

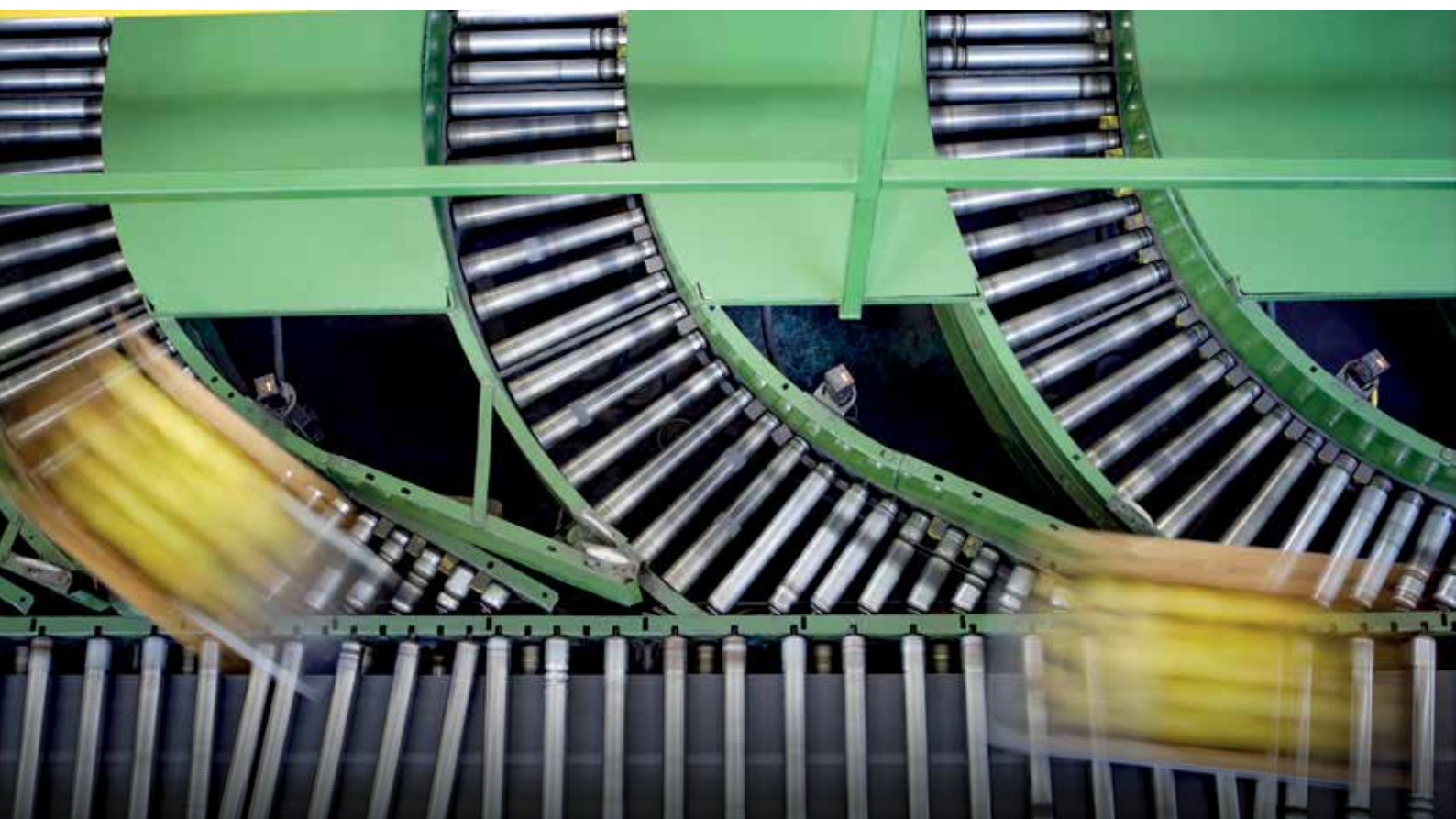


Enabling a
sustainable future

2021 Sustainable Development Report



As an impact company, we are convinced that to do good, we need to do well, and vice-versa. Our sustainability and business impacts converge to act for a climate positive and socially equitable world.



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A changemaker for sustainability

For over 15 years, sustainability has been at the core of Schneider Electric's transformation journey. The Group is now a world corporate leader in sustainability and a key enabler for all stakeholders in its ecosystem to accelerate their own energy efficiency and sustainability transition. With this experience, comes a strong belief that what makes Schneider Electric stand out today and tomorrow is that it is an impact company.



“Companies need to have a net positive mindset where they can benefit from solving the world's problems instead of creating them. This restorative mindset is aligned with Schneider Electric's impact company model that can be a true driver for change.”

Bertrand Piccard
Chairman of the Solar Impulse Foundation

Schneider Electric is an impact company, a company which lives by a unique sustainability strategy and operating model, built to deliver positive impacts in the long-run. It entails a responsibility to share learnings and keep raising the bar.

An impact company seeks to address the needs of all stakeholders in its ecosystem, from employees to supply chain partners, customers, as well as local communities and institutions.

To deliver sustainability in its entire value chain, it must combine a solid profitability with leading practice on all Environmental, Social and Governance dimensions.

It means that an impact company has inherently aligned and integrated its purpose and its business mission to ensure its corporate value delivers on sustainability needs and ambitions.

The company's operating model is set up to impact on all of the above at global and local levels. Its culture builds on strong and practiced values with the right talent and processes to be a leading purpose-led company.

Our Guiding Principles

- 1. Performance**
the foundation for doing good
- 2. All Stakeholders**
in our ecosystem
- 3. All ESG**
dimensions
- 4. Business**
digital partner for Sustainability and Efficiency
- 5. Model & Culture**
set up for global and local impact

An Impact model recognized in external ratings



Our 2025 sustainability commitments

With less than ten years left to reach the 17 United Nations SDGs, Schneider Electric has accelerated its impact and is making new, bold commitments to drive meaningful impact within the framework of its business activity. Such sustainability commitments and progress are fully integrated in the governance processes and bodies that design and execute the Group's strategy internally and externally at every level from the Board of Directions to the operations.

<p>Act for a climate-positive world</p> <p>by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our carbon pledge.</p>  <p>Create equal opportunities</p> <p>by ensuring all employees are uniquely valued in an inclusive environment to develop and contribute their best.</p> 	<p>Be efficient with resources</p> <p>by behaving responsibly and making the most of digital technology to preserve our planet.</p>  <p>Harness the power of all generations</p> <p>by fostering learning, upskilling, and development for each generation, paving the way for the next.</p> 	<p>Live up to our principles of trust</p> <p>by upholding ourselves and all around us to high social, governance, and ethical standards.</p>  <p>Empower local communities</p> <p>by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.</p> 
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Schneider Sustainability Impact

Progress against our six commitments for 2021 – 2025 are tracked through quantitative performance indicators, under two complementary tools: the Schneider Sustainability Impact (SSI) and the new Schneider Sustainability Essentials (SSE).

The SSI is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative programs. The programs are tracked and published quarterly, as well as audited annually. To instill a culture of sustainability, the SSI performance is embedded in the short-term incentive plans for the managers and leaders of the Group. A notable addition to the SSI in 2021 is the local commitment, aiming to deploy meaningful local actions in the 100+ markets where the Group operates.

The SSE is a new tool created to maintain a high level of engagement and transparency for 25 other long-lasting programs, such as our promise to pay all our employees above the living wage.

Our unique transformation tool

- Focused** on material issues
- Disrupting** the *status quo*
- Transparent** quarterly disclosure
- Robust** assured by an independent third party
- Rewarding** employees for performance



2030 PLEDGE

For our Ecosystem

Climate

Carbon pledge towards net-zero CO₂ emissions
 In our operations by 2030
 In our value chain by 2050

Biodiversity

Pledge to be efficient with resources with no net biodiversity loss in our operations by 2030

Access to Energy

Provide access to green electricity to 100 million people by 2030

An introduction by Chief Strategy & Sustainability Officer, Olivier Blum



World's Most Sustainable Corporation in 2021

For well over a decade, sustainability has been at the heart of what Schneider does. Still, 2021 was a standout year, in several respects.

In January, our continuous efforts to address climate change and social inequality received the highest profile of external recognitions when the Canadian media and research company Corporate Knights ranked us the World's Most Sustainable Corporation. This, along with numerous other ESG recognitions in 2021, is testimony to the valuable, long-term positive impact we have.

Throughout the year, the need to address climate change and social inequality hit headlines seemingly every day. In November, governments and businesses made important commitments at the COP26 climate change conference, though talk must now translate into rapid, bold and comprehensive action if we're to prevent a potentially catastrophic rise in global temperatures.

We share the responsibility to act with governments and other institutions, and we believe that private-sector corporates like Schneider play a crucial role in leading the transition to a cleaner, more inclusive world.

Paving the way as an Impact Company

As an Impact company, we're determined to keep intensifying our meaningful and lasting impact across all dimensions of ESG (environmental, social, corporate governance and ethics), from employees to supply chain partners, customers, as well as local communities and institutions at local and global levels. By weaving sustainability and societal impact into all facets of our business, we create long-term value for all stakeholders and deliver profitable growth.

During the course of the year, we moved forward with our 2021-2025 Schneider Sustainability Impact (SSI) targets. These are aligned to both our six long-term commitments related to climate, resources, equal opportunities, trust, all generations, and local communities, and to the United Nations' Sustainable Development Goals. This latest program reinforces our ESG commitments through 11 global targets, plus a new local target to empower our country organizations to address their specific challenges and opportunities. The progress we make on these SSI targets is a true indicator of our company's transformation, both globally and on the ground.

Our achievements to fight climate change and social inequality

In the first quarter of 2021, we kicked off a new initiative to help 1,000 of our top suppliers reduce their carbon emissions by 50% by 2025. With our supply chain community, we're working to evaluate, strategize and implement decarbonization actions suited to each supplier's specific maturity and scope. Furthermore, we've raised our ambitions when it comes to the environmental and social responsibility of our supply chain: we are well on our way to using more sustainable resources and materials in our products and packaging, and we audit our suppliers to ensure they comply with the highest ethical work standards and best practices.

As ever, we're committed to helping resolve social problems, and to promoting equal opportunities for all our employees. We live in a world for instance where 800 million people don't have access to energy, which is why we develop and deliver adapted solutions that supply clean, safe and reliable energy, hereby unlocking education and economic opportunity, and a better quality of life.

We also continue to prioritize learning, development and upskilling not only for Schneider's multi-generational workforce, but also through the work of the Schneider Electric Foundation in supporting local NGOs that run vocational training programs for young people. In 2021, we reached an impressive milestone in this field, with 300,000 people trained in energy management since we launched the program in 2009.

And no less importantly, we seek to build trust with our stakeholders, living up to the highest standards of corporate governance, through initiatives that monitor and educate teams on ethics, cybersecurity, safety, and quality. Our 2021 Trust Charter, the evolution of our Principles of Responsibility, sets out the expectations of how we work at Schneider, and equips our teams to confront any unethical behavior they might encounter.

These are just some highlights of 2021. Looking ahead, as a leading Impact Company in 2022, we're committed to doing even more, even faster.

1 Sustainability at the heart of our strategy

In this section

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2021 Recognitions



Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

2021 Highlights

#1

World's Most Sustainable Corporation in 2021 by Corporate Knights

3.92/10

Schneider Sustainability Impact score, outperforming 2021 3.75/10 target

347M

Tonnes of saved and avoided CO₂ emissions for our customers since 2018

+4M

People have access to green electricity in 2021

71%

Highest Employee Engagement Index of all time

1,000+

Suppliers committed to the Zero Carbon Project

1 Sustainability at the heart of our strategy

1.1 Our strategic vision towards long-term positive impact

1.1.1 A holistic and strategic vision of sustainability

“Sustainability” is about creating system value. It encompasses continuous improvement of environmental, social, and ethical dimensions across an organizations entire value chain and stakeholders.

Schneider Electric’s short-term roadmap (3 – 5 years) is built on a consultation process involving external and internal stakeholders, called a materiality assessment, as well as dedicated internal governance mechanisms involving the Strategy & Sustainability team, employees, experts in the Group, the Executive Committee, and the Board of Directors, under the leadership of the Chief Strategy & Sustainability Officer.

In the medium (5 – 10 years) and long term (10 – 30 years), Schneider Electric aligns its strategy on key issues under the United Nations Sustainable Development Goals (SDGs) and global climate scenarios in coherence with its business model and global footprint.

This holistic approach to sustainability allows the Group to greatly mitigate risks and also brings tangible value added through a greater attractiveness to customers, new talents, and investors, while boosting innovation.

The numerous awards received each year (e.g., #1 Most Sustainable Corporation, Financial Times top 50 Diversity Leaders, Gartner Supply Chain Top 25, etc.) and the Group’s leadership in the main ESG indices (e.g., Dow Jones Sustainability World Index, Euronext Vigeo Eiris World 120, etc.), confirms that Schneider Electric is headed in the right direction.

1.1.2 A unique position to fight climate change and social inequality

As a global specialist in the digital transformation of energy management and automation, the Group places its expertise and solutions at the service of its customers to ensure that energy is safe, reliable, efficient, connected, and sustainable.

The Group proposes an integrated offering of technologies and market-leading solutions tailored to customer needs, promoting the transition towards more electric, digital, decarbonized, and decentralized energy. These solutions balance the need to reduce the planet’s carbon footprint with the inalienable human right to quality energy and access to digital.

In fact, Schneider Electric is uniquely positioned among the 1,000+ companies taking action for climate change because it acts on both sides of the same equation:

- The solutions Schneider Electric brings to the market are directly linked to activities to mitigate, adapt, and improve humanity’s resilience to climate change;
- At the same time, Schneider Electric acts to reduce its end-to-end CO₂ footprint, aiming for a net-zero CO₂ supply chain by 2050, with precise steps for 2025, 2030, and 2040.

This positive contribution is measured as Impact revenues, which represent 71% of the Group’s total revenues in 2021. In addition, to further contribute to a new electric and digital world, 100% of Schneider Electric’s innovation projects are aligned with its purpose, more than 90% being either strictly green or neutral. On this journey for a better planet, the Group is convinced that no one should be left behind, and businesses should operate a just transition.

1.1.3 A commitment to the United Nations Sustainable Development Goals

Schneider Electric is committed to taking urgent action to co-create a brighter future aligned with the United Nations Sustainable Development Goals (SDGs), consisting of 17 objectives and measuring its impact with transparency. The SDGs are about protecting the planet, alleviating poverty, and achieving worldwide peace and justice. By tracking its sustainability performance and publishing quarterly results, Schneider Electric uphold its commitments to the SDGs and industry leadership in corporate social responsibility.

The Group’s sustainability roadmap

2021-2025

Progress on our Climate Pledge to reach carbon neutrality in the Group’s operations.

Reach the 11 global, and one local, objectives of the Schneider Sustainability Impact (SSI) 2021 – 2025, as well as the 25 objectives of the Schneider Sustainability Essentials (SSE) under our six long term commitments (climate, equal, resources, generations, trust, and local).



1.2 The Schneider Sustainability Impact, a unique transformation tool

1.2.1 A continuous improvement process anchored in our practice since 2005

To demonstrate significant impacts and initiate lasting change, performance must be measured, in a relevant manner for a company and its stakeholders. That is why Schneider Electric defines specific Group objectives and measures its results each quarter (since 2005) in a dashboard commonly referred to as a “barometer”. In 2018, this barometer was renamed Schneider Sustainability Impact (SSI). Schneider uses this tool to address its sustainability challenges and to improve each of the pillars of its strategy identified through its materiality matrix. The SSI uses a scoring scale of 10 and provides an overall measure of the Group’s progress. The tool also enables Schneider to anticipate and effectively manage its risks and opportunities by mobilizing key stakeholders around specific, measured objectives and reliable results. The SSI’s performance and monitoring systems are audited annually by an external auditor (limited assurance). Each SSI seeks to:

- **Mobilize** the whole Company around holistic sustainability goals impacting its ecosystem;
- **Share** the Group’s improvement plans with stakeholders;
- Create **system value**.

On a daily basis, Schneider Electric proves that economic, environmental, and social interests are convergent.

1.2.2 Two complementary sustainability performance dashboards to progress between 2021 and 2025

In 2020, Schneider Electric defined six new objectives for the 2021-2025 period:

1. **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.
2. **Be efficient with resources**, by behaving responsibly and making the most of digital technology to preserve our planet.
3. **Live up to our principles of Trust**, by upholding ourselves and all around us to high social, governance, and ethical standards.

4. **Create equal opportunities**, by ensuring all employees are uniquely valued and work in an inclusive environment to develop and contribute their best.
5. **Harness the power of all generations**, by fostering learning, upskilling, and development for each generation, paving the way for the next.
6. **Empower local communities**, by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all.

The execution of the Group’s 2021 – 2025 sustainability strategy is tracked through quantitative key performance indicators (KPIs), under two complementary tools: the SSI and the new Schneider Sustainability Essentials (SSE).

The SSI is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative programs. The programs will be tracked and published quarterly, audited annually, and linked to short-term incentive plans for more than 64,000 employees. A notable addition to the SSI in 2021 is the local aspect, aiming to deploy local actions in the 100+ markets where the Group operates in order to better empower all leaders and collaborators to unlock meaningful local impacts.

The SSE has been created to maintain a high level of commitment and transparency in the actions taken by the Group. This new tool brings balance between the innovative transformation plans of the SSI and the need to keep progressing on other long-lasting programs. In this spirit of continuous improvement, and in a holistic vision of sustainability, the SSE will track annual progress with 25 quantitative KPIs, and some additional qualitative programs.

Collectively, the SSI 11 Global Impacts and its Local Impact, as well as the 25 SSE programs, are the Group’s short-term sustainability roadmap and our contribution to the 17 United Nations SDGs. More details on our contributions to each SDG are [available online](#).

1.2.3 A vision beyond 2025 for climate, biodiversity, and access to energy

Climate change, biodiversity loss, rising inequalities, all those issues have long-term consequences and cannot be addressed with a short-term mindset only: solving these issues requires a combination of a long-term vision and concrete short-term action. The Group’s meaningful purpose and its 2021-2025 SSI fit with Schneider’s longer-term 2050 vision for a fair and decarbonized world, and key steps along the way in 2030 and 2040 that are presented below.

