of a Decent Work program for Schneider's strategic suppliers. 		Results 		<ul style="list-style-type: none"> The program was defined in 2021 and has been launched in the first quarter of 2022 with technical training sessions for participating suppliers. So far in 2022, 500 suppliers have committed to join the program. 																					
Actions deployed (Holistic approach) 		<ul style="list-style-type: none"> Vigilance plan for suppliers (see pages 46-49) Assessment of strategic suppliers on ISO 26000 with the objective to achieve an average of 65 pts by 2025. 		Results 		<ul style="list-style-type: none"> The 2021 target was set at +1 point minimum on ISO 26000 evaluation for strategic suppliers. At the end of 2022, result was +1.6 points with an average of 60.3 points. 		<table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2021</th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Average score of ISO 26000 for strategic suppliers</td> <td>60.3</td> <td>58.7</td> <td>57.4</td> <td>54.8</td> <td>52.9</td> </tr> </tbody> </table>			2022	2021	2020	2019	2018	Average score of ISO 26000 for strategic suppliers	60.3	58.7	57.4	54.8	52.9						
	2022	2021	2020	2019	2018																						
Average score of ISO 26000 for strategic suppliers	60.3	58.7	57.4	54.8	52.9																						



5.4 Relationship with project execution contractors

5.4.1 Project execution environment

Schneider Electric's products and solutions are usually combined into larger systems such as electricity distribution and energy management solutions in buildings, or production process automation in factories. The buildup 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 up the responsibility to build and deliver the system; or to build and deliver the system directly to end customers, as a project. This second option requires coordinating several project contractors (panel manufacturers, system integrators, building contractors, etc.), usually on the premises of end customers. The common characteristics of these projects are that they happen primarily off-site (mostly on customer premises, existing or future), and they involve several different parties, global or local, each bringing their specific added value. Each project is specific in its size, duration, and location. Therefore, the relationships with contractors are specific to a contract, and not necessarily recurrent. In 2022, Schneider Electric worked with approximately 10,000 solution suppliers in the Group's portfolio (with a total spend of approximately €1 Billion (please note that not all of them may be simultaneously active during a year).

5.4.2 Risks and opportunities

In the frame of the vigilance plan, specific risks have been identified.

Human rights: As project sites are in countries where Schneider Electric may not be present, and may involve independent subcontractors, there is a risk that recommended policies in terms of health and safety, as well as decent workplace standards, may not be properly implemented. The main risks are physical accidents and injuries, or the improper treatment of employees (wages and salaries, rest 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 specific 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 solid management of Schneider Electric's subcontractors allows for reduced risk 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.

5.4.3 Group policy and governance

In 2021, to further anticipate and reinforce its risk mitigation measures, the Group introduced an evolution of its project decision-making process. The aim is to include a risk assessment of human rights and environmental impacts at all key milestones of the process, and to select mitigation measures that will enable Schneider Electric to reduce these risks. During the execution of the project, a regular review of the efficiency and effectiveness of these measures will be conducted. This process evolution has been implemented in pilot mode to project reviews in 2022, on a selection of projects based on their size. The process will be gradually enlarged based on the pilot's results.

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.



5.4 Relationship with project execution contractors

5.4.4 Actions and impacts

Out of the 10,000 solutions suppliers, Schneider Electric has identified about 130 solution suppliers categorized as 'high-risk'. Since 2018, around 80 of those suppliers have been audited, with 17 audits performed in 2022 leading to Schneider Electric raising 190 non-conformances. Out of these non-conformances, 7 were assessed as 'top priority' for two suppliers.

The most recurring non-conformances with high-risk solution contractors are related to labor, in particular the terms of working contracts that need to be provided in writing and in the workers' native language and working hours which need to be better controlled to stay within Schneider Electric or ILO standards. As a result of the audits in 2022, it has decided to stop business with one solutions supplier. In addition to these non-conformances, specific risks related to local contract negotiations and relationships 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 across 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 and selection processes for contractors have been adapted to ensure Vigilance-related topics are considered early in the project stage.



5.5 Local communities

5.5.1 Context

In 2020, Schneider Electric extended the scope of its vigilance risk analysis to communities in the geographical proximity of its local operations. As a result of this proximity, living conditions of people could be affected by the Group's activities. Schneider Electric's local operations are of two types:

- Local facilities, such as a factory or an office building
- Local project sites where Schneider Electric is operating as a contractor or subcontractor for a customer

5.5.2. Risks and opportunities

The risk overview exercise has been carried out for the top 30 Schneider Electric sites throughout the world and a selection of 40 customer projects and is still in pilot mode. The main risks that have been explored are related to the impact of Schneider Electric's activities on local infrastructures such as transportation and mobility, access to energy or water, access to staple goods 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 for socio-cultural local projects, and the improvement of local employment.