2030

SUSTAINABLE DEVELOPMENT GOALS

- Reach net-zero operational emissions and reduction of Scope 3 emissions by 35% (versus 2017) as part of the Group’s validated 1.5°C Science-Based Target (SBT)
- Consume 100% renewable electricity (RE100)
- Double energy productivity (versus 2005) (EP100)
- Switch to 100% electric cars (EV100)
- Provide access to energy to 100 million people

2040

Become carbon neutral on full end-to-end footprint by 2040 (full Scopes 1, 2, and 3), 10 years ahead of 1.5°C climate trajectory. This means that all Schneider Electric products will be carbon neutral by 2040 (using quality offsets)

2050

Engage with suppliers towards a net-zero CO₂ supply chain

1 Sustainability at the heart of our strategy

SCHNEIDER SUSTAINABILITY IMPACT

3.92/10

Schneider Sustainability Impact score in 2021⁽¹⁾, outperforming 3.75/10 target for the year



Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs

2021-2025 programs

Baseline⁽²⁾

2021 progress⁽³⁾

2025 Target

Climate



1. Grow our Schneider Impact revenues ⁽⁴⁾	70%	71%	80%
2. Help our customers save and avoid millions of tonnes of CO ₂ emissions	263M	347M	800M
3. Reduce CO ₂ emissions from top 1,000 suppliers' operation	0%	1%	50%

Resources



4. Increase green material content in our products	7%	11%	50%
5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	21%	100%

Trust



6. Strategic suppliers who provide decent work to their employees ⁽¹⁾	--	In progress	100%
7. Level of confidence of our employees to report unethical conduct ⁽¹⁾	81%	+0pts	+10pts

Equal



8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
9. Provide access to green electricity to 50 million people	30M	+4.2M	50M

Generations



10. Double hiring opportunities for interns, apprentices and fresh graduates	4,939	x1.25	x2
11. Train people in energy management	281,737	328,359	1M

Local



+1. Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%
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(1) The Schneider Sustainability Impact (SSI) provides an overall measure of the Group's progress on its sustainability goals on a scoring scale of 10. This is achieved by converting each KPI's performance on a 10-point scale, considering that base year performance receives a 3/10 score and the 2025 objective translates to a 10/10 score. For each KPI, the relevant score is obtained by linear interpolation and rounded down to the second decimal. The overall score of the tool is the average of each KPI's score with equal weight excluding the local commitment (SSI #+1). As an exception, in 2021, two other KPIs are excluded: SSI #6, as the program is still in development, and SSI #7, because 2021 is the baseline year.

(2) Generally, the 2020 performance serves as a baseline for SSI programs, except for two programs measured against a 2019 baseline to mitigate COVID-19 impacts (SSI #1 Impact revenues and SSI #10 opportunities for the next generation).

(3) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all of the SSI indicators (except for SSI #6, SSI #7 and SSI #+1), in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in each section of this report.

(4) For the reporting requirements under the European Taxonomy Regulation, please refer to page 12 and page 160.

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs

2021-2025 programs

Baseline⁽¹⁾

2021 progress⁽²⁾

2025 Target

Climate



1. Decarbonize our operations with Zero-CO ₂ sites	30	<div style="width: 51%;"><div style="width: 51%;"></div></div> 51	150
2. Substitute relevant offers with SF ₆ -Free medium voltage technologies	0%	<div style="width: 38%;"><div style="width: 38%;"></div></div> 38%	100%
3. Source electricity from renewables	80%	<div style="width: 82%;"><div style="width: 82%;"></div></div> 82%	90%
4. Improve CO ₂ efficiency in transportation	0%	<div style="width: -1%;"><div style="width: -1%;"></div></div> -1%	15%

Resources



5. Improve energy efficiency in our sites	0%	<div style="width: 6.6%;"><div style="width: 6.6%;"></div></div> 6.6%	15%
6. Grow our product revenues covered with Green Premium™	77%	<div style="width: 78%;"><div style="width: 78%;"></div></div> 78%	80%
7. Switch our corporate vehicle fleet to electric vehicles	1%	<div style="width: 7.7%;"><div style="width: 7.7%;"></div></div> 7.7%	33%
8. Deploy local biodiversity conservation and restoration programs in our sites	0%	<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	100%
9. Give a second life to waste in 'Waste-to-Resource' sites	120	<div style="width: 126%;"><div style="width: 126%;"></div></div> 126	200
10. Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	157,588	<div style="width: 203,881%;"><div style="width: 203,881%;"></div></div> 203,881	420,000
11. Deploy a water conservation strategy and action plan for sites in water-stressed areas	0%	<div style="width: 9%;"><div style="width: 9%;"></div></div> 9%	100%

Trust



12. Deploy a 'Social Excellence' program through multiple tiers of suppliers ⁽³⁾	--	<div style="width: In progress;"><div style="width: In progress;"></div></div> In progress	--
13. Train our employees on Cybersecurity and Ethics every year	90%	<div style="width: 96%;"><div style="width: 96%;"></div></div> 96%	100%
14. Decrease the Medical Incident rate	0.79	<div style="width: 0.65;"><div style="width: 0.65;"></div></div> 0.65	0.38
15. Reduce scrap from safety units recalled	4,202	<div style="width: 4,024;"><div style="width: 4,024;"></div></div> 4,024	2,101
16. Be in the top 25% in external ratings for Cybersecurity performance	Top 25%	<div style="width: Top 25%;"><div style="width: Top 25%;"></div></div> Top 25%	Top 25%
17. Assess our suppliers under our 'Vigilance Program'	374	<div style="width: 1,203;"><div style="width: 1,203;"></div></div> 1,203	4,000

Equal



18. Reduce pay gap for both females and males	F: -1.73% M: 1.00%	<div style="width: -1.61%;"><div style="width: -1.61%;"></div></div> -1.61%	<1%
19. Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	53%	<div style="width: 61%;"><div style="width: 61%;"></div></div> 61%	60%
20. Pay our employees at least a living wage ⁽⁴⁾	99%	<div style="width: 100%;"><div style="width: 100%;"></div></div> 100%	100%
21. Multiply the number of employee-driven development interactions on the Open Talent Market	5,019	<div style="width: x2.1;"><div style="width: x2.1;"></div></div> x2.1	x4

Generations



22. Support the digital upskilling of our employees	41%	<div style="width: 74%;"><div style="width: 74%;"></div></div> 74%	90%
23. Provide access to meaningful career development programs for employees during later stages of their career	--	<div style="width: In progress;"><div style="width: In progress;"></div></div> In progress	90%
24. Increase our employee engagement level	69%	<div style="width: 71%;"><div style="width: 71%;"></div></div> 71%	75%

Local



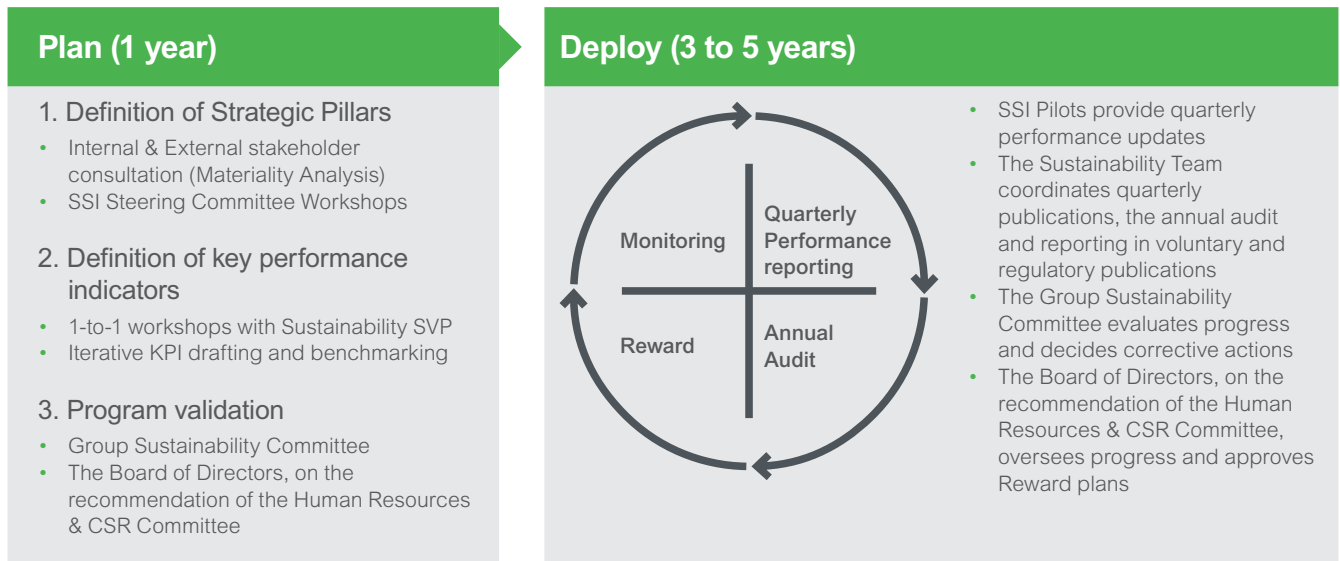
25. Increase the number of volunteering days since 2017	18,469	<div style="width: 27,981;"><div style="width: 27,981;"></div></div> 27,981	50,000
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(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Essentials (SSE) programs, except for SSE #5, SSE #14 and SSE #20 measured against a 2019 baseline to mitigate COVID-19 impacts.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all of the SSE indicators (except SSE #12 and SSE #23), in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in each section of this report.
 (3) SSE #12 'Social Excellence' program currently under development and will be deployed in 2023.
 (4) As of 31st December 2021, 99.99% of eligible employees, i.e. all Schneider employees treated as permanent workforce, were paid the living wage. The few remaining gaps were closed early 2022 so that all in scope Schneider Electric employees are now paid the living wage. The final KPI result for 2021 was rounded to 100%.

1 Sustainability at the heart of our strategy

1.2.4 Process to select and deploy our commitments

1.2.4.1 Sustainability Strategy setting process



1.2.4.2 Program planification

Analysis of material challenges

Every three to five years, the Group defines a new SSI dashboard in the wake of an exercise to identify sustainability challenges on the basis of external and internal contributions.

The voices of each stakeholder are taken into account via the Group's materiality matrix, meetings with SRI investors, and the questionnaires from rating agencies or from customers, which all shed light on our strategic points of differentiation and on salient societal concerns.

Definition of disruptive programs

For each target and indicator, and this is a critical point for the operational implementation of each SSI, the ambition is defined in consultation with the departments concerned.

In 2020, a specific SSI Steering Committee was created, with about 50 members: representatives of each Executive Committee member, each geography, function, and business unit. Three all-hands workshops took place, and the sustainability team organized individual follow up interviews with each member to define precise and measurable programs.

For the Group, it is a guarantee of strong mobilization in the field that is consistent with actual priorities; for teams, it is the assurance of having the necessary means and visibility to improve. In each new period, the barometer update takes into account results obtained, progress still expected, the emergence of new topics and new priorities, and the experience gained. Thus, it is a powerful tool to move the Group forward on its major challenges.

Four scenarios may emerge from one SSI to the next:

- Improvement plans are maintained in the barometer and their targets are renewed or increased.
- Improvement plans change: new and more innovative or better-adapted indicators that cover the same subject are implemented; old indicators continue to be monitored internally if necessary.

- Improvement plans are removed from the barometer; this is also the case with indicators that have reached a threshold. They continue to be monitored internally if necessary.
- Improvement plans to address new challenges are implemented.

Governance and validation of the SSI

The Sustainability department presents a draft version of the new SSI to the Human Resources & CSR Committee, which reports on its work to the Board of Directors, and to the Group Sustainability Committee for validation. This latter Committee includes six members of the Executive Committee: the Chief Strategy and Sustainability Officer; Chief Human Resources Officer; Chief Global Supply Chain Officer; Chief Marketing Officer; Chief Governance Officer & Secretary General; and Chief Financial Officer. The new barometer is then approved by the Chairman & CEO.

1.2.4.3 Program deployment

Transparent quarterly and annual disclosure

Quarterly results are supervised by the Group Sustainability Committee, which makes decisions on any corrective actions that may be necessary to reach objectives. This Committee meets quarterly. The Human Resources & CSR Committee within the Board of Directors conducts an annual review of the Group's Sustainability Policy, analyzing, in particular, the performance of the SSI.

Extra-financial annual results are presented together with financial results by Jean-Pascal Tricoire, Chairman & CEO of Schneider Electric, in order to demonstrate the Group's commitment to making sustainability part of the Company's long-term strategy. In addition, since 2014, quarterly results have been presented together with quarterly financial information to institutional investors by the Chief Finance Officer.

Annual external verification

Each year, Schneider Electric obtains a “limited” level of assurance from an independent third party verifier for all of the SSI and SSE indicators, in accordance with ISAE 3000 assurance standard (see Independent verifier’s report on page 168).

Rewarding employees for performance

Since 2011, the SSI score is included in the variable compensation of global functions and Company leaders. In France, since 2012, the SSI has also been included in the profit-sharing incentive plan for the French entities, Schneider Electric Industries and Schneider Electric France. From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual short-term incentive highlighting further the importance of sustainability on Schneider Electric’s business agenda. Further details are provided in section “Compensation and benefits” on page 126.

In 2021, the SSI performance impacts short-term incentive plans for 64,000 managers (20% of collective share).

Active communication of sustainability performance

The results of each SSI are released through the main channels below:

- Quarterly conference calls on the Group’s financial and extra-financial results to investors and the business press;
- The Group’s website (quarterly press releases, presentation of integrated quarterly results);
- The intranet (including a quarterly internal video featuring the CEO and the CFO on the quarter’s results – these videos have strong internal visibility);
- Communications with the Board of Directors via its Human Resources & CSR Committee and the Executive Committee;
- The Group’s annual reports (Universal Registration Document including the statutory auditors’ report, Schneider Sustainability Report, integrated report);
- The quarterly internal rating for managers on monitoring the level of achievement of objectives related to variable compensation;
- Customers or investors events.

Overview of the five barometers since 2005, and example achievements

2005-2008	2009-2011	2012-2014	2015-2017	2018-2020	2021-2025
Number of KPIs 10 KPIs in program	13 KPIs in program	14 KPIs in program	16 KPIs in program	21 KPIs in program	11+1 KPIs in program
Score out of 10 8/10 2008 overall performance	9.38/10 2011 overall performance	9.52/10 2014 overall performance	9.58/10 2017 overall performance	9.32/10 2020 overall performance	3.92/10 2021 overall performance
Highlights -20% Number of lost days from work accidents per employee per year >120 Products with an environmental profile	1,291,768 Households at the Base of the Pyramid got access to energy thanks to Schneider Electric solutions 70.4% of employees worked on ISO 14001 certified sites	460 Missions with the “Schneider Electric Teachers” NGO 16% CO ₂ savings on transportation	98.4% of our entities passed our internal Ethics & Responsibility assessment 100% of products in R&D designed with Schneider EcoDesign Way™	9 Indicators with increased objectives in 2019 100% of employees are working in countries that have fully deployed our Family Leave Policy	New tool Schneider Sustainability Essentials with 25 objectives Local dimension with 200 commitments taken by Zone and Country Presidents

1 Sustainability at the heart of our strategy

1.3 Measuring our contribution to a more sustainable world

Schneider Electric has been an early adopter of transparent disclosures on sustainable revenues, and created its own methodology of "Impact revenues"⁽¹⁾ in 2019, covering offers that bring environmental efficiency to its customers, while not generating any significant harmful impact to the environment, and excluding revenues from carbon intensive segments. Recently, the European Union (EU) has shown international leadership by being the first to develop a Regulation and Taxonomy aiming at driving investments towards environmentally sustainable activities, which the Group applauds. Both methodologies are somewhat aligned but currently differ in the scope of eligible activities, and in end-segments exclusions. The Group is supportive of a better alignment over the next years to provide its multinational stakeholders with standardized metrics and empower them to shape a more sustainable future for all.

1.3.1 A purpose-led, Impact Company

Schneider Electric's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. The Group's differentiation lies in its complementary actions to demonstrate outstanding environmental, social, and ethical performance, and to support its customers in their Net-zero CO₂ journey. Schneider is the digital partner of its customers for sustainability and efficiency.

The Group proposes an integrated offering of technologies and market-leading solutions tailored to customer needs, promoting the transition towards more electric, digital, decarbonized, and decentralized energy. Those active energy efficiency solutions - which consist of optimizing the entire energy cycle using energy control products, systems, services, and software - help mitigate, adapt, and improve humanity's resilience to climate change.

Schneider Electric quantifies this climate impact as part of Schneider Sustainability Impact (SSI) and is committed to help its customers save and avoid 800 million tonnes of CO₂ by 2025 (cumulated since 2018). As of end 2021, the Group delivered 347 million tonnes of CO₂e of this commitment. The methodology and results of this indicator are audited every year as part of the extra-financial audit.

1.3.2 Early-adopter of transparent disclosures on sustainable revenues

For more than fifteen years, Schneider Electric has led by example and transparently presented its sustainability performance to its stakeholders, across all environmental, social and governance topics and tried to develop new market practices, such as its saved and avoided CO₂ methodology or biodiversity footprint.

In 2019, the Group was one of the first companies to proactively disclose information on the share of its revenue coming from offers that bring energy, climate, or resource efficiency to its customers, while not generating any significant harmful impact to the environment. Originally called "Green Revenues" to match market standards, such sales were renamed "Schneider Impact revenues"⁽¹⁾ to avoid any confusion with the new European

Taxonomy coming into force. In 2021, the Group took a step further by committing that Schneider Impact revenues reach 80% of Group sales by 2025 as part of its SSI. It is worth noting that each year the performance of the SSI impacts short-term incentive plans for 64,000 employees.



Schneider Impact revenues can be split into four categories:

- 1. Energy efficiency architectures** bringing energy and/or resource efficiency to customers.
- 2. Grid reinforcement and smart grid architectures** contributing to electrification and decarbonization.
- 3. Products with differentiating green performance**, flagged thanks to our Green Premium™ program.
- 4. Services** that bring benefits for **circularity** (prolonged asset lifetime and uptime, optimized maintenance operations, repair, and refurbish) and **energy efficiency** (maintenance to maintain the operational performance of equipment and avoid a decrease of energy efficiency over time).

Additionally, revenues derived from activities with fossil sectors and others are systematically excluded, including Oil & Gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, even though Schneider Electric's technologies deliver resource and carbon efficiency in such sectors as well. In line with Schneider Electric's strategy to phase out SF₆ from offers by 2025, SF₆-containing switchgear for medium voltage applications are also excluded. In addition, neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

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

Based on our assessment, which covers 100% of Schneider consolidated sales, the total share of Schneider Impact revenues is 71% in 2021 versus 70% in 2019.

In addition, to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% qualifying as impact innovation under Schneider's definition, or neutral. This concerns every innovation contributing to a decarbonized world, for instance energy and process efficiency, resource optimization, SF₆-free projects, or Green Premium™ offers. The methodology to calculate this figure is similar to the Schneider Impact Revenue methodology and should not be confused with OpEx and CapEx eligible under the EU Taxonomy.

1.3.3 New reporting requirements under the European Taxonomy Regulation

The adoption of the Taxonomy Regulation (Regulation (EU) 2020/852) in 2020 establishes a European Union-wide classification system to identify economic activities that are considered as environmentally sustainable as part of the European Union's long-term plan to connect finance with its sustainability goals. Dedicated Delegated Acts (DA) specify (or will specify), for each of the six environmental objectives identified, which activities are likely to make a substantial contribution to an objective (eligibility).

Environmental objectives with published DA (covered in this eligibility assessment and subject to evolutions):

1. Climate change mitigation
2. Climate change adaptation

Environmental objectives for which DA are not published yet:

3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems






Pursuant to Article 8 of the regulation and the delegated regulation published on 6 July 2021, the proportion of turnover, Capital (CapEx) and Operational Expenditure (OpEx) resulting from products or services associated with economic activities considered sustainable is due to be reported progressively over the fiscal years 2021 to 2023. In FY 2021, large undertakings are required to disclose those three KPIs for activities eligible to climate objectives according to the EU Climate Delegated Act already published.

Eligible activities then need to be subjected to a series of screening tests, to determine if they are Taxonomy-aligned and can be reported as such, meaning that corporates will have to demonstrate that the eligible activities do not significantly harm any of the other five objectives ("Does Not Significantly Harm", DNSH criteria), and comply with minimum social safeguards (e.g. OECD, United Nations).

1.3.4 Gradual inclusion of economic activities to the EU Taxonomy

In this report we focus on eligibility according to the current EU Climate DA published. Full reporting on eligibility and alignment for all six objectives is expected in 2024 (FY 2023).

Nature of Schneider Electric's main taxonomy-eligible economic activities under current Climate DA

 Energy efficiency in buildings	 Low CO ₂ mobility end segment	 Renewables end segment	 Transmission and distribution of electricity	 Services related to energy performance of buildings
Energy efficient building automation and control systems	Electric vehicles charging stations and supporting grid reinforcement technologies	Manufacture of renewable energy technologies, equipping wind and solar power generation capacities	Equipment and projects for the construction of transmission and distribution infrastructure	Technical consultations such as energy audits, simulations and trainings
Smart monitoring and regulation of heating systems	Electrical infrastructure for urban and suburban public transport		Communication and control technologies for the controllability and observability of the electricity system, such as advanced automation software	Energy management services
Zoned thermostats and devices for the smart monitoring of electricity loads or heat loads	Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations			Energy performance contracts
Proportion of Taxonomy-eligible economic activities in the Group's total turnover, capital (CapEx) and operational expenditure (OpEx)				
28% of turnover 27% of CapEx 23% OpEx				

1 Sustainability at the heart of our strategy

Importantly, the phased application of reporting requirements, as well as the evolving nature of the regulatory framework means that the KPIs disclosed in this report may evolve as the regulation and its reporting requirements do. A complementary DA defining additional eligible activities for the climate change mitigation objective is also under public consultation at the time of writing, and DAs for the remaining four environmental objectives are expected in 2022. This means that more Schneider activities could be included in the EU Taxonomy reference framework gradually.

For instance this may concern Schneider's offers related to grid reinforcement and smart grid architectures contributing to electrification and decarbonization, products with differentiating green performance (flagged thanks to our Green Premium™ program) or services that bring benefits for circularity and energy efficiency. Another example is the Group's industrial automation activities, which can have significant environmental benefits.

1.3.5 Schneider Electric's support to the EU Taxonomy

Schneider Electric has experienced both the value and the challenges of conducting a mapping of green business activities early on. The Group therefore welcomes the European Commission's work to define a common classification system for sustainable economic activities and believes that the taxonomy can bring greater transparency and reporting alignment among non-financial undertakings.

The Group is willing to share its experience in the measurement of revenues contributing to a sustainable world and work collaboratively and constructively with relevant stakeholders to advance the transition to a sustainable and low-carbon economy. In particular, Group experts are contributing to the Platform on Sustainable Finance, an expert group assisting the EU Commission in developing technical criteria.

1.3.6 Turnover derived from Taxonomy-eligible activities under the current EU Climate Delegated Act

Schneider Electric identified several business activities that are eligible according to the current EU Climate DA. We provide the list of those activities in our methodological note on page 160.

In 2021, the Taxonomy-eligible turnover amounts to 28%, representing EUR 8,032 million out of EUR 28,905 million total revenues. Non-eligible turnover therefore amounts to 72%.

This number is based on the first evaluation of the eligibility of Schneider Electric's activities using two combined approaches, including an offer-based approach (i.e. by nature of technology), whereby each line of business' products are reviewed against the definition of economic activities as defined in the EU Climate Delegated Acts, and an end-segment approach, whereby the amount of revenues generated from Taxonomy-eligible end-segments (Green Transport and Renewables mainly) for each product line is reviewed. Double-counting between offer-based approach and end-segment-based approaches are then removed before consolidation.

1.3.7 Capital (CapEx) and Operational Expenditure (OpEx)

In 2021, Taxonomy-eligible CapEx amounts to 27%, representing EUR 757 million out of EUR 2,764 million. Therefore, the Taxonomy-non-eligible CapEx amounts to 73%.

All costs based on IFRS 16 related to long-term leasing of buildings are considered eligible. CapEx related to assets or processes associated with Taxonomy-eligible activities, including Research & Development (R&D) CapEx, were calculated using allocation keys of eligible turnover per business and operations. In 2021, CapEx for eligible individual measures was not evaluated.

In 2021, Taxonomy-eligible OpEx amounts to 23%, representing EUR 291 million out of EUR 1,276 million total OpEx (R&D). Therefore, the Taxonomy non-eligible OpEx amounts to 77%.

Only non-capitalized costs related to R&D are reported. OpEx related to building renovation measures, short-term leases, maintenance and repair and other expenditures relating to the day-to-day servicing of assets represent less than EUR 116 million and are therefore considered as non-material for Schneider Electric business and excluded from the KPI calculation.

[Read more on our EU Taxonomy assessment methodology page 216 →](#)

Spotlight on Sustainability Consulting

Schneider's sustainability consulting business brings together the full portfolio of Schneider Electric solutions to provide unparalleled, end-to-end support to our customers to achieve their net-zero, sustainable transformations, from formulating climate strategy to execution & deployment of sustainability offers.

For example, Schneider Electric is helping the VELUX Group, the world leader in roof windows and skylights, to develop a global program to successfully reduce their energy use and scale renewable capacity at each of the company's factories.

The project, which is designed to support VELUX Group in reaching its company carbon neutral goal by 2030 and accelerate its plan to be Lifetime Carbon Neutral, includes the energy assessment of all factory sites resulting in the development and implementation of Zero Carbon Action plans, support of its Energy Excellence program in accordance with ISO50001, improved energy efficiency, expansion of onsite renewable heating and electricity capacity to phase out fossil fuels, and implementation of a global monitoring system through Schneider Electric's EcoStruxure™ Resource Advisor to measure and analyze energy usage.

Spotlight on Building Management Systems (BMS)

Due to their high energy use and the carbon generated during their manufacturing and construction process, buildings account for nearly 40% of global greenhouse gas (GHG) emissions. Decarbonizing buildings and ensuring their efficient energy usage requires the implementation of smarter solutions and thereby helps combat climate change. Such activities are qualified as "Manufacture of energy efficiency equipment for buildings" (3.5) in the EU Climate DA.

Our EcoStruxure™ Building Operation solution is a scalable, open integration software platform at the heart of the building management system that facilitates control, monitoring, and management of building assets. It offers users a single pane of glass window for efficient monitoring and operations of building systems to enable improved building efficiency, asset utilization, uptime, and occupant comfort through integration of HVAC, electrical, lighting, security, fire, power, and other subsystems. By monitoring, controlling, organizing, and acting on disparate data from building assets to a single system through advanced connectivity and integration with heterogeneous building systems, our solution brings better visibility and decision-making processes, optimizes how and when energy is used, and enables proactive energy reduction.

For example, our solution for the Cinnamon Grand Colombo, Sri Lanka's largest hotel, helps save 4,000 metric tons of GHG emissions annually. Even though energy savings equipment had been previously installed, the operations staff was not able to identify specific areas where energy was being wasted. There was a need to gain visibility into the data to develop effective energy savings strategies. After conducting an initial energy audit, an upgrade of the hotel's existing BMS to Schneider Electric's EcoStruxure™ Building Operation solution was recommended. At the Cinnamon Grand Colombo, the EcoStruxure™ solution integrates the hotel's electrical and mechanical plants, which include building systems for air conditioning, exhaust, ventilation fans, pumps, steam and hot water boilers, energy meters, and high efficiency, magnetic bearing chillers from Smardt. The result provides efficient energy monitoring, management, and reporting that drives savings across the entire hotel.

Delivering environmental benefits through industrial automation

Schneider Electric works hand in hand with industrial enterprises to automate their operations, and in doing so, helps them reduce or eliminate carbon emissions and optimize their use of resources. From smart sensors and connected devices to advanced process controllers with software analytics on the top, industrial automation systems enable better monitoring, control, and optimization strategies to directly improve energy performance, and indirectly, improve maintenance to prevent an increase in energy use due to plant downtime and resulting startup and shutdown processes, as well as defective products. Advanced supervision also enables to mitigate environmental pollution risks. As such, they are major enablers to mitigate climate change, pollution prevention and support the deployment of a circular economy

Traditionally, industrial operators have been blamed for climate change, resource scarcity, and harm to the environment and the society around them. Today, industry contributes 32% of the world's CO₂ emissions. At the same time, many of the most energy intensive industries produce the essential building blocks for society and key components of our modern world. According to the BloombergNEF report, Digitalization: An Untapped Pathway to Sustainability, industrial digitization promotes decarbonization and circularity, reduces material waste, prolongs equipment lifetime, and enables better emissions monitoring. Schneider's teams have seen it firsthand with our industrial customers.

For example, Schneider Electric supported EastLink to improve the ventilation system of the EastLink freeway tunnels in Australia for better energy efficiency and a reduction in noise levels from the ventilation stacks:

- Auditing the energy usage of the tunnel system, Schneider identified areas where significant energy savings could be made. Since the opening of EastLink, the speed of airflows within the tunnels and stacks was controlled in a traditional way - by switching individual fans on and off at pre-programmed times of the day. When switched on, a fan always operated at full speed. This was inefficient, using more electricity than necessary and producing high operating noise levels. It was also causing unnecessary wear and tear on components.
- To address the energy usage and noise issues, Schneider worked with EastLink to upgrade ten large ventilation fans from fixed speed fully off / fully on operation to a much more efficient self-regulating or closed loop variable speed operation. An on demand ventilation system using Schneider Electric EcoStruxure™ architecture, Modicon M580 PACs, Altivar Process variable speed drives and an AVEVA Plant SCADA system was implemented to bring together automation, connectivity and software for real time control and visibility.
- The upgrade has reduced energy use by almost 70% and the carbon footprint reduction by 9,000 tonnes per annum. This is thanks to the use of the EcoStruxure™ for Industry solution with the variable speed drives, and the control algorithms in the M580 PAC which means the fans are only ever operating at the speed that is required at the time. This reduction in fan usage will also see an increase in the fan life because of the lower stresses applied to the drive motor and impeller. The upgrade with Schneider Electric has contributed to EastLink being awarded the top 5-star GRESB sustainability rating. GRESB has ranked EastLink number 1 private entity road company in the world, and number 5 of 280 infrastructure assets of all types around the world.

1 Sustainability at the heart of our strategy

1.4 Integrated and transverse governance of sustainable development

At Schneider Electric, sustainability is integrated in the processes and bodies that design and execute the Group's strategy at Board, executive, and operational levels.

1.4.1 Management Oversight

1.4.1.1 The Board of Directors

In 2013, the Board of Directors decided to extend the powers of the Governance & Remunerations Committee to incorporate social responsibility (CSR) issues. Since 2014, there has been a specific committee for CSR, the Human Resources & CSR Committee. The Committee meets at the initiative of its Chairperson or at the request of the Chairman & CEO. The agenda is drawn up by the Chairperson. The Committee shall meet at least three times a year (five meetings in 2021). The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

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

In 2021, the Human Resources & CSR Committee reviewed the Sustainability strategy.

1.4.1.2 The Group Sustainability Committee

Since 2010, the three members of the Executive Committee in charge of Human Resources, Global Supply Chain, and Strategy & Sustainability have met twice per year with the Sustainability SVP to monitor and steer the Group's action plans in this area. In 2016, the Global Marketing EVP, joined this Committee. In 2020, the Chief Governance Officer as well as the Chief Financial Officer also joined. The committee meets quarterly. In 2021, this committee met three times. The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

- Decides the sustainability dynamic;
- Validates the Schneider Sustainability Impact;
- Monitors global sustainability performance and rankings;
- Reviews alignment with United Nations Sustainable Development Goals;
- Informs the Board Human Resources & CSR Committee.

1.4.1.3 The Stakeholder Committee

In order to reinforce its sustainability governance further with solid external insights, Schneider Electric has created a new Stakeholder Committee in 2021.

The Committee is composed of 8 external members, sharing the same passion for sustainability, 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.

The company strives at ensuring diversity of the Stakeholder Committee members, in terms of ethnicity, gender and experience.

The Stakeholder Committee meets three times a year and is chaired by Jean-Pascal Tricoire, Chairman & CEO of Schneider Electric, and Olivier Blum, the Chief Strategy & Sustainability Officer of Schneider Electric, acts as its secretary.

1.4.2 Coordination and monitoring

1.4.2.1 The Group Sustainability department

The Sustainability department, created in 2002, has been part of the Strategy department since 2008. It has the following responsibilities:

- Schneider Electric's sustainability strategy and rollout of action plans at Group level with relevant entities;
- Schneider Electric's innovative community projects to ensure continued improvements in the Group's performance in this area;
- Central point of contact for internal and external stakeholders regarding sustainability at Schneider Electric.

It is organized around four areas:

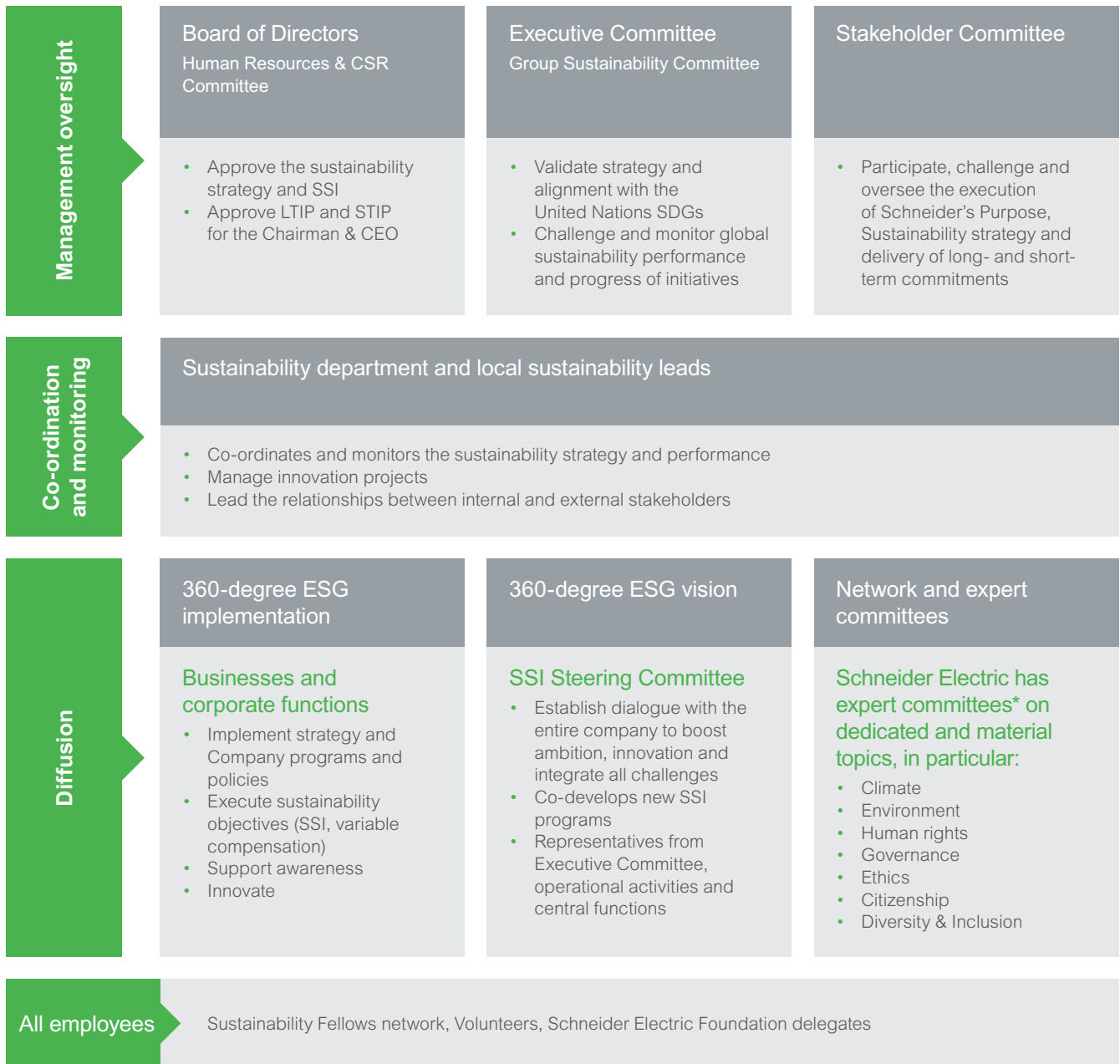
- Corporate Citizenship, specifically with the Schneider Electric Foundation as well as local economic and social development programs;
- Access to energy, with responsibility for the Access to Energy program;
- Environment, with responsibility for deploying Group climate and environmental policies, actions and strategies
- Group performance, in particular by steering the Schneider Sustainability Impact, the Extra-Financial Performance Declaration, the Schneider Sustainability Report, and the integrated report.

1.4.2.2 Territory Sustainability Leaders

In 2021 Schneider Electric took a commitment to empower local communities and asked its Country and Zone Presidents to take three local commitments that impact their communities under the 6 long-term commitments of the Group and adapted to the specific context in their countries, which resulted in 200 commitments taken worldwide. To manage these programs and to better answer the needs of Schneider's local stakeholders, a new model for sustainability governance in the company was created with a network of 40 Territory Sustainability Leaders. This new network will meet every two months and will work to further instill a culture of sustainability at every level of the company, to empower every employee to act, and to innovate with disruptive sustainability actions.

A Group Sustainable Communities Taskforce, chaired by the Executive Vice-President International Operations, and composed of representatives of each of Schneider's five operational regions and the Sustainability department, has met twice in 2021 to monitor the deployment of the local programs and the creation of the Territory Leaders network. The Taskforce will meet annually going forward to review progress and opportunity for global deployment of local initiatives.

Sustainability governance at Schneider Electric



* Non-exhaustive list: Access to Energy Committee, Carbon Committee, SERE (Safety Environment Real Estate) Committee, Ethics Committee & Fraud Committee, Duty of Vigilance Committee, Foundation's Executive Committee & Schneider Volunteer/In Board, HR Committee, Diversity & Inclusion Committee, SSI pilots, and sponsors.

1.4.3 Diffusion

1.4.3.1 The Schneider Sustainability Impact Steering Committee

In 2020, a specific SSI Steering Committee was created, with about 50 members: representants of each Executive Committee member, each geography, function, and business unit. Three all-hands workshops took place, and the sustainability team organized individual follow up interviews with each member to define precise and measurable programs for the 2021 – 2025 SSI.

1.4.3.2 SSI and SSE pilots and sponsors

The execution of Schneider Sustainability Impact and Schneider Sustainability Essentials programs is ensured, for each program, by operational managers or "pilots", and SVP-level as well as Executive Committee level sponsors.

1.4.3.3 Other key organizations

Several other Committees and organizations drive progress on all pillars of the sustainability strategy, for instance:

- Global Supply Chain organization, with responsibilities including safety and the environment;
- Human Resources organization;
- The Ethics & Compliance organization.

1 Sustainability at the heart of our strategy

1.4.4 Internal governance model

Internal policies create the backbone of an organization's compliance and security program. They ensure employees understand how to implement critical tasks and meet behavior expectations. Regulators have made clear the need for effective policy development and management programs. It is no longer enough to merely document the existence of policies and procedures.