5.5.3. Governance

The overall governance is under the responsibility of the Duty of Vigilance Steering Committee, throughout the pilot phase. In the next phase, the Steering Committee will bring in additional stakeholders to implement the actions that will be decided.

This subject is governed by Schneider Electric's human rights policy as well as the ambition outlined in the Group's Vigilance plan. At a later stage, some specific policy may be drafted to further structure the framework.

5.5.4 Communities close to Schneider Electric's local sites

Risk assessment for the 30 largest sites

This detailed risk evaluation covers the 30 largest sites by size and employees, both commercial and industrial.

Potential impacts analysis

The first step of this evaluation was to analyze the potential impact that a Schneider Electric site may have on its surroundings. For that purpose, a comparison was made between the size of the site, and the size of the urban area surrounding it. To take a practical example, in Shanghai, a large office site may be important at the Schneider Electric level (>2,000 employees) but will have very little impact on its immediate urban surroundings (Shanghai is a multi-million inhabitants city). On the opposite end, a smaller site may have a bigger impact on its rural surroundings in Africa or South Asia.

Risk nature and level

The second step was to qualify the natures of risk and their level, using public data available at the national level on topics such as ethical standards (National Corruption Index), individual development (Human Development Index), or health and human rights (Human Rights Score). Using this data, a composite country risk index was built to reflect the risk level for countries where Schneider Electric's main sites are located.

Conclusions

The third step was to combine Schneider Electric's site impact level with the composite country risk index. The overall result showed that the level of risk on local communities living around Schneider Electric sites was 'low' in most cases. This owes mainly to the fact that the Company is usually located in large, urban, or peri-urban areas, crowded with many similar or larger companies. In the case of factories, they are mostly located in already existing dedicated industrial areas, with solid infrastructures and transportation networks, and Schneider Electric's presence does not have an impact on them.



5.5 Local communities

Among the top 30 sites, the Group only identified a few that may have a 'moderate' impact on local communities and found no site where Schneider Electric could have a 'high' or 'very high' impact. It is to be noted that although we speak about risks, the notion of impact can also be positive, as it is part of Schneider Electric's policy to include local parameters in its sourcing policy - providing employment, including a percentage of local companies and contractors for services (catering, maintenance, etc.).

In-depth evaluation of 5 sites

The management and safety officers of these sites are engaged with a dedicated questionnaire, covering environmental and human rights potential risks and opportunities in local communities. The result of the evaluation shows that among the five sites reviewed, four have no significant impacts and one may have some specific impacts.



Four sites with low impacts, well mitigated:

- The four factories studied are located within dedicated industrial parks, with specific infrastructures including transportation and access. No competition for local resources (water, power, staple goods, etc.) was reported. Their impact on the urban surroundings is low, as they are either located next to a very large city or in one case, in the countryside and at a reasonable distance from the nearest village.
- These sites provide a significant source of employment for local people. Besides, these entities foster local development initiatives supporting schools, cultural programs, or local infrastructures (such as hospitals).
- The industrial activities performed on these four sites are mostly the assembly of components. Some marginal activities of plastic injection are subject to local and national regulations, with regular compulsory reporting.
- One of the sites is part of an industrial park which includes housing facilities for workers (dormitories). These facilities have been recently enhanced, are compliant with local standards, and have not been subject to any specific alert report. However, they remain a point of attention and follow up on Schneider Electric's side.

One site with medium impacts; mitigation actions in progress:

- This specific site is hosting an industrial process that involves the use of chemicals. Although these are not critical and restricted substances, they are required to be monitored and processed specifically.
- The site is located close to a small urban area, and therefore the risks of marginal pollution are present.
- Several mitigation actions have been implemented by the local team. A specific review of the adequacy of these measures is also in progress.



5.5 Local communities

5.5.5 Communities close to Schneider Electric’s customer project sites

Context

In 2021, Schneider Electric extended its risk assessment to cover local communities residing close to 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 a grid or to large private 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 experts, industrial process experts, electricity specialists, and communication infrastructure experts. Relationships with local communities, when relevant, are usually handled by the main contractor, or by the end customer.