Organizations must be able to demonstrate that employees know, understand and apply them. In other words, simply developing and publishing policies is no longer sufficient in the eyes of our stakeholders (NGOs, regulators, customers, financial partners, etc.). To that end, Schneider Electric has established a four tier form of documentation pyramid of norms, under the umbrella of its Code of Conduct called the Trust Charter, strengthened by policies, standards, procedures, and guidelines.

Policies consist of formal statements produced and supported by the leadership team, that state where the organization stands on important issues. Schneider has around 85 global policies. The Schneider Electric Global Policy Management Policy provides the rules to be followed for global policies.

Standards defined in these internal policies assign quantifiable measures and define acceptable level of quality. They aim to make a policy more meaningful and effective. Procedures establish the proper steps to take to operationalize a policy and/or standard. Finally, guidelines provide additional guidance with a set of recommendations to clarify expectations in relation to a given procedure.

Trust Charter

In 2021, Schneider Electric evolved its Principles of Responsibility to the [Trust Charter](#), acting as its Code of Conduct and demonstrating its commitment to ethics, safety, sustainability, quality, and cybersecurity. It is an executive summary of our policies and a guide on how we work. It is available publicly on our website in 30 languages. Further details are provided on page 38.

Human rights & corporate citizenship

In 2017, Schneider Electric drafted a specific [Human Rights Policy](#) as part of a broader program on duty of vigilance in its value chain and in line with the United Nations Guiding Principles on Business and Human Rights (see page 50).

Human resources and safety

The Group's Human Resources policies cover the following topics: diversity, equity and inclusion, health & well-being, safety, security and travel, employee engagement, family leave, anti-harassment, recruiting, international mobility, training, human capital development, talent identification, total remuneration, social benefits, and COVID-19. These apply to the Group and are accompanied by global processes.

Ethical business conduct

In addition to the Trust Charter, different policies bolster the Group's commitments in terms of business ethics and integrity. The Business Agents Policy specifies the rules to be followed when an external stakeholder is solicited to get a deal and integrates the approval process of business agents. The Internal Fraud Investigation directive indicates the commitment to whistleblower

protection. [The Gifts & Hospitality Policy](#) was approved by the Group's CEO in December 2015 and updated in 2021 before local deployment. It is supplemented by an anti-corruption Code of Conduct detailing related processes. Other policies cover social media management, competition law, conflict of interest, export control, etc.

Cybersecurity, data privacy and protection

With the acceleration of the digitalization, Schneider Electric developed many policies to reinforce its cybersecurity and respect personal data and privacy, such as IT asset management and usage, acceptable use of assets, general information security, data classification, global data privacy, user access management policy, email security policy, and many others. It is the pillar containing the most policies.

Climate and resources

Schneider Electric's [environmental policy](#) aims to improve industrial processes, reinforce product EcoDesign and incorporate Group customers' concerns about environmental protection by providing them with product and service solutions. It is bolstered by the Energy and Environment policies. These policies apply to the Group and are accompanied by global action plans.

Responsible sourcing

In 2016, Schneider Electric renewed the charter for its suppliers, called the Supplier Guide Book. The first chapter of this book sets out the Group's sustainability expectations in five areas: environment, fair and ethical business practices, sustainable purchasing, working conditions, and human rights. These requirements are detailed in a dedicated document called the [Supplier Code of Conduct](#). In 2018, the Group adopted the Responsible Business Alliance (RBA) Code of Conduct for suppliers. In October 2021, Schneider renewed its Supplier Code of Conduct whereby it requires all its suppliers to review their own operations, take ambitious targets, and initiate bold actions in the areas mentioned in this Supplier Code of Conduct.

Strive for high quality

Schneider's priority is to delight its customers with an outstanding end-to-end experience. Quality is every customer's right and every employee's responsibility. Experience is the most important driver for customers, defining the business relationships they sustain with suppliers and partners. The Group's customers place trust in its resilient, highly personalized, multi-channel experience, and the superior quality of its products. To ensure this, the company acts with agility, discipline, and good business sense throughout the offer life cycle from creation to supply, manufacturing, delivery, when in operation and when being serviced. The Group has deployed a specific [Quality Directive](#) "Managing Customer Safety Risks" and a Quality Procedure "Offer Safety Review" to protect its customers. They are supported by a robust Quality Management System, which is improved continuously to fulfill expectations of all relevant parties. It is in full alignment with the Trust Charter as well as in compliance with ISO 9001 standard.

1.5 Open dialog with stakeholders

1.5.1 Focused dialog with clearly identified stakeholders

This diagram is an overview of sector stakeholders proposed in France by Gimélec, the French trade association for electrical equipment, automation, and related services.

Schneider Electric engages in open and continuous dialog with each of its stakeholders. In particular, the Sustainability department takes into account the comments, ratings, and evaluations from stakeholders on the Group's Sustainability Policy and programs. This feedback is integrated into the drawing up of the registration document, the Group corporate brochure (Schneider Sustainability Report), the integrated report, and new improvement plans throughout the Company program, as well as during the design of the SSI every three years.



The table below presents the major dialog channels with stakeholders. It is not exhaustive.

Stakeholder	Dialog	Department
Customers	<ul style="list-style-type: none"> Quarterly customer satisfaction surveys Co-innovation programs Online publication of environmental information on products 	Quality, Customer Satisfaction, R&D, Sales, EcoDesign
Financial	<ul style="list-style-type: none"> Quarterly conference calls to present financial and extra-financial information, meetings and plenary meetings Regular meetings with individual shareholders Quarterly newsletters to shareholders Response to extra-financial rating questionnaires Individual meetings with SRI analysts Response to SRI analyst questions 	Finance, Secretary of the Board, Sustainability
Partners	<ul style="list-style-type: none"> Purchaser/supplier meetings Suppliers' day Supplier qualification process Awareness-raising about the United Nations Global Compact and ISO 26000 Participation in commissions and work groups on the sustainability of professional groups 	Procurement, Environment, R&D, Businesses, Sustainability
Social	<ul style="list-style-type: none"> Yearly employee satisfaction survey Social dialog with employee representation bodies Sustainability Open lines 	Human Resources, Sustainability
Technical	<ul style="list-style-type: none"> Collaborative approach, creation, and participation in competitiveness cluster initiatives, R&D programs, university chairs, and professional associations Active participation in international standardization bodies PEP Ecopassport program 	R&D, Activities, Environment
Institutional	<ul style="list-style-type: none"> Commitment to and promotion of the United Nations Global Compact Relationships with public authorities, legislators, and the European Commission, especially in the field of energy efficiency 	Sustainability, Purchases, Influence
Civil society	<ul style="list-style-type: none"> Participation in working groups and local and international organizations on challenges within our industry Community programs Partnerships with local NGOs 	According to subject and audience, Foundation, and Access to Energy program

1 Sustainability at the heart of our strategy

1.5.2 Materiality analysis

2020 methodology

In 2020, Schneider Electric built its third materiality matrix by questioning external stakeholders (e.g., customers, suppliers, international organizations, trade associations, experts, shareholders) and top and senior managers within the Group, including the Executive Committee. Nearly 200 stakeholders have been consulted in total (143 through an internal survey, 54 interviewed in person).

Participants were first asked what they felt were the key worldwide trends most likely to impact Schneider Electric in the future, before being asked to assess the significance of 31 issues according to a quantitative scoring scale. Then, participants were interviewed for qualitative evaluation and justification of the given scores. Participants were guided to prioritize the most transformative issues.

Issues were scored according to their importance as follows:

- 1 Medium or low importance
- 2 Important
- 3 Critical
- 4 Chosen in top three most critical topics

These surveys and interviews also enabled Schneider Electric to consolidate the relationship with its stakeholders and learn about their expectations. Beforehand, the challenges were defined using a study of the sector's stakes (analysis of the different CSR guidelines, sector benchmarks, etc.) and a comparison with the 2017 materiality analysis. With the help of consulting firm Utopies, the aim is to ensure that Schneider Electric reports on the most important economic, social, and environmental challenges; identifies current and future opportunities and risks for the business; and updates its sustainability agenda with key stakeholders' expectations. In particular, the materiality matrix was one of the sources used to design the 2021-2025 Schneider Sustainability Impact and Schneider Sustainability Essentials, and to confirm the topics to be addressed in the registration document.

Key learnings

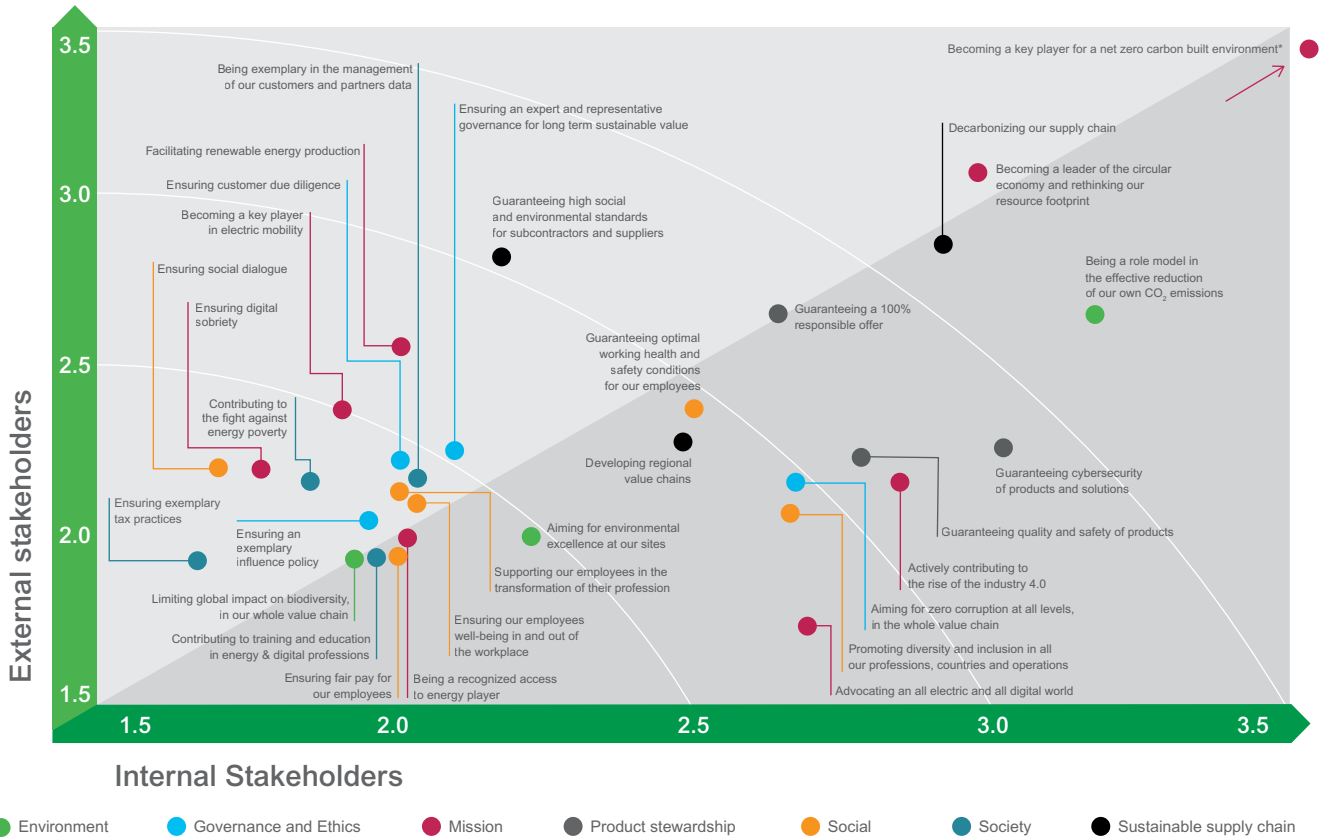
Overall, stakeholders point to growing instability – whether environmental, social, political, or economic. This creates uncertainties for businesses, which should work on building resilience:

- Climate is the main trend identified externally and internally. It includes the trend for energy transition and electrification, on which external stakeholders expect Schneider Electric to take the lead.
- Inclusion and the need for a just transition covering the Company's extended responsibility to its ecosystem, in particular in the supply chain, to ensure the low-carbon transition equally benefits all. Stakeholders also mentioned the growing expectations in providing ethical and sustainable products.
- Resilience, and the move towards more local supply chains, specifically post-COVID-19, can be a way to mitigate geopolitical uncertainty and a rise in protectionism.
- Ethics in digital: the growth of digitalization and the need for stronger ethics represents both an opportunity and a risk for Schneider Electric. This covers topics such as the power of data and the ethical use required, the opportunities and dangers of Artificial Intelligence (AI), as well as people's well-being, or job security in a transitioning world.
- Resource scarcity and circular economy showed very high expectations internally.

During the discussions, some elements were often mentioned:

1. The vision of the Group, endorsing the link between sustainability and digital, is complex and not always easy to understand for non-experts. Schneider Electric could be more pedagogic in its advocacy.
2. There are high expectations for Schneider to become a globally recognized leader for a decarbonized world, with its products and solutions, and in terms of thought leadership.
3. All 31 topics are deemed important, reinforcing our holistic vision of sustainability. Issues were prioritized based on three groups:
 - Licence to operate – fundamental "must have" topics such as product quality and safety, and cybersecurity.
 - Standard issues – topics which are on track, and on which Schneider Electric must remain mobilized (e.g., health and security, environmental excellence, corruption).
 - Key transformational topics – those which have the potential to transform markets and differentiate Schneider Electric from others (e.g., climate change engagement, circular economy, human engagement).
4. The SSI is a renowned and transformative program which is a source of pride internally, and recognition externally, but which needs a new lease of life: simplified, with increased internal buy-in and awareness.

Materiality matrix



Top four expectations

The materiality matrix above displays the results of the analysis, which can be summarized in four megatrends:

1

Leading climate action in our ecosystem with our partners.

2

Pioneering circular economy and being efficient with resources.

3

Ensuring a fair transition and guaranteeing high ethical, social, and environmental standards along more local value chains.

4

Leverage digital in cybersecure solutions to boost positive impact.

The 2021 registration document, Schneider Electric’s commitments for the climate (see page 70), and the 2021-2025 Schneider Sustainability Impact cover all these priority challenges through Group policies, improvement plans, indicators, and short or long-term goals.

1 Sustainability at the heart of our strategy

1.5.3 Global and local external commitments to move forward collectively

Schneider Electric works with different local and international organizations and associations on economic, social, and environmental issues to foster sustainability in cooperation with various players. Schneider confirms its commitment to and participation in discussions on challenges related to climate change. In the following table we present Schneider's main memberships.

Topic	Commitment
Sustainable governance and cross-functional topics	<p>International: World Business Council for Sustainable Development (WBCSD); United Nations Global Compact (Board); Business for Inclusive Growth coalition (B4IG); International Chamber of Commerce (ICC, Environmental and Energy commission); Business for Social Responsibility (BSR).</p> <p>Europe: International Business Europe; CEO Alliance; Energy Solutions; European Partnership for Energy and the Environment (EPEE); VDMA (network organization for the mechanical engineering industry in Germany and Europe).</p> <p>France: French trade association for electrical equipment, automation, and related services (Gimélec); French Study Center for Corporate Social Responsibility (ORSE, Board); <i>Entreprises pour l'Environnement</i> (EpE); French Association of Private Sector Companies (AFEP); French Business Confederation (MEDEF); French trade association for electronic, electric, and communication equipment (FIEEC); French Chamber of Commerce and Industry (CCI France, Environmental and Energy commission).</p> <p>United States: National Electrical Manufacturers Association (NEMA, Chair), National Association of Manufacturers (NAM, Executive Committee); Information Technology Industry Council (ITI).</p> <p>United Kingdom: BEAMA (UK trade association for manufacturers and providers of energy infrastructure technologies and systems).</p>
Climate	<p>International: Energy Transitions Commission (ETC); signatory of the United Nations Global Compact Business Ambition for 1.5°C Pledge; Carbon Pricing Leadership Coalition; Caring for Climate; The Climate Group and We Mean Business (RE100, EP100, EV100, Responsible Climate Policy, Report Climate Change Information/TCFD); Business Climate Summit; Clinton Climate Initiative; The 2°C Challenge Communiqué; White House Pledge; Global Footprint Network.</p> <p>France: EpE (ZEN 2050); French Business Climate Pledge; Climate Chance.</p>
Cybersecurity	<p>International: ISO/IEC JTC 1/SC 27: Information security, cybersecurity, and privacy protection; IEC/TC65/WG10: Security for industrial process measurement and control – Network and system security; IEC/ACSEC (Advisory Committee on Information security and data privacy), IT Industry Council (Board and Cybersecurity Chair).</p> <p>Europe: CEN/CLC/JTC 13 – Cybersecurity and Data Protection; CLC/TC 65X – Industrial-process measurement, control, and automation; Digital Europe (board); The European cybersecurity organization (ECISO, convenorship of the group in charge of the standardization, certification, and supply chain management aspects); EG2 group (part of the European Commission Smart Grid task force, in charge of advising it for a future network code for electricity supply cybersecurity).</p> <p>National: IEEE Power System Communications & Cybersecurity Committee (PSCC); ISA99: Industrial Automation and Control Systems Security; The Cybersecurity Coalition.</p>
Energy/ Energy efficiency/ Electric mobility/ Digital/ Renewables	<p>International: Alliance to Save Energy; The Green Grid (Board); eu.bac (the European association for building automation and controls – energy efficiency in buildings); Orgalim; CAPIEL/CECAPI (CAPIEL vice Chair; Impact of Digitization for Buildings; Smart buildings); Global Alliance for Building and Construction (GABC); Energy Solutions; CEO Alliance.</p> <p>Europe: European Alliance to Save Energy (Vice-chair); Energy Solutions; Solar Power Europe; Wind Europe.</p> <p>France: National Industry Council; National Energy Transition Council, Green Building Plan; Promodul, financing company for energy transition; Avere (Electric Vehicle Association, Board and Vice-Chair); IFPEB (Institut français pour la performance énergétique du bâtiment); Industry of the Future Alliance; P2E Initiative; Ignes (digital, energetic, and security engineering industries); France Data Centers; Comité Stratégique de Filière (CSF); Industries des Nouveaux Systèmes énergétiques; Minalogic, Conseil National de l'industrie.</p>
Industry 4.0 and Smart Manufacturing	<p>Industry 4.0 enables smart manufacturing with a wide offer of information and operational technologies as well as communication technology. The acceleration of digitization, software, and data in the industrial field is orchestrated by Industry 4.0 for more interoperability, efficiency, and value creation.</p> <p>International: OPC Foundation (Board, CTO); FDT Group (Board); FieldComm Group (FCG, Board); ECLASS (Board); AutomationML (Board); Open Process Automation Forum (OPAF); Industrial Digital Twin Association (IDTA, Chair); Digital Twin Consortia (DTC); Industrial Automation and Control Systems Security (ISA 99); Edge Computing Consortium (ECC); IEC TC65 (Industrial-process measurement, control, and automation, Secretary and chair of Sub-committees); ISO TC184 (Automation systems and integration, Chair); ISO/IEC JTC1 SC 41 (IIOT and Digital Twin); CEN/CENELEC ISO joint working group on CyberSecurity; ISO Smart Manufacturing Coordination Committee; IEC Smart Manufacturing System Committee, Universal Automation.Org (UAO, President of the Board) for distributed control and Orchestration.</p> <p>National: Industrie 4.0 (Germany); Alliance Industrie Du Futur (France); Piano Industria 4.0 (Italia), Smart Manufacturing (USA); International Coalition for Intelligent Manufacturing (China).</p>

Topic	Commitment
Smart grids and sustainable cities	<p>International: Grid Edge Executive Council (Greentech Media); OpenADR Alliance; Peak Load Management Alliance; IEEE (T&D and Power and Electronics Society); Association of Energy Service Professionals (AESP); Association for an Energy Efficient Economy (AEEE); Urban Infrastructure Initiative led by the WBCSD; Electric Drive Transportation Association (EDTA); ISGAN (International Smart Grid Action Network);</p> <p>Europe: T&D Europe (the European association of the electricity transmission and distribution equipment and services industry, President, Executive Committee), Orgalim (Infrastructure Task Force); CAPIEL (European Coordinating Committee of Manufacturers of Electrical Switchgear and Controlgear); smartEn (Smart Energy Europe, Chairman of the Board);</p> <p>United States: Research Triangle Cleantech Cluster (Raleigh, North Carolina); Fort Collins Cleantech Cluster (Colorado); Bay Area Climate Collaborative (SF Bay); North American Electric Reliability Council (NERC, Functional Model Demand Response Advisory Team); Pacific Northwest Demand Response program; Think Smart grids; Tenerrdis Energy Cluster.</p>
Circular economy and product environmental performance	<p>Circular economy initiatives and product environmental performance deliver product with lower environmental impact and full transparency on environmental attributes.</p> <p>International: Ellen MacArthur Foundation membership; PEP ecoPassport (Product Environment Profile, Presidency), PEP ecoPassport was selected by EU as leader of PEF (Product Environment Footprint) experimentation phase (2020-2021) for EEE cluster (Electric and Electronic Equipment), for promotion of transparent, robust and digital Product Environmental information;</p> <p>National Initiatives: AFEP (Circular economy working group); AFNOR Circular Economy; Gimélec (chairmanship of strategic taskforce for Circular Economy); MTES/Feuille de Route Économie Circulaire (active contributions, working groups).</p>
Access to energy	<p>Access to energy is a fundamental human right and a means for social and economic development. The pooling of forces and the sharing of knowledge between actors are essential to advance public policies, capacity building, new technologies or innovative financing.</p> <p>International: Alliance for Rural Electrification (ARE); Sustainable Energy for all (SE4ALL); International Finance Corporation (IFC) Energy2Equal initiative (Empowering Women in Africa's Renewable Energy Sector); Solar Impulse Foundation.</p> <p>National Initiatives: ADEME (French Ecological Transition Agency); Renewable Energy Trade Association (SER); HEC Movement for Social & Business Impact.</p>
Diversity, Equity and Inclusion	<p>Schneider Electric's diversity, equity, and inclusion ambition is to offer equal opportunities to everyone everywhere. The Group wants its employees – no matter who they are, or where in the world they live – to feel uniquely valued and safe to contribute their best. Promoting diversity, equity, and inclusion is a moral as well as a business imperative as a diversity of people and an environment of inclusion leads to greater engagement, performance, and innovation.</p> <p>International: Signatory of the United Nations Women's Empowerment Principles (WEP); Committed to the UN Generation Equality Forum; Signatory of the OECD Global Deal; Member of the World Economic Forum (WEF) Partnership for New Work Standards; Signatory of the Women's Forum climate charter; Member of the ILO Global Business and Disability Network (GBDN); Member of the Gender and Diversity KPI Alliance (GDKA).</p> <p>National Initiatives: Diversity Charter; Agreement for professional gender equality; Parenthood Charter; Disability Agreement; Agreement on inter-generational mechanism; Apprenticeship Agreement; Signatory of PaQte, a collective of companies working to be more inclusive with specific action plans for working-class neighborhood; Youth and regional development with associations (FACE, 100 Chances 100 Emplois, Energie Jeunes, ADIE, GEFLUC).</p>
Education	<p>International: Training program in energy management for disadvantaged people, in partnership with local vocational training centers and/or national or international non-profit organizations.</p> <p>National Initiatives: Schneider electric school, framework agreements with the Ministry of National Education, Higher Education and Research, partnerships with the continuing education network of UIMM, Ingénieurs Pour l'École network (IPE), selected by the Ministry of Education for the Digital School project.</p>
Ethics and human rights	<p>International: Transparency International, Global Compact LEAD (Decent Work in Global Supply Chains); Member and co-leader of the B4IG coalition's "Advancing human rights in direct operations and supply chains" working group; IDH - The Sustainable Trade Initiative.</p> <p>National Initiatives: <i>Cercle éthique des affaires</i> (Business ethics club, Board of Directors); <i>Club Droits Humains</i> (Human rights club) of Global Compact France; <i>Entreprises pour les droits de l'homme</i> (Businesses for Human Rights).</p>
Biodiversity	<p>Livelihoods (carbon offset fund for biodiversity and rural communities), act4Nature Initiative; Caisse des Dépôts et Consignations (CDC) – Positive Biodiversity Businesses club (B4B+) membership.</p>
Philanthropy	<p>International: International Association for Volunteer Effort (IAVE), more than 70 NGOs supported each year in over 35 countries; The European Venture Philanthropy Association (EVPA).</p> <p>National Initiatives: <i>Fondation de France</i>, Admical (<i>Association pour le développement du mécénat industriel et commercial</i>, member of the European network CERES); <i>IMS-Entreprendre pour la cité</i>; <i>Centre français des fonds et fondations</i>; <i>Alliance pour le Mécénat de compétences</i>. The <i>Rénovons</i> initiative/CLER the energy transition network; <i>Hope, la chaire pour lutter contre la Précarité Énergétique/Fondation Grenoble INP</i>; <i>Stop à l'exclusion énergétique/Fondation des transitions</i>.</p>

1 Sustainability at the heart of our strategy

1.5.4 Schneider Electric contribution to standardization

With many experts actively participating in international and national standardization bodies, Schneider Electric is making a decisive contribution to the creation and distribution of standards that ensure the safety and reliability of electric facilities and equipment, and address their environmental impacts all along their life cycle to prepare for a better circular economy, support the new energy landscape with the goal of greener energy integration, safer energy delivery and better integration of prosumers, support the digital transformation of the industry and any other customer values.

Schneider is very active in international committees, covering also National Committees in US, China, India and historically Europe. CEN (European Standardization Committee), CENELEC (European Committee for Electrotechnical Standardization) and ETSI (European Telecommunications Standards Institute) are the three official European standardization bodies.

CEN-CENELEC-ETSI serve as a main contributor of the French electrotechnical institute, which is a founding member of international (IEC – International Electrotechnical Commission) and European (CENELEC) organizations.

CEN

CEN is an association that brings together the National Standardization Bodies of 34 European countries. CEN provides a platform for the development of European Standards and other technical documents in relation to various kinds of products, materials, services and processes. CEN supports standardization activities in relation to a wide range of fields and sectors including: air and space, chemicals, construction, consumer products, defence and security, energy, the environment, food and feed, health and safety, healthcare, ICT, machinery, materials, pressure equipment, services, smart living, transport and packaging.

CENELEC

CENELEC is an association that brings together the National Electrotechnical Committees of 34 European countries. CENELEC prepares voluntary standards in the electrotechnical field, which help facilitate trade between countries, create new markets, cut compliance costs and support the development of a Single European Market. CENELEC supports standardization activities in relation to a wide range of fields and sectors including: Electromagnetic compatibility, Accumulators, primary cells and primary batteries, Insulated wire and cable, Electrical equipment and apparatus, Electronic, electromechanical and electrotechnical supplies, Electric motors and transformers, Lighting equipment and electric lamps, Low Voltage electrical installations material, Electric vehicles railways, smart grid, smart metering, solar (photovoltaic) electricity systems, etc.

ETSI

ETSI creates globally applicable standards for information and communications technologies (ICT), including fixed, mobile, radio, converged, broadcast and internet technologies. Authorized by the European Union, ETSI implements legislation governing electronic use and other EU initiatives

IEC

The IEC is a global, not-for-profit membership organization that brings together more than 170 countries and coordinates the work of 20,000 experts globally. The IEC publishes around 10,000 IEC International Standards which together with conformity assessment provide the technical framework that allows governments to build national quality infrastructure and companies of all sizes to buy and sell consistently safe and reliable products in most countries of the world. IEC International Standards serve as the basis for risk and quality management and are used in testing and certification to verify that manufacturer promises are kept.

Smart grids and sustainable cities

Involved in IEC and CENELEC, at governance and technical levels, Schneider Electric participates actively in the standardization of smart grids, for which it leads the definition of standards and the standardization roadmap within the European smart grids coordination group, as well as the group in charge of standardizing the interfaces between smart buildings and smart grids.

- Schneider co-chairs the Smart Energy Grid coordination group of the CEN-CENELEC-ETSI responsible for ensuring availability of an appropriate set of standards for the rollout of smart grids in Europe, as well as supporting the coming new legislative “Clean Energy Package”.
- It chairs the group at the IEC level in charge of defining the roadmap of international standards to support the rollout of the Smart Energy sector (smart grids, in addition to interfaces with other energies). This roadmap also includes cybersecurity and resilience, as well as the impact of the IoT.
- It chairs and actively contributes to the definition of Prosumer's electrical installations, installations integrating local production such as PV, wind, storage to ensure they are designed and erected with a high level of safety and efficiency.
- It chairs the IEC's Advisory Committee for Energy Efficiency (ACEE) and chairs the Advisory Committee on Safety (ACOS).

Circular economy and product environmental performance

Schneider contributed to the European Commission's Circular Economy package, with CEN-CENELEC-ETSI developed a set of published standards assessing durability, reparability, reusability, recyclability, ability to be remanufactured, etc. which fall within the scope of the EcoDesign directive. Schneider has appointed active experts in each of the working groups.

It contributes to the terminology of circular economy being the first step of the digitalization of this topic, and also contributes to the material efficiency within environmentally conscious design, to the life cycle assessment product category rules and specific rules for high and low voltage equipment, and to greenhouse gas emission reduction quantification.

Standardization to accelerate environmental transformation

Since February 2007, Schneider has represented France on the IEC's Advisory Committee for Environmental Aspects (ACEA). ACEA works to advise and coordinate the IEC's efforts to tackle environmental issues.

- It is particularly heavily involved in the working group on sustainability (chaining environment and circular economy groups) and in the work on the rational use of energy.
- It chairs the IEC TC111 Committee on Environmental standardization of Electric and Electronic Equipment and IEC TC 23 Electrical Accessories (protection devices, wiring devices, home and building control systems).
- It is the secretary of IEC SC23K on Energy Efficiency Products, Systems and Solutions.
- In 2018 it led the UPS manufacturers' group in the EU Commission's Product Environmental Footprint (PEF) pilots for defining rules to assess the PEF of products put on the EU market, prior to its implementation of the European policy.
- It chairs ISO TC 184 (Automation systems and integration).

Digital transformation

Digitization is the key driver for the advanced manufacturing, optimizing the production with more flexibility, more interoperability, more predictability, and continuity, providing a new level of system efficiency and sustainability. More data, software and tools enabling virtual descriptions, defined in digital twins, creating new capabilities and services combined with Machine learning and Artificial Intelligence.

That's why Schneider Electric is strongly involved in ISO and IEC technical committees, and association like Industrial Digital Twin Association to deep dive and deploy the Asset Administration Shell through industrial Use Cases of the standardized digital twin and in Universal Automation.Org, to address a more functional and distributed approach for the orchestration of industrial systems.

National committees

Schneider Electric chairs many French standardization committees hosted by AFNOR (French standards organization) and in other national committees, such as the chair of the French and Swedish Committees for environmental standardization and the French Committee on Circular Economy. It was a major contributor to smart manufacturing initiatives such as the AIF in France. Notably, it is a member of the Council Board and of the IEC Conformity Assessment Board.

1.6 Main ESG risks and opportunities

1.6.1 Evaluation methodology

As part of its Extra-Financial Performance Declaration, the Group presents the main risks and opportunities identified with respect to major societal challenges in this section.

In order to compile the list of main extra-financial risks for the Group, a panel of both internal and external tools is used to address the expectations of its stakeholders as best as possible.

The Group Sustainability team leads the evaluation, working in close collaboration with the Group Risk Management function and with the Duty of Vigilance Committee.

The Group's corporate governance bodies supervise the development of internal control and risk management systems. The Audit & Risks Committee has particular responsibility for following up on the efficiency of internal control and risk management systems and reports to the Board of Directors.

Internal tools:

- A regular stakeholder consultation (materiality assessment and matrix), at least once every three years (last exercise done in 2020);
- The Group risk matrix, led by the Group Risk Management function, updated every year;
- Specific committees (Carbon, Human Resources, Ethics, etc.);
- Vigilance risks matrix.

Continuous monitoring of external signals and international frameworks:

- Regulatory framework: the key topics listed under Article R. 225-105 of the French Commercial Code (Extra-Financial Performance Declaration);
- International institutions/organizations (United Nations Global Compact and SDGs);
- Environment, Social, and Governance (ESG) rating agencies;
- Specific requests from investors and customers;
- Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and various frameworks (SASB, GRI, etc.).

The analysis covers the entire value chain of the Group and its stakeholders: suppliers and subcontractors, transactions, customers, as well as Schneider Electric's scope – extending to the activities at its Foundation – on cross-functional, environmental, social, and societal topics, human rights, and anti-corruption, with a double materiality approach.

Each topic is monitored by the relevant departments and their management teams, or "Risk Overseers", who are in charge of proper risk assessments and the implementation of mitigation and prevention actions. The main departments and managers are:

- Sustainability, Access to Energy, and Environment, and the Global Sustainability SVP and Chief Strategy & Sustainability Officer;
- Human Resources and the Chief Human Resources Officer;
- Procurement and the Chief Procurement Officer;
- Governance, Safety, and Ethics, and the Chief Compliance Officer and Chief Governance Officer.

The main identified risks are quantified on probability of occurrence and magnitude of impact by these departments to determine gross risks, and an assessment of current mitigation measures informs on potential net impacts. Extra-financial risks presented here are gross risks, i.e., absolute risks before a mitigation plan is implemented.

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

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

- Business conduct
- Corporate governance
- Cybersecurity and data privacy
- Environment
- Product, projects, system quality and offer reliability
- Human rights
- Responsible workplace
- Talent development and competencies

1 Sustainability at the heart of our strategy

Following its assessment of material risks, Schneider Electric presents its main ESG risks and opportunities.

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Business conduct			
Competition law			
<p>Non-competitive behavior Schneider Electric products are sold worldwide and are subject to national and supranational competition laws and antitrust regulations. Non-compliance could result in fines and impact the company's reputation.</p>	<p>Trust Charter Conflict of interest Policy Competition Law Policy</p>	<ul style="list-style-type: none"> New whistleblowing system in place this year called the Trust Line 	<p>Increase relationship with suppliers to ensure compliance.</p>
Corruption and bribery			
<p>Corruption is the abuse of entrusted power for private gain. It may occur through third parties' activities (partners, suppliers, agents, companies to be acquired) and cause various impacts for the company:</p> <ul style="list-style-type: none"> Reputational Legal Financial Development of the company Employer brand 	<p>Trust Charter Anti-Corruption Policy Business Agents Policy Gifts & Hospitality Policy Donations Policy Conflict of Interest Policy (new) Business Agent Policy (new)</p>	<ul style="list-style-type: none"> Trust Line whistleblowing system Specific risk mapping dedicated to "Ethics & Compliance" risks SSI #7: Measure the level of confidence of our employees to report unethical conduct: 81% achieved, aiming for 10pts increase by 2025 Four additional modules as part our anti-corruption e-learning SSE #13: 100% of employees trained every year on Cybersecurity and Ethics in 2025 (96% achieved 2021) 	<p>More opportunities with actual and potential customers Talent attraction and retention</p>
Corporate governance			
Delivering on ESG performance			
<p>Failure to achieve our long-term sustainability commitments</p> <ul style="list-style-type: none"> Brand and reputational impact Distrust from stakeholders 	<p>Internal Governance in place at every level (Board, Executive Committee, Operations) to drive and monitor progress</p> <p>Quarterly Schneider Sustainability Impact (SSI) public disclosure</p> <p>SSI performance embedded in managers' and leaders' short-term incentives</p>	<ul style="list-style-type: none"> SSI 2021 performance reached 3.92/10, beyond 3.75/10 target Top 1% of several ESG Ratings Worldwide confirming we are headed in the right direction 	<p>Higher credibility and trust to support our customers in their Climate and Sustainability journey</p> <p>Risks mitigation ahead of competition thanks to the SSI disruptive and virtuous continuous improvement process</p>
ESG compliance			
<p>Failure to report, lack of transparency New Corporate Social Responsibility regulations, Standards and market expectations are redefining what "Sustainable businesses" are</p> <ul style="list-style-type: none"> Brand and reputational impact Risk of exclusion from growing Socially Responsible Investment (SRI), ESG or green portfolios 	<p>Transparent public reporting on sustainability objectives and performance in quarterly SSI reports and in annual reports aligned with key frameworks (GRI, SASB, TCFD, WEF Common Metrics, SDGs)</p> <p>Regular engagement with stakeholders to identify critical sustainability topics (materiality analysis)</p> <p>Engagement and dialog with investors to ensure expectations are met</p>	<ul style="list-style-type: none"> Upgraded quarterly SSI reports Winner of the 2021 Transparency Awards for ESG information 	<p>Greater attractivity to investors, customers and talents</p> <p>Strengthened partnerships with clients, suppliers, and other partners in the Group's ecosystem</p> <p>Anticipation of sustainability trends and risk mitigation</p> <p>Influence other companies to have better practices</p>

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Cybersecurity and data privacy			
Business disruption			
<p>Industrial activities Risk of a malicious exploitation or intrusion into the infrastructures of Schneider Electric production and distribution centers</p> <ul style="list-style-type: none"> Impacts on productivity, data privacy, operations Financial cost, and loss of confidence from stakeholders 	<p>Directive Site Protection</p> <p>Data center, IT Room and Network Enclosure Security Policy</p> <p>IT Disaster Recovery Plan for Business Continuity Policy</p> <p>Network Security Policy</p> <p>Acceptable Use of Assets Policy</p> <p>Security testing for products and systems</p>	<ul style="list-style-type: none"> 200+ Cybersecurity leaders appointed and trained Operational Technologies (OT) workers security awareness deployed Access level defined, granted, and checked as per the profile/need Endpoints inventory and protection Topography of OT network, OT monitoring and threat detection, security policy compliance, incident response process IT/OT network segmentation secured industrial Personal Computer (PCs), secure remote access, backup restore for PCs and Programmable Logic Controller (PLCs) 	<p>Improved supply chain resilience</p> <p>Greater confidence of our customers and partners into our supply chain and products</p> <p>Market access to critical infrastructures/customers</p> <p>Advanced discussions with authorities and greater collaboration on safety and security</p>
<p>Human resources (HR) and employee collaboration Risks of HR systems disruption or HR data leakage</p> <ul style="list-style-type: none"> Impact on business continuity, legal compliance and overall reputation 	<p>Acceptable Use of Assets Policy</p> <p>Crown Jewel Security Policy</p> <p>Digital Certification Policy</p> <p>Email Security Policy</p> <p>Personnel Management Security Policy</p> <p>Third-Party Security Policy</p> <p>User Access Management Policy</p>	<ul style="list-style-type: none"> Cybersecurity Charter shared and signed by all employees and contractors All employees trained every year on Cybersecurity and Ethics; dedicated mandatory training for high-value asset administrators Monthly phishing campaigns Data protection and cleanup yearly campaign Yearly access audits on all HR applications Data Protection Impact Assessments for high-risk applications External pen tests performed on all high-value asset applications Background verification checks in accordance with relevant laws and regulations 	<p>Attractiveness of Schneider Electric for prospective candidates aligned with Trust Charter commitments</p>
Compliance			
<p>Data privacy, retention & residency</p> <ul style="list-style-type: none"> Risk of compromise, modification or exfiltration of data from Schneider Electric's data systems Representing a non-compliance to data protection regulations and laws as well as business purpose leading to potential penalties Non-compliance to data protection regulations leads to potential fines 	<p>Data Privacy Policy</p> <p>Data Classification Policy</p> <p>Global Data Retention</p> <p>Record Creation</p> <p>Backup and Recovery Policy</p> <p>Log Management & Monitoring Policy</p> <p>Acceptable Use of Assets Policy</p> <p>Digital Certification Policy</p>	<ul style="list-style-type: none"> Mandatory Cybersecurity & Data Privacy annual training sessions Data privacy champions appointed Annual review of all policies Data Retention implemented by area Sensitivity label feature enabled on Microsoft Office 365 Suite for all employees 	<p>Increase sentiment of trust for our customers, partners and larger community</p> <p>Prove alignment to regulations and devotion to ESG requirements</p>