Characterizing the sites, ranking them by risk level, and selecting the ones for a deep dive

To identify the main sites presenting potential risks, Schneider Electric has pre-selected customer projects based on the combination of two criteria - country risk and customer activity. Country risk is a compound of several external publicly available indicators (transparency, human rights, etc.). Customer activity is based on the industrial process specific to the end customer. For illustration, the top five countries and market segments’ risks are ranked as follows:

Country	Customer activity
1. Chad	1. Mining, minerals and metals
2. Mauritania	2. Oil, gas and petrochemicals
3. Angola	3. Power and grid
4. Nigeria	4. Life sciences
5. Tanzania	5. Water

Based on these criteria, the Group has established a list of 25 projects to be reviewed with its management team.

Evaluating the impact for selected sites

Projects reviewed can be grouped into three categories, each reflecting the type of involvement of Schneider Electric and its mitigation capabilities.

- **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 Electric.
- **Type 2:** Schneider Electric provides switchgear and/or industrial equipment, but it is not the main contractor. Mitigation capabilities are limited.
- **Type 3:** Schneider Electric provides software and control, and is mostly working remotely, being present on-site only for final testing and commissioning. Mitigation capabilities are very low.

Among the projects reviewed, two were of Type 1, six of Type 2, and six of Type 3. A study of the two projects of Type 1 shows the following risks and benefits to local populations:

- Temporary/brief disturbance in transportation and mobility due to large materials and equipment delivery
- Temporary and planned power outages
- No environmental or pollution risks
- Local security is implemented by the final customer, with no or little impact on neighboring communities
- The project is a source of employment for local companies



5.5 Local Communities

For Type 1 projects that have been reviewed, Schneider Electric and the contractors under its responsibility were not found to create major or significant risks for communities. Some points of improvements that would contribute positively to the communities were identified, for example - additional focus on local education and technical training, awareness of energy-related subjects, or more emphasis on local hiring. Globally, a more structured communication and pattern of interaction with communities or their representatives would bring value.

- Among the twelve projects under Type 2 and Type 3, six projects have significant impacts on their local communities (petrochemicals, etc.) and six have no impact (located in a desert or remote location). For the projects with significant impacts, relationships with local communities are handled by the end user or the main contractor. Given the small size of Schneider Electric's contribution to the overall project investment, the capacity of Schneider Electric to be a significant contributor to mitigation measures is very limited. Specific policies that would increase this capacity, and are adapted to these project profiles, are currently under review.

An illustration of a Type 2 project is the East African Crude Oil Pipeline (also known as 'EACOP project'). Schneider Electric provides the project owner TotalEnergies (the project decision-maker, along with its local partners and the states that commissioned it) with equipment for the supervision and safety of the facility, as well as its electrical infrastructure. Schneider Electric analyzed the project in detail before making a commitment. Conscious of the public debate triggered by this project, Schneider Electric asked a third party to carry out its own independent analysis, leveraging the IFC (World Bank) Sustainability framework and its eight performance standards, covering both environmental and human rights elements. Schneider Electric continues to listen to its stakeholders and is in dialogue with the project owner to help mitigate the risks of this project.



6. Perspectives

From 2017 to 2020, the vigilance program went through its first phase, which was focused on structuring the risk mapping exercise, and deploying the actions that would help mitigate these risks. Although some actions related to compliance, health and safety, well-being, or carbon emissions reduction for example, were already part of Schneider Electric's overall strategy before the 2017 law and were therefore well in progress. Vigilance accelerated the deployment of actions in specific fields – the main one being with suppliers, and the deployment of an audit program for high-risk cases.

In 2021, the vigilance program entered in its second phase, which focuses on acceleration in the supply chain where the number of audits carried out is increasing significantly, and the expansion of vigilance into new fields, such as the impact of Schneider Electric's customer project activity on local communities. In 2023, there will be significant reinforcements to Schneider Electric's risk assessment and policies based on learnings so far.

Schneider Electric's overall ambition is to continue strengthening its vigilance program, fully consistent with its purpose, mission, and overall strategic ambition. This reinforcement will also integrate the evolution of the legal framework across the world, starting with the German law enacted in 2023.

Specific projects in the supply chain will also contribute to the overall reinforcement of Schneider Electric's vigilance. They are not part of the vigilance plan directly, but are strongly related to the topic and bring together multiple synergies:

- The Zero-Carbon Project, which aims at working with our top key suppliers to help them reduce their Scope 1 and 2 carbon emissions (Scope 3 is optional). This project is now well underway, and these suppliers are currently engaging in actions with the support of Schneider Electric.
- The Decent Work program focuses on the same group of top key suppliers, with the aim to bring them to provide decent work standards for their employees. The detailed scope and definition of decent work has been finalized in 2022 based on ILO, OECD and UNGC soft law inspiration. Most of the suppliers targeted have responded positively and are now entering into a phase of action.
- Upstream supplier mapping: This program is still in incubation mode. The goal is to test the detailed mapping of our tier 1 suppliers with their tier 2, then tier 3 suppliers, etc. Given the fact that Schneider Electric has >52000 tier 1 suppliers, the number of tier 2, tier 3, etc., is significantly high, and therefore the magnitude of this goal and its feasibility still need to be assessed. In 2023, a pilot focused on human rights and a limited scope of suppliers will be carried out.