1 Sustainability at the heart of our strategy

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Cybersecurity and data privacy (continued)			
Damage to customers assets			
<p>Field services operations & remote customer support</p> <p>Risk of malware distribution into the production environment of a customer through compromised Field Service end-point or on-site activities</p> <ul style="list-style-type: none"> Impact on customer assets and production Reputational impact 	<p>Cyber Badge Principles</p> <p>Third-Party Security Principles</p> <p>Network Security Policy</p> <p>Malicious Software Policy</p>	<ul style="list-style-type: none"> Cybersecurity contact identified, ad hoc and periodic assessments for strategic ones <p>For our customer-facing employees:</p> <ul style="list-style-type: none"> Deployment of Cyber Badges across 20,000+ customer-facing employees. Compliance monitoring of Cyber Badge deployment <p>For our customer-facing suppliers:</p> <ul style="list-style-type: none"> Consistent Cybersecurity and Privacy Terms & Conditions developed for all suppliers 	<p>Increase sentiment of trust for our customers, partners and larger community</p> <ul style="list-style-type: none"> Absolute requirement Global Action Plan
<p>Customer staging and project commissioning</p> <p>Risk of compromised customer assets having an impact at site level, as a result of a failure in the control environment of Schneider Electric</p> <ul style="list-style-type: none"> Reputational Impact Repairment cost 	<p>Security Principles</p> <p>Cybersecurity Policy for Products & Systems</p> <p>Network Security Policy</p> <p>Malicious Software Security Policy</p> <p>Source Code Security Policy</p>	<ul style="list-style-type: none"> Deployment of an end-to-end Project Supply Chain Security methodology Datamining for preparing recommendations 	<p>Greater confidence of our customers in our products</p> <p>Market access to critical infrastructures</p> <p>Advanced discussions with authorities and greater collaboration on safety and security</p> <p>Fulfillment of contract requirement opening the door for additional or further opportunities.</p> <p>On-time with tendering process</p>
IP theft and loss			
<p>R&D repositories and source code compromise</p> <ul style="list-style-type: none"> Compromise, deterioration or exfiltration of R&D repositories and source code Jeopardizing Intellectual Property availability, integrity and confidentiality 	<p>Source Code Security Policy</p> <p>Cybersecurity Policy for Products and Systems</p> <p>Information Security Charter</p> <p>Sensitive Source Code Security and Confidentiality Affidavit</p>	<ul style="list-style-type: none"> Site security controls compliance, training and awareness deployed Assets inventory, topography of R&D sites Protection against vulnerabilities or malware Pen tests conducted Least Privileged Access Control, Disaster Recovery Plan, Network Segmentation, Port Management, and Protocol Hardening applied Source code reality checks conducted on code content, code engineering, governance, etc. Threat detection of signals on the surface web, the dark web, social media etc. to spot cracked software, Source Code and IP exposed etc. 	<p>Effective visibility for risk management and proper actionable outcomes</p> <p>Perceived as a trusted partner</p> <p>Reducing risk through advance detection of exposure of sensitive code or potentially compromised or modified applications which could facilitate criminal activity or customer compromise</p>

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Environment			
Climate change			
<p>Failure to meet 1.5°-aligned GHG reduction emissions targets</p> <ul style="list-style-type: none"> Greater financial costs than anticipated Lock-in emissions of assets with long operating lifetime or long-term leases Reputational impacts and loss of trust from customers, investors and employees Limited engagement of suppliers to decarbonize Scope 3 upstream emissions 	<p>Climate strategy for operations and supply chain</p> <p>Business strategy on Electricity 4.0 and Industry 4.0</p> <p>Thought leadership with Schneider Sustainability Research Institute</p> <p>Climate initiatives (such as Climate Group)</p>	<ul style="list-style-type: none"> SSI #1: Grow our green revenues to 80% (71% achieved) SSI #3: Reduce CO₂ emissions from top 1,000 suppliers' operations by 50% (1% achieved) SSE #1: 150 Zero-CO₂ sites (51 achieved) SSE #2: 100% substitution with SF₆-free MV technologies (38% achieved) SSE #3: 90% of electricity sourced from renewables (83% achieved) SSE #4: 15% CO₂ efficiency in transportation (-1% achieved) SSE #5: 15% energy efficiency in our sites (6.6% achieved) SSE #7: one-third of fleet comprised of electric vehicles (7,7% achieved) 	<p>Market growth for Schneider Electric energy efficiency, electrification and renewable offers</p> <p>Showcase of EcoStruxure™ in our sites</p> <p>Customer attractiveness</p>
<p>Inadequate evolution of the supply chain footprint</p> <p>Supply chain disruption due to increase of climate-related risks as well as the evolution of international trade and market barriers.</p> <ul style="list-style-type: none"> Delays in production and delivery, incurring important costs Impact on customer experience if delays are too long 	<p>Regional Supply Chain footprint</p> <p>Supply chain resiliency with multi-sourcing</p> <p>Independent risk assessment (fire, weather, climate) of our Industrial sites</p>	<ul style="list-style-type: none"> Preventive and reactive risk management of Natural risks in Supplier Risk Management Recurring risk assessment of our Industrial sites through Global Risk Consulting program Introduction of CO₂ simulations to compare alternative supply chain strategies and footprints, and network models Implementation of deliberate redundancies of both dual factories for same products, and dual suppliers ("Power of Two") for all critical parts and components 	<p>Strong local presence and strategic relationships with suppliers</p> <p>Shorter lead times and low logistics costs and CO₂ from deliveries</p> <p>Ability to make products and gain market share if our supply chain is more resilient than that of competition</p>
<p>Workplace disruption</p> <p>Permanent site disruption due to increased frequency and severity of extreme weather events</p> <ul style="list-style-type: none"> Loss of output and remediation costs Impact on operations 	<p>Enterprise risk management</p> <p>Business continuity</p> <p>Disaster Recovery Plans</p>	<ul style="list-style-type: none"> Pilot flood study at a critical location in conjunction with our insurance company launched New Resilience Index created for most critical locations to measure, monitor and improve the site's resilience to external risks 	<p>Business continuity expertise extended to critical suppliers</p> <p>Recurring risk assessment program extended to critical supplier locations</p>
Resources			
<p>Resource scarcity</p> <p>Volatile prices and materials and resource availability</p> <ul style="list-style-type: none"> Cost increase of primary materials and energy Disruption of supply 	<p>Supply chain resiliency</p> <p>Green materials</p> <p>Sustainable packaging</p> <p>Raw material productivity and hedging strategy</p> <p>Water stewardship in water-stressed areas</p> <p>Proactive product returns and take-back policies for a range of offers</p>	<ul style="list-style-type: none"> SSI #4: Increase green material content in our products to 50% (11% achieved) SSI #5: 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard (21% achieved) SSE #11: 100% of sites in water-stressed areas have a water conservation strategy and related action plan (9% achieved) 	<p>Green offer differentiation.</p> <p>Resilient and efficient supply chain</p> <p>Access demanding green markets</p> <p>Superior resiliency in case virgin raw materials availability gets challenged</p>

1 Sustainability at the heart of our strategy

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Environment (continued)			
End-of-life management of products Safety risk if assets handled by non-certified third parties (repair, end-of-life): <ul style="list-style-type: none"> • People health and safety impact • Resource waste 	Circular offers: ECOFIT™, and takeback schemes (End-of-life, EOL, etc.) End-of-life information for our products with Green Premium™	<ul style="list-style-type: none"> • SSE #10: 420,000 metric tons of avoided primary resource consumption through 'take-back at end-of-use' since 2017 (203,881 achieved) 	Market growth for Schneider Electric circular offers (repair, retrofit, takeback, EOL)
Lack of product substance regulations compliance Strengthening of chemical substance regulation, market shift, and consumers preferences for eco-friendly products: <ul style="list-style-type: none"> • Difficulty to access market if products are forbidden or blacklisted • Multiplication of uncoordinated regional legislation 	Substances and Material Directive: REACH, RoHS, China RoHS, CA Proposition 65, TSCA, POP Schneider Electric Environmental Policy: Green Premium™ EcoDesign™	<ul style="list-style-type: none"> • SSE #6: 80% of product revenues covered by Green Premium™ (78% achieved) • Substances of Concern In Products (SCIP) registration deployment and communication • Implementation of new Green Premium™ claims to manage and promote recycled content and take back programs • Specific compliance analysis to unblock some markets 	Opportunity with Toxic Substances Control Act (TSCA) regulation to demonstrate robust substance and material process and transparency. Market opportunity for Green Premium™ offers
Soil, air and water pollution At Schneider Electric sites: <ul style="list-style-type: none"> • Non-compliance leading to fines • Health impacts on personnel and local communities • Site property pollution and environmental provisions 	Group Environment Policy Environmental risk analysis Environment due diligence in M&A	<ul style="list-style-type: none"> • Integrated Management System with ISO 14001 certification (244 sites certified ISO 14001 in 2021). • Company-wide Look at Environmental Assessment and Risk Review (CLEARR) Assessment for industrial Global Supply Chain factories. • Environmental provisions 	Robust management system to drive environmental performance Increased stakeholder trust
Product, project, system quality & offer reliability			
Deficient product safety			
Product malfunctions or failures could result in: <ul style="list-style-type: none"> • Liabilities for tangible or intangible damages, or personal injuries • Incurred costs related to the product recall, to new development expenditure, and use of technical and economic resources • New or more stringent standards or regulations for quality and safety controls could result in capital investment or costs of specific measures for compliance. 	All our sites are certified ISO 9001 Quality is one of our Trust pillars Phoenix program launched for 4 years is covering our End-To-End Supply Chain ReeD (Reliability End-To-End by Design) to cover Design practices Implement Nets on legacy offer to ensure we capture defects or potential defects internally.	<ul style="list-style-type: none"> • Development of Agile method in Offer Creation enabling Quality and Customer Satisfaction Transformation, Phoenix achievement in 2021 initiating move from Reactive to Predictive • ReeD program allows us in 2021 to kick off a strong learning path around Reliability Designer • Creation of the committee Offer Safety Alert Prevention, to coach all Root Causes Analysis Leaders 	Listening to signals from within the group and from customers Challenging innovation and R&D to seek for perpetual improvement Become a leader in products quality driving brand reputation and value

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Human rights			
Conflict minerals			
<p>Sourcing of conflict minerals and other similar sensitive materials</p> <ul style="list-style-type: none"> Financing directly or indirectly armed groups, fuel forced labour and other human rights abuses Corruption and money laundering. Reputational cost 	<p>Schneider Electric encourages its suppliers to build and maintain a due diligence process to ensure conflict minerals-free sourcing</p> <p>The Group is an active Responsible Minerals Initiative (RMI) member</p>	<ul style="list-style-type: none"> Conflict-free mineral monitoring 87% of the smelters and refiners identified in our supply chain conformant or active in a recognized third-party validation scheme Schneider Electric has a "conflict-free objective" SSE #12: Deploy a 'Social Excellence' program through multiple tiers of suppliers (baseline to be defined in 2022) SSE #17: 4,000 suppliers assessed under our 'Vigilance Program' (1,203 achieved) 	<p>Increase relationship with suppliers, and improved reputation.</p> <p>Increase trust with customers favoring business relations</p>
Human rights			
<p>Violations of human rights and fundamental freedoms</p> <ul style="list-style-type: none"> Reputation and brand image Legal impact Health & well-being impact for employees of Schneider, its suppliers and sub-contractors 	<p>Trust Charter and Trust Line whistleblowing system for internal and external stakeholders</p> <p>Supplier Code of Conduct</p> <p>Schneider Human Rights Policy</p>	<ul style="list-style-type: none"> Environmental Engineering and Health Services (EEHS) risk mapping of suppliers On-site supplier audits with RBA protocol EEHS in procurement process Continuous improvement with ISO 26000 standard SSI #6: 100% of our strategic suppliers provide decent work to their employees (pilot launched Q1 2022) SSE #12: Deploy a 'Social Excellence' program through multiple tiers of suppliers (baseline to be defined in 2022) SSE #17: 4,000 suppliers assessed under our 'Vigilance Program' (1,203 achieved) 	<p>Increased cooperation with suppliers</p> <p>Increased trust with our customers</p>
Responsible workplace			
Health and Safety			
<p>Serious or fatal employee injury or illness</p> <ul style="list-style-type: none"> Loss of, or impact to, employees Loss of productivity Property damage Impact to Company image Customer confidence Fines 	<p>Safety strategy</p> <p>Global safety directives</p> <p>Serious Incident Investigation Process (SIIP)</p> <p>GlobES reporting, Global Safety Alerts, EHS assessment</p>	<ul style="list-style-type: none"> SSE #14: 0.38 or below Medical Incident rate (0.65 achieved) 	<p>Increase confidence of current and prospective employees. Systemic MIR drives Safety continuous improvement</p>
Equity, Diversity & Inclusion			
<p>Inclusive workplace</p> <p>Risk of not providing equal opportunities to everyone and limiting the ability to attract and retain the best talents</p> <ul style="list-style-type: none"> Cost of turnover Loss of women in top potential pipeline Legal issues Company image 	<p>Recruitment of women</p> <p>Women representation in leadership roles</p> <p>Gender pay equity</p> <p>Diversity & Inclusion Committee.</p>	<ul style="list-style-type: none"> SSI #8: Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%), (41%, 27% and 26% achieved respectively) Financial Times, Forbes, Bloomberg, Great Place to Work in the US and Universum recognized Schneider Electric as a great place to work and a leader in Diversity, Equity and Inclusion in 2021 	<p>People attraction and retention with equal opportunities for everyone</p> <p>Follow contemporary trends and show support to all communities openly</p>

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1 Sustainability at the heart of our strategy

Risk description and impact	Policies	Main actions and 2021 performance	Opportunity created
Responsible workplace (continued)			
Well-being and mental health			
<p>Not providing ideal working conditions leads to</p> <ul style="list-style-type: none"> Absenteeism Cost of turnover Disengagement Company image on the market 	<p>Employee Value Proposition</p> <p>Global Family Leave Policy</p> <p>Pay equity</p> <p>Global Anti-Harassment Policy</p> <p>Career development and learning</p> <p>Flexibility@Work hybrid policy</p> <p>Well-being practices and training</p>	<ul style="list-style-type: none"> 99% of countries deployed the new flexibility @ work policy to support hybrid work. New Ways of working playbook and training rolled out to all managers and employees 	<p>Recognition of Schneider Electric as an attractive employer</p> <p>Improved talent retention</p>
Talent development and competencies			
Talent acquisition and retention			
<p>Risk of not attracting, developing, and retaining the best talent in the market especially for critical skills</p> <ul style="list-style-type: none"> Cost of recruiting and onboarding Gaps in critical skills Impact on talent's brand perception 	<p>New talent acquisition platform to manage prospective talents and hiring processes</p> <p>Grow the early talent pipeline through global program and country-specific initiatives</p> <p>Annual performance and development approach, with fair, transparent and competitive rewards and development</p> <p>Open Talent Market (OTM) for internal mobility, project and mentoring</p> <p>Programs for specific segments of talents at different stages of their professional career</p> <p>Upskilling for today and tomorrow with a strong focus on digital skills, commercial excellence, leadership and functional expertise</p>	<ul style="list-style-type: none"> Global Career Week with employees participating from over 90 countries and >250 events SSE #21: x4 the number of employee-driven development interactions on the OTM (x2.1 achieved) SSE #22: Digital upskilling through the Digital Citizenship program (74% in 2021) Accelerated employee branding at global and target country levels; Glassdoor rating of Schneider Electric continued to grow, reaching 4.2/5 in 2021 Technical and digital skill assessment tool for GSC and distribution centers to review competency levels, gaps and actions for upskilling 	<p>Recognized as an employer of choice and market leader for talent development for everyone, everywhere leading to greater talent attractivity</p>
Rewards, benefits and engagement			
<p>Risk of having disengaged employees feeling that their opinion is not valued:</p> <ul style="list-style-type: none"> Impact the financial results of the Group Difficulty to retain talent 	<p>Embed a culture of continuous listening, recognition, and ongoing feedback to drive engagement and performance</p>	<ul style="list-style-type: none"> A global annual survey covers 100% of Group employees with additional focus on action planning, including a nudge and peer to peer session for managers, deeper verbatim analysis; design and launch of pulse survey targeting populations for whom attention is needed (newly acquired entities, entities undergoing change projects). SSE #24: 75% Employee Engagement Index (71% achieved) 	<p>Greater employee performance, brand image and loyalty</p> <p>Ensure that the group maintains its position of attractive employer</p>

1.7 Key external frameworks and ESG ratings

1.7.1 External guidelines

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

The Global Compact was launched in 1999 by United Nations Secretary-General, Kofi Annan. It brings companies and non-governmental organizations together under the aegis of the United Nations. Parties signing the Global Compact commit to 10 fundamental principles in four areas: human rights, labor rights, the environment, and anti-corruption. By signing the Global Compact in December 2002, Schneider Electric made a public commitment to these universal values. In line with the requirements of the Global Compact, Schneider publishes an annual Communication on Progress (COP) and meets the requirements of the Global Compact Advanced Level.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries – developed and developing – in a global partnership. Schneider Electric is committed to contribute to the 17 SDGs through its sustainability programs.

International Organization for Standardization (ISO)

In 2010, the ISO published its guidelines on organizations' social responsibility (ISO standard 26000). This standard promotes a compromise involving different players from the public, private, and non-profit sectors from around 100 countries, and a vision of how an organization should view societal responsibility. This standard legitimizes the sustainability actions undertaken by the Group since the early 2000s and provides an educational support and framework for its actions in the field. The Group has worked since 2012 to promote the adoption of the ISO 26000 principles with its suppliers.

Schneider also adopts other ISO guidelines or certifications: see ISO 14001 and ISO 50001, page 73; ISO 45001, page 53; ISO 9001, page 18; ISO 27000, page 49; and ISO 14025 and 14021, page 103.

The Global Reporting Initiative (GRI)

The GRI was established in 1997 as a mission to develop globally applicable directives to report on economic, environmental, and social performances. Brought about by the Coalition for Environmentally Responsible Economies (CERES) in association with the United Nations Environmental Program (UNEP), the GRI integrates the active participation of companies, NGOs, accounting bodies, business associations, and other stakeholders from across the globe. In 2016, Schneider integrated updates to the GRI Standards. Schneider Electric SE has reported in accordance with the GRI Standards for the period from 1 January 2021 to 31 December 2021. The Board of Directors has reviewed and approved the reported information, including the organization's material ESG topics, under Disclosure 2-14 in GRI 2: General Disclosures 2021. A reference table with its indicators and those proposed by the GRI is available on the Schneider Electric website.

The Sustainability Accounting Standards Board (SASB)

The SASB Foundation was founded in 2011 as a not-for-profit, independent standards-setting organization. Schneider Electric provides information in alignment with SASB reporting guidelines for its sector (Electrical and Electronic Equipment). A correspondence table can be found in page 162.

The Task Force on Climate-related Financial Disclosures (TCFD)

In June 2017, the TCFD, a working group led by Michael Bloomberg under G20 Financial Stability Board's (FSB) mandate, published its recommendations for companies' climate action disclosure. CEOs from more than 100 companies signed a statement of support for the TCFD recommendations and Schneider Electric's CEO was among them. Detailed information can be found in Schneider Electric's CDP Climate Change public disclosure and in this report on page 164.

The Science-Based Target initiative (SBTi)

Science-Based Targets (SBTs) specify how much and how quickly companies need to reduce Greenhouse Gas (GHG) emissions in order to avoid a 1.5°C or 2°C global temperature increase, compared to pre-industrial levels. Schneider Electric is part of the 1,000+ companies globally that have committed to reduce GHG emissions in alignment with prevailing climate science through the SBTi. The Group's GHG footprint is calculated following the World Resources Institute (WRI) GHG Protocol (see page 74). The Group's target to achieve net-zero operational emissions and to reduce Scope 3 emissions by 35% by 2030 (versus 2017), was validated 1.5°C aligned by the SBTi in 2019.

Organisation for Economic Co-operation and Development (OECD)

The OECD is an international organization that works to build better policies for better lives. Schneider Electric is aligned with the OECD Guidelines for Multinational Enterprises. Schneider Electric signed the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and established a "Conflict Minerals Compliance program" based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from conflict affected and high-risk areas.

International Labour Organization (ILO)

Schneider Electric is a Member of the ILO Global Business and Disability Network (GBDN) and adheres to the principles of the ILO Declaration on Fundamental Principles and Rights at Work. The Group's Principles of Responsibility were inspired in part by the standards issued by the ILO.

1 Sustainability at the heart of our strategy

1.7.2 Ratings and ESG indices

Dow Jones Sustainability Index (DJSI)

In 2021, Schneider Electric was one of 322 companies in the DJSI World Index for the eleventh year in a row, which is comprised of corporate leaders in global sustainability as identified by S&P Global, and represents the top 10% from among around 2,500 companies worldwide representing 45% of global market capitalization. Schneider Electric obtained an 86/100 score compared with an industry average of 28/100.

CDP Climate A list and Supplier Engagement Leader

In 2021, Schneider Electric is among just 200 Climate Change A list companies out of 13,000+ companies assessed by CDP, and the only one in its sector to achieve this 11 years running. Schneider Electric also scored A in CDP's Supplier Engagement Rating (SER) in 2021. The SER assesses performance on governance, targets, scope 3 emissions, and value chain engagement in the CDP Climate Change questionnaire.

At the time of writing, it belongs to several STOXX indices, in particular Global Low Carbon Footprint, Global Climate Change Leaders, EURO STOXX 50 Low Carbon, Global ESG Environmental Leaders indices.

CDP Water

Schneider Electric received a B score for its fourth participation in CDP's Water Security questionnaire.

Vigeo Eiris industry leader

Following assessment in July 2021 by Vigeo Eiris (part of the Moody's Group), Schneider Electric ranked first in the Electric Components and Equipment sector at the highest level (Advanced), with a rating of 71/100 (+5 points versus previous rating). As of February 2022, Schneider Electric is part of the Euronext Vigeo Eiris World 120, Europe 120, Eurozone 120, and France 20 indices, which are composed of the highest-ranking listed companies in terms of their performance in corporate responsibility. The average score for companies in the World 120 is 58/100.

FTSE4Good

Schneider Electric is part of the FTSE4Good Developed, FTSE Environmental Opportunities, and FTSE EO Energy Efficiency indices.

EcoVadis Advanced level and Platinum rating

In 2022, Schneider Electric has achieved Advanced level with a rating of 82/100 and obtained a Platinum medal (top 1% of all companies assessed) for the second year in a row

MSCI industry leader

Schneider Electric has been at AAA grade since 2011, an industry leader and a member of the MSCI World ESG Leaders, World Select ESG Ratings & Trend Leaders, and Socially Responsible indices

Sustainalytics leader

Following its assessment in October 2021, Schneider Electric was ranked 8/210 in its industry group with a 17.1 risk rating (Low Risk), thereby confirming its inclusion in STOXX Global ESG Leaders, Environmental Leaders, Social Leaders, Governance Leaders, and EURO STOXX Sustainability indices.

ISS

Schneider Electric achieved a 1 ranking in Environment, 1 in Social, and 3 in Governance at ISS (Institutional Shareholder Services, Inc.) in the 2021 QualityScore. The rating scale runs from 1 to 10, with 1 representing the lowest risk level and 10 the highest. Schneider Electric is at Prime level at ISS-ESG with an absolute B rating, the best rating in its industry (Electric Components) out of 182 companies.

ECPI

As of December 2021, Schneider Electric is included in the ECPI Carbon, Ethical, Renewable Energy, Global Developed ESG Best in Class, Megatrend, Climate Change, and Circular Economy leaders.

Sustainability external ratings	DJSI	CDP Climate Change	Vigeo Eiris	EcoVadis	MSCI ESG Ratings	Sustainalytics
2021 Schneider score	86/100	A	71/100	82/100	AAA	17.1
Industry average score	28/100	B-	39/100	45/100	BB	29
Progress vs. 2020	-2 pts	same	+5 pts	same	same	same
Highlights	11 th year in world index	11 th year in A List	World 120 and Europe 120 Indices	Platinum medal	AAA for eleventh year	Low risk
Assessed universe (# companies)	2,500	13,000	5,000+	90,000	8,500	14,000

1.7.3 Other awards in 2021 and beyond

Impact and ESG

Global 100 most sustainable corporations

Schneider Electric has featured on Corporate Knights' Global 100 list of corporate sustainability leaders every year since 2012, making it to the top spot in 2021, and 4th in 2022.

2021 most responsible French companies

In November 2021, Schneider Electric was ranked 7th among 250 French companies by French magazine, *Le Point* and German independent institute, Statista for its commitment to sustainability and its innovative tool — Schneider Sustainability Impact.

Impact Finance

The new independent, B-Corp Certified impact rating agency, has ranked Schneider Electric 1st in CAC 40 for its contribution to the United Nations SDGs for the second year in a row in 2021. The Group obtained a score of 434/1000, way ahead of the CAC 40 average of 231/1000.

Fortune's Change the World List

Schneider Electric retains spot in the 2021 Fortune Change the World List, a global ranking of the top 50 companies making positive social or environmental impact through activities integral to their core business strategy and operations.

Climate

Carbon Clean 200 list

Schneider Electric has consistently been included in Corporate Knights' Carbon Clean 200 list since ranking inception in 2016 for its revenue devoted to energy transition. In 2022, the Group ranked 9th worldwide.

EcoAct Climate Reporting Performance

Schneider Electric ranked 4th for international companies and 1st among EURO STOXX 50 companies on EcoAct's Climate reporting performance leaderboard.

Champions du climat 2021

Recognized as a Climate Champion by Challenges, the French weekly business magazine, for reducing its annual Scope 1 and 2 GHG emissions.

Supply Chain

Best Global Sustainable Supply Chain Organization

Schneider Electric has been named the Best Global Sustainable Supply Chain organization at the Global Sustainable Supply Chain Summit 2021 (GSSC Summit). This award puts Schneider Electric ahead of its peers in terms of operating greener and fairer supply chains.

EcoVadis Sustainable Procurement Leadership Awards

Schneider Electric was selected for the EcoVadis Sustainable Procurement Leadership Awards 2022, receiving the Best Value Chain Engagement award as a recognition of its excellence in engaging trading partners and internal stakeholders in sustainability initiatives.

Gartner 2021 Supply Chain top 25

Schneider Electric maintained its 4th position in 2021 in the Gartner Supply Chain top 25 ranking for the exemplary management of its value chain.

Diversity & Inclusion

Bloomberg Gender Equality Index

In 2022, Schneider Electric confirmed its inclusion in Bloomberg's Gender Equality Index among 418 companies for the fifth consecutive year. Schneider Electric scored above the overall GEI average, with its highest score in the equal pay and gender pay parity category, where the company scored significantly higher than the global GEI average score.

Financial Times Top 50 Diversity leader 2022

Schneider Electric was recognized as a Top 50 Diversity leader by the Financial Times for the third year in a row, ranking 5th in its industry.

Equileap Global Gender Equality Report and Ranking

In March 2022, Schneider Electric ranks 20th globally out of 3,895 publicly listed companies assessed based on 19 gender equality criteria, including gender balance from the board to the workforce, as well as the pay gap and policies relating to parental leave and sexual harassment, among other topics.

Ethics and Governance

Ethisphere

In 2022, Schneider Electric was again recognized as one of the World's Most Ethical Companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices; only three French companies were included in this year's ranking.

Best vigilance plan

In January 2021, Schneider Electric won the Best 2020 Vigilance Plan after an assessment of all the CAC 40 companies by the Sustainable Investment Forum (FIR) and A2 Consulting.

Grand Prix de la Transparence

In 2021, Schneider Electric remains in the Top 20 most transparent companies by ranking 11th out of 141 companies, and was bestowed the Extra Financial Award (Grand Prix de l'Information Extra-Financiere).

Employer awards

Universum Top 50 World's Most Attractive Employers

In 2021, Schneider was recognized by students worldwide as one of the World's Most Attractive Employers ranking 24th in Engineering and IT by Universum. Over 220,000 respondents from the Universum Talent Surveys have ranked the companies they find most desirable to work for.

Fortune's World's Most Admired Companies

In 2022, Schneider is recognized by Fortune as one of the "World's Most Admired Companies", ranking 3rd in the electronics industry sector for the fifth consecutive year.

Glassdoor

Schneider received a score of 4.2/5 from Glassdoor as of February 2022. Based on more than 10,000 reviews, 87% of surveyed participants would recommend the Group to a friend, and 96% approve the CEO.

2 Driving responsible business with Trust



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“Our Trust Charter underpins every aspect of our business, as well as expressing our willingness to behave and respond respectfully and in good faith to all our stakeholders. As our Code of Conduct, it is our compass in a world which is more and more complex. Its purpose is to guide us collectively and individually.”

Hervé Coureil, Chief Governance Officer and Secretary General

Context and goals

2021 has been a year of transformation for Schneider Electric. The Group has set ambitious targets to accelerate the fight against climate change and social inequality, whilst mitigating the impact of the COVID-19 crisis on its operations, supply chain, customers, and employees. To do so, Schneider collaborates for a more sustainable world, and collaboration requires a firm foundation of trust.

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

Schneider lives up to the highest standards of corporate governance, through initiatives that monitor and educate teams on ethics, cybersecurity, safety, and quality. The 2021 Trust Charter is the evolution of the Group's Principles of Responsibility and sets out the expectations of how we work at Schneider and equips teams to confront any unethical behavior they might encounter.

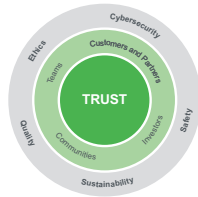
Trust serves as an ethical compass for all Schneider Electric's interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive and positive way.

Under our 2025 Sustainability Strategy, we commit to live up to our principles of trust by upholding ourselves and all around us to high social, governance and ethical standards. In this report, we share our progress on the transformations engaged in 2021 under the Trust pillar of our Schneider Sustainability Impact and Schneider Sustainability Essentials programs.

2021 Highlights



Schneider was awarded the Ethisphere 'most ethical company in the world' in 2021 and 2022, for eleven consecutive years.



The 2021 Trust Charter sets out the expectations of how we work at Schneider and equips teams to confront any unethical behavior.



Schneider awarded the 2021 'Grand Prix de la Transparence' in the ESG information category.

Best Vigilance Plan

In January 2021, the Group was awarded the Best Vigilance Plan by the Sustainable Investment Forum and A2 Consulting.



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



Gartner #1 Supply Chain in Europe
Our second consecutive year at the top.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Trust	6. Strategic suppliers who provide decent work to their employees ⁽³⁾	--	In progress	100%
	7. Level of confidence of our employees to report unethical conduct	81%	+0pts	+10pts

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Trust	12. Deploy a 'Social Excellence' program through multiple tiers of suppliers ⁽³⁾	--	In progress	--
	13. Train our employees on Cybersecurity and Ethics every year	90%	96%	100%
	14. Decrease the Medical Incident rate	0.79	0.65	0.38
	15. Reduce scrap from safety units recalled	4,202	4,024	2,101
	16. Be in the Top 25% in external ratings for Cybersecurity performance	Top 25%	Top 25%	Top 25%
	17. Assess our suppliers under our 'Vigilance Program'	374	1,203	4,000

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators (except for SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23), in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in this section.
 (3) 2021 performance is *in progress* for SSI #6 Decent work and SSE #12 'Social Excellence' because the programs are still in development.

2 Driving responsible conduct of business with the Trust Charter

2.1 Trust Charter, Schneider Electric's Code of Conduct

In 2021, Schneider Electric evolved its Principles of Responsibility to the Trust Charter, acting as our Code of Conduct and demonstrating our commitment to **ethics, safety, sustainability, quality, and cybersecurity**. Schneider Electric believes that trust is a foundational value. It is earned, it serves as a compass, showing the true north in an ever more complex world and Schneider Electric considers it to be core to its environmental, social, and governance (ESG) commitments.

As trust fuels empowerment, each section of the charter states clear do's and don'ts and provides clear references to relevant policies and procedures, which are adapted to meet local legal requirements when necessary. This Code of Conduct applies to everyone working at Schneider or any of Schneider's subsidiaries. It is both an individual and collective responsibility to comply and respect laws and regulations, to apply Schneider Electric policies, and to uphold strong ethical principles to earn trust at all times.

2.1.1 Earning trust with people

Trust powers all Schneider Electric's interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive, and positive way. With this in mind, the document is organized across four chapters:

- **Trusted Teams** that are built thanks to leaders setting the tone and exemplifying Schneider Electric's culture, as well as through creating equal opportunities, harnessing the power of all generations, championing well-being and new ways of working, and being S.A.F.E. First;
- **Trust with Customers and Partners** is earned by striving for high quality, resiliency, the highest standards for cybersecurity, data privacy and protection, as well as prohibiting any form of corruption, requiring third-party integrity, avoiding conflict of interest, upholding fair competition, abiding by export controls and sanctions, and selecting and managing suppliers responsibly;
- **Trust with Investors** comes from preventing insider trading, delivering accurate financial statements, records, and tax information, delivering solutions in compliance with financial and risk management standards, and preserving our information technology and related intellectual property assets as well as Schneider Electric's reputation;
- **Trust with Communities** is possible by acting for a climate positive world, being efficient with resources, upholding responsible lobbying and political activity, empowering local communities, not using "conflict minerals", and acting as good corporate citizens.

2.1.2 Communication and training for all employees

Schneider Electric trains all its employees yearly on essential topics. 2021 was a transition year, and as such employees were assigned training on the Principles of Responsibility and informed, through this course, of the upcoming transition to the Trust Charter on September 30. The course was made available as e-learning for connected employees, and an in-class version for non-connected employees. The training completion rate for all Schneider Electric eligible employees at the end of the campaign was 99% (connected employees: 99% completion; non-connected employees: 98% completion). A new mandatory training for all employees dedicated to the Trust Charter will be part of the 2022 campaign.

In addition to the Trust Charter being available in 30 languages on se.com, a Trust Portal was made available to Schneider's employees to link them towards related content such as policies, useful contacts, sites, guidelines, templates, and reports for each section of the Trust Charter. In 2021, we saw an increase of global policy views of +61% compared with 2020.

Leadership at every level of the organization was involved in the design, creation, and deployment of the Trust Charter to ensure that everyone at Schneider Electric is aware of the importance of trust and understands how to get the most out of our Code of Conduct.

📄 Discover our Trust Charter with se.com →



2.2 Ethics & Compliance program

Each year, Schneider Electric's Enterprise Risk Management team draws up a risks matrix at Group level which is presented to the Executive Committee and used to identify all risks faced by the Company; as part of this wider exercise the Company conducts a risk assessment on ethics and compliance matters.

The exposure of the Group to risks of non-compliance and unethical practices has been increasing for several years, due to broader externalities for the Group through its geographic expansion, participation in complex projects, and a large range

of acquisitions, all leading to the need to strengthen the effectiveness of its risk-based Ethics & Compliance program.

Over the past years, the increase of law enforcement by public authorities, new regulations, and higher reputational risk with media exposure have led to the design of a preventive approach of several risks including corruption, fraud, violation of fundamental human rights (health and safety, discrimination, harassment, and sexual harassment), anti-competitive practices, sanctions, and export control.

Adopting a full compliance approach on these topics brings trust to employees, customers, partners, suppliers, and local communities.

2.2.1 Governance of the Ethics & Compliance program

Schneider Electric has built a strong governance to lead the Ethics & Compliance program to the best standards, with responsibilities at Board, executive, corporate, and zone levels.