As a reminder to the reader, this Duty of Vigilance plan is the summary of Schneider Electric's risk assessment and the main actions for prevention and mitigation. It has been kept relatively compact for easy reading. Should the reader require more detailed insights into these actions, we would recommend reading the Annual Report of Schneider Electric, which contains extensive information about these programs.



7. Correspondence Table

			Vigilance plan 2022	Universal Registration Document 2022
Risk mapping and regular assessment procedures			<ul style="list-style-type: none"> 4. Risk mapping (p.19-24) 5.3.1 Supplier risk categories (p.46) 	<ul style="list-style-type: none"> 2.2.10.4 Vigilance Risk Assessment (p.131) 2.2.12.5 Vigilance plan for suppliers - Supplier risk categories and audit plan (p.-138)
Actions to mitigate risks or prevent serious harm	Schneider Electric's sites	Human Rights	<ul style="list-style-type: none"> 5.1.2 Human rights (p.27-33) 	<ul style="list-style-type: none"> 2.2.8 Human rights (p.124) 2.8.2 Social indicators (p.280) 2.5 Great people making Schneider Electric a great company (p.198)
		Environment	<ul style="list-style-type: none"> 5.1.3 Environmental (p.33-36) 5.2 Fighting climate change by leading on decarbonization (40-45) 	<ul style="list-style-type: none"> 2.5 Great people making Schneider Electric a great company (p.198) 2.4 Being efficient with resources (p.174) 2.8.1 Environmental & Climate indicators (p.274)
		Business Ethics	<ul style="list-style-type: none"> 5.1.5 Ethical business (p.37) 	<ul style="list-style-type: none"> 2.2.2 Ethics & Compliance program (p.111) 2.2.3 Zero tolerance for corruption (p.117) 2.2.12.7 Conflict Minerals program (p.141)
		Offer Safety	<ul style="list-style-type: none"> 5.1.6 Offer safety (p.38) 	<ul style="list-style-type: none"> 2.2.5 Compliance with tax regulations (p.119) 2.2.6 High standards for the quality and safety of our products (p.119)
		Cybersecurity & Data Privacy	<ul style="list-style-type: none"> 5.1.7 Cybersecurity and data privacy (p.39) 	<ul style="list-style-type: none"> 2.2.7 Digital trust and security (p.123)
	Suppliers' sites		<ul style="list-style-type: none"> 5.3 Supplier Vigilance (p.xx-xx) 	<ul style="list-style-type: none"> 2.2.12.5 Vigilance plan for suppliers (p.138) 2.2.12 Sustainable relationships with suppliers (p.136)
	Subcontractors		<ul style="list-style-type: none"> 5.4 Relationship with project execution contractor (p.50-51) 	<ul style="list-style-type: none"> 2.2.11 Relationships with project execution contractors (p.135)
	Communities	Around Schneider Sites	<ul style="list-style-type: none"> 5.5.4 Communities living around Schneider Electric's local sites (p.52-53) 	<ul style="list-style-type: none"> 2.2.13.4 Communities close to Schneider's sites (p.146)
		Around Customers Project Sites	<ul style="list-style-type: none"> 5.5.5 – Communities close to Schneider Electric's customer projects sites (p.54-56) 	<ul style="list-style-type: none"> 2.2.13.5 Communities around Schneider's customers' project sites (p.146)
	Alert system	Schneider Electric's employees		<ul style="list-style-type: none"> 2.4 Alert system (p.14)
External Stakeholders				
Follow-up process for the measures implemented and the evaluation of their effectiveness			<ul style="list-style-type: none"> 2.1 Global governance (p.10) 2.2 DoV Steering Committee, composition, responsibilities (p.11) 	<ul style="list-style-type: none"> 2.2.10.3 Governance (p. 130)



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The Schneider Electric Vigilance Plan is a collective effort **coordinated by the Corporate Citizenship and Institutional Affairs Team**. Should you have any questions, comments or suggestions please contact us.

Ethics & Compliance: <https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/>
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