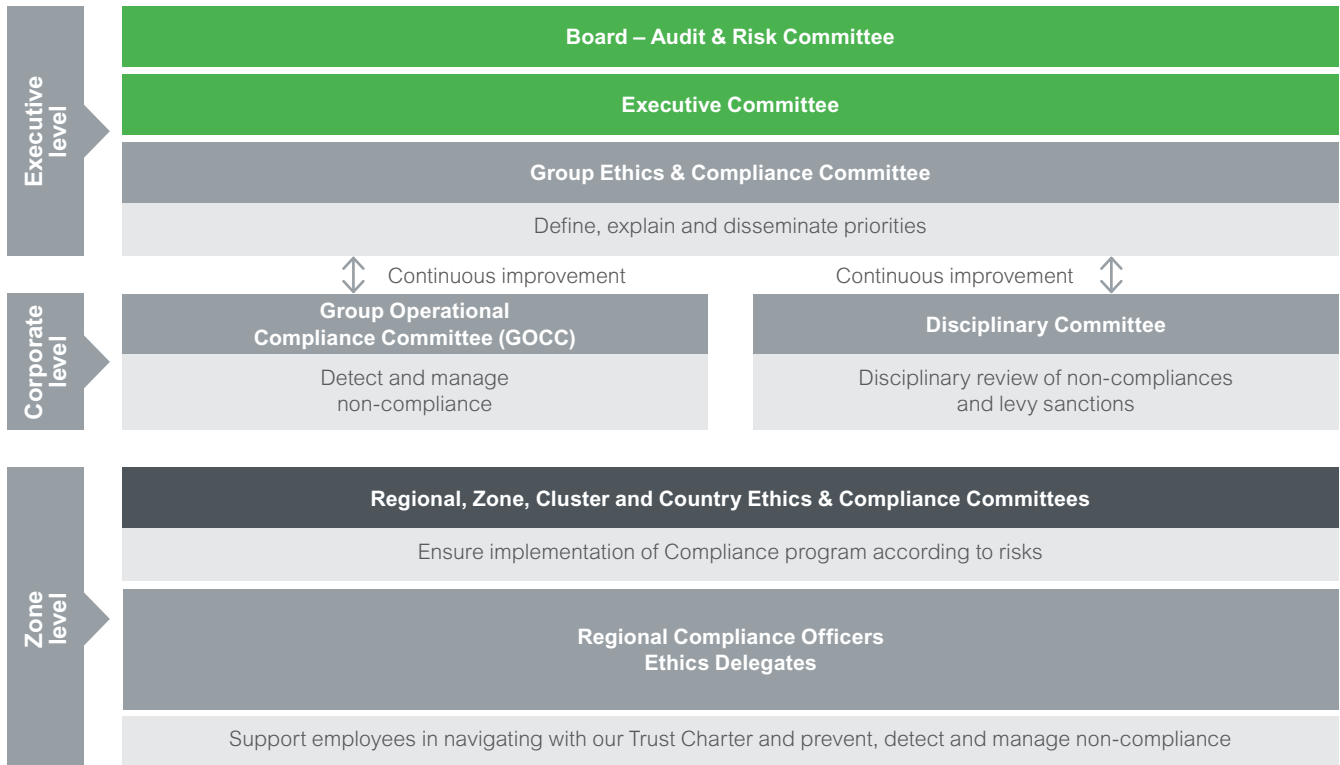
2.2.1.1 Executive level

Board Audit & Risk Committee

Schneider Electric's Board of Directors oversees the Ethics & Compliance program through a dedicated annual session of the Audit & Risks Committee during which the program, risks and improvements, and action plans, are reviewed by the Directors. Once a year, the Directors also review the Ethics & Compliance program's effectiveness and the allocation of resources to the program (human and financial). In addition, the Directors agree on the audit plan which covers several audits related to the Ethics & Compliance program, and the program's members are notified of their findings and related recommendations once finalized.

Group Ethics & Compliance Committee

Schneider Electric has also put in place a dedicated governance to lead the Ethics & Compliance program to the best standards. The program is overseen by the Group Executive Committee, through the Group Ethics & Compliance Committee. This Committee is composed of nine permanent members in charge of defining the program's strategy and priorities: Chairman & CEO; Chief Governance Officer (Committee Chairperson); Chief Human Resources Officer; Chief Strategy & Sustainability Officer; Chief Compliance Officer; Chief Legal Officer; Chief Corporate Citizenship Officer; Group Internal Audit & Control Officer; and Senior Vice-President, Sustainability Development. They ensure that the program is consistent with the Group's strategic goals. This Committee meets twice a year.



2 Driving responsible conduct of business with the Trust Charter

2.2.1.2 Corporate level

The Group Ethics & Compliance Committee is assisted by the Group Operational Compliance Committee (GOCC) and the Group Disciplinary Committee, which both ensure effectiveness of the speak-up culture (a culture in which employees feel free and psychologically safe to share their ideas, opinions, and concerns, without fear of retaliation) and whistleblowing system, and fair and transparent disciplinary policy.

Group Operational Compliance Committee

The GOCC detects and manages cases of non-compliance with the Ethics & Compliance program in accordance with the Group Case Management & Investigation Policy released in February 2020 and updated in October 2021, and reviews monthly the effectiveness of the whistleblowing system. The GOCC is composed of the following members: Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, Group Internal Audit & Control Officer, Group Compliance Director, Group HR Compliance Officer, and Head of Fraud Examination Team.

Group Disciplinary Committee

The Group Disciplinary Committee is in charge of levying sanctions and remediation actions on serious non-compliance cases upon request of the GOCC. The Group Disciplinary Committee is composed of the following members: Chief Governance Officer, Chief Human Resources Officer, Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, and one rotating member.

Ethics & Compliance department

Schneider Electric has also created a standalone Ethics & Compliance department, chaired by a dedicated Chief Compliance Officer acting on behalf of the Group Ethics & Compliance Committee, and reporting to the Chief Governance Officer, to drive the strategy on the Ethics & Compliance program. The Ethics & Compliance department includes the following teams: Group Compliance, Group HR Compliance, Health & Safety, Fraud Examination, IT Assets Governance, Policy Management, Business Continuity Planning and Digital Transformation for Ethics & Compliance. It works closely with the Legal, Human Resources, Finance, and Strategy & Sustainability departments, as well as Internal Control and Audit. This cross-functional and integrated approach is central to the program's effectiveness.

2.2.1.3 Operational level by geographic zone

Regional Ethics & Compliance committees ensure implementation of the Ethics & Compliance program in alignment with risks identified. Operationally, they rely on Regional Compliance Officers who drive the implementation in the zone, with the support of Ethics Delegates and relevant subject matter experts at local levels.

2.2.2 Pillars of the Ethics & Compliance program

All Schneider Electric employees are expected to comply with Schneider's Ethics & Compliance program. Its daily application helps them to act with integrity and transparency, and to comply with all international and local regulations.

The Ethics & Compliance program is based on management commitment (called "tone from the top"), which makes its pillars effective. Top management sets the Ethics & Compliance standards and promotes a culture of integrity throughout the Group and its operations. In addition, middle management walks the talk by complying with rules, spreading the right message in their teams, and supports reporting of misconducts.

2.2.2.1 Risk assessment at Zone level

In 2021, Schneider Electric carried out specific risk mapping dedicated to "Ethics and Compliance" risks on the following risks: Corruption, Conflict of Interest, Human Rights & Labor Laws, and Sanctions & Export Control. The objective of this "Ethics and Compliance" risk mapping is to capture operational risk exposure at zone level, based on local interviews led by the Regional Compliance Officers and the Legal teams.



The process at regional level was as follow:

- **step 1** – each region defined its local risk universe taking into account local specific risks,
- **step 2** – each region assessed its gross risks and effectiveness of its local mitigation measures, generating a mapping of regional net risks, and
- **step 3** – each region defined action plans (validated by the respective regional Ethics & Compliance committees) to reduce the risk exposure. In addition, a global gross and net risks mapping was consolidated at Group level, as well as a set of action plans to be taken at global level. All action plans will be monitored during the course of 2022.

2.2.2.2 Code of Conduct and policies

To ensure that the tools are provided to follow the Trust Charter, it is complemented by global and local policies, providing specific answers to the different principles, legal obligations, and local practices. On ethics and compliance matters, Schneider Electric has deployed several policies:

- [Anti-Corruption Policy](#) (aligned with French Sapin II law requirements),
- [Gifts & Hospitality Policy](#),
- [Competition Law Policy](#),
- [Business Agent Policy](#),
- [Anti-Harassment Policy](#),
- [Human Rights Policy](#), and
- [Export Control Policy](#).
- In 2021, Schneider published and rolled out a new Conflict of Interest Policy and a new Donations Policy.

2.2.2.3 Training and awareness

At Schneider Electric, we value training, at both local and global levels as it is the best way to prevent risks and raise awareness on ethical topics.

Each year a global campaign of mandatory trainings is run for all employees, called *Schneider Essentials*, from March to end of September. These global trainings are available in 18 different languages in our Learning Management System and each takes 30 mins to complete. In 2021, Schneider Essentials trainings were:

- Trust Charter,
- Cybersecurity for Schneider Electric,
- Building a culture of respect, and
- Sustainability at the Core of our Purpose.

For about 40,000 employees exposed to corruption risks, an additional anti-corruption training is required each year.

Through Schneider Sustainability Essentials #13, the Group monitors and discloses each quarter completion rate on ethics (Trust Charter and anti-corruption for eligible employees) and cybersecurity trainings, aiming for 100% each year and externally audit annual performance. At the end of 2021, SSE #13 reached 96% completion rate.

A dedicated module on Ethics & Compliance was prepared for the induction path for Country Presidents. The module raises Country Presidents awareness about their role and responsibility in supporting the Ethics & Compliance program.


Besides training of our employees, since 2020 and as part of the integration process of companies acquired, a specific training for leaders of the acquired company is organized through the Ethics & Compliance program. The training entails a specific focus on what is expected from the leadership teams, including endorsing the program and actively following up employees completion of mandatory trainings on Trust Charter and anti-corruption.

In November 2020, Schneider Electric organized its first global “Ethics & Compliance Day” campaign in order to promote the Company’s values on business ethics and to bring a focus on the need of a working environment that promotes a speak-up culture. A second “Ethics & Compliance Day” took place in June 2021, focusing on raising awareness about biases of ethical thinking.

Furthermore, in-person learnings were organized in sensitive geographic areas regarding ethics and compliance challenges (Brazil, India) or in locations where a specific risk is higher (such as the export control risk).

Trust

SSE #13



100% of employees trained every year on Cybersecurity and Ethics


Feedback received from our employees confirm that our trainings efficiently help them to act as “integrity ambassadors”.

Cybersecurity training: *“Very much anchored in real life both professional and personal. Did not see the 30m pass. Way to go!”*

Principles of Responsibility training: *“I love the fact that this course reminds you the basics and makes you use your brain and put yourself in the shoes of colleagues in difficult situations. Love the voice of so many of our colleagues too!”*

Anticorruption training: *“The content is simple and easy to understand. This is a must for any Schneider employee.”*

Baseline	2021 Progress	2025 target
90%	<div style="width: 96%; background-color: #4CAF50; height: 10px;"></div> 96%	100%



2 Driving responsible conduct of business with the Trust Charter

2.2.2.4 Third-parties compliance

Third-party relationship management programs are complex as each third party presents multiple risks and different oversight functions need to be consulted to perform individual risk assessments. For example, business agents can be used for many legitimate purposes, such as to perform tasks that Schneider Electric cannot perform as efficiently; however, experience has shown that using them can be very risky in terms of exposure to bribery or corruption. Schneider Electric Business Agent Policy sets out the rules under which we will determine whether there is a legitimate business purpose before engaging. We also need to ensure that we conduct an effective and efficient due diligence review to ultimately make the most informed decision and mitigate any risks to the best possible extent. We have adopted a risk-based approach to our due diligence enabling our teams to dedicate the most significant part of their time and energy to situations that represent the most risk exposure. Hence, we have various due diligence policies and processes depending on the type of third party subject to the due diligence.

Business agents cover all third parties retained entirely or in part to assist Schneider Electric, directly or indirectly, in its business operations, including to obtain a sales order, contract award, permits, licenses, or other business advantage for Schneider Electric. They are subject to a due diligence and approval process, which was centralized with the Business Agent Policy in 2019 with digitization beginning in 2020. Several documents and information are gathered and sent to the Group Compliance team who will perform the due diligence and manage the approval process by analyzing risks of corruption, sanctions, and unethical practices. At the first level of assessment, the business agent could be approved based on the level of risk, or additional checks could be carried out if necessary. The Group Compliance team can request to also review and validate payments to a business agent based on this assessment.

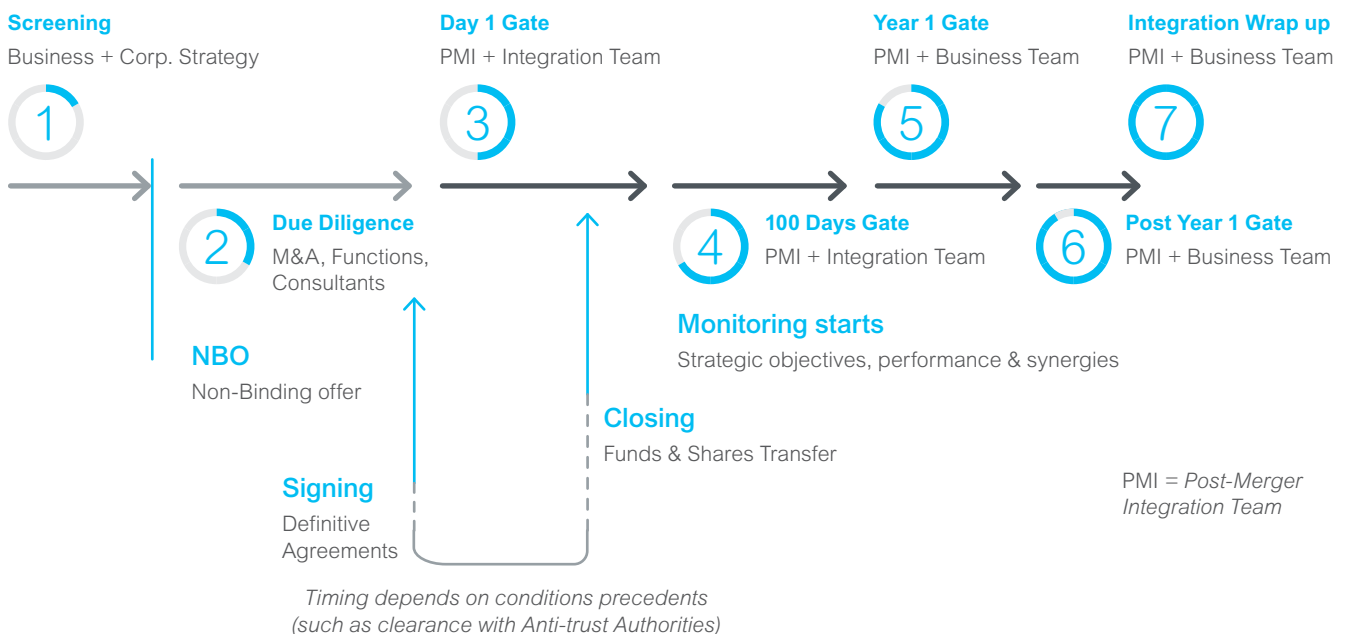
Our robust network of suppliers is the foundation of our supply chain, and we extend the same level of ethical control to them as we do to ourselves. Since 2021, the Group Compliance team has been working to further strengthen the controls carried out as well as understanding our risks when doing business with Schneider Electric customers in close collaboration with both digital and export control teams.

M&A operations represent specific risks regarding ethics and compliance, specifically corruption and export control risks. With the support of the Group Ethics & Compliance Committee, a specific process and guidelines were put in place in 2020 to ensure full compliance of M&A operations with anti-corruption and export control regulations: this process was built by the Group Compliance Director, the Global Export Control Director, and the M&A team, ensuring a methodology that fit with M&A processes and ways of working. In 2021, this process was extended to the management of Human Rights risk.

2.2.2.5 Specific accounting controls

Schneider Electric has developed accounting control procedures to ensure that books, records, and accounts are not used to hide fraud. Since June 2021, work has been initiated to strengthen specific anti-corruption controls for a defined set of sensitive-judged accounts and transactions.

Seven steps to securing long-term value creation in acquisitions



2.2.2.6 Whistleblowing

As a pillar of Schneider Electric’s Ethics & Compliance program, the development of a strong speak-up culture is embodied by reporting mechanisms such as reporting to a person who can be trusted, such as a manager, HR business partner, Legal Counsel, or Compliance Officer without fear of retaliation. In addition, employees and external stakeholders (suppliers, subcontractors, customers, business agents, etc.) can directly access the whistleblowing system through the Trust Line portal, which provides support to people if they are a victim/witness to a potential violation of the Trust Charter. The Trust Line is available online globally, at all times, and protects the anonymity of the whistleblower (unless there is legislation to the contrary). Since December 2019, employees can better report their concerns, by selecting a type of concern and checking its definition. In compliance with local legislation, this system is provided by an external, impartial third-party company and proposes alert categories, a questionnaire, and an information exchange protocol between the person issuing the alert and the person responsible for the internal investigation.

Each concern reported on the whistleblowing system is analyzed by the Group Operational Compliance Committee (GOCC) and relevant Regional Compliance Officer, and where considered necessary, investigated. Each year, a detailed report on the effectiveness of the system is presented to the Audit & Risks Committee, which reviews effectiveness of the alert system.

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, especially regarding health and safety, discrimination, harassment (including sexual harassment), unfair treatment, labor practices, favoritism, violation of our Anti-Corruption Policy, fraud, conflict of interest, and antitrust.


In 2021, 655 Ethics & Compliance concerns were received through our internal reporting mechanisms (585 internal and 70 external). After first analysis, 582 (89%) concerns were considered as valid alerts. After being investigated, and at the time of writing, 168 (26%) of those valid alerts were confirmed and led to 94 actions including for instance employment termination in 23 confirmed alerts and written warnings in 11 confirmed alerts. HR-related concerns represented most of confirmed alerts. As it may take several months to analyse and investigate some complex cases, evaluation of concerns received until 31st December 2021 is still ongoing.



For HR related concerns, even if investigation does not allow to qualify the situation, actions may be taken, such as assigning obligation of coaching and/or training or improving internal processes.

In 2021, to measure the effectiveness of the Trust Line, Schneider Electric has added to its annual employee engagement survey, OneVoice, a new question: “I can report an instance of unethical conduct without fear”. 81% of employees surveyed answered “yes”, and the Group will work to increase this measurement by 10 points by 2025 as part of Schneider Sustainability Impact.

Trust

SSI #7



Measure the level of confidence of our employees to report behaviors against our Principles of Trust

A speak-up mindset exists when employees and stakeholders feel safe to speak out about issues, concerns, and ideas in good faith, respectfully, and without fear of retaliation. It helps protect Schneider Electric and its employees from the effects of misconduct, including legal liability, serious financial losses, and lasting reputational harm. It also fosters a corporate culture of trust and responsiveness.

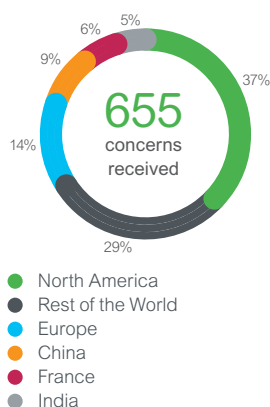
Experience feedback from an employee in France in 2021

“First it took me some time to understand that the situation I am facing is not in line with our policies. Then it took me some time to have enough courage to do it, we always have doubts. Finally, I decided to speak up. My manager listened to me and took the situation seriously. Today I feel safe and confident. This is very difficult to speak up and we feel uncomfortable to do it. But I know now that it was the only right decision that I could take.”

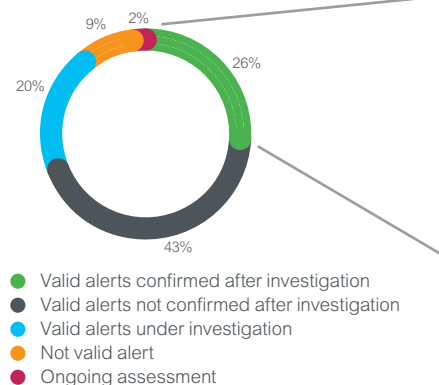
Baseline	2021 Progress	2025 target
81%	+0pts	+10pts

*2021 is the baseline performance

Number of concerns received through our whistleblowing system per region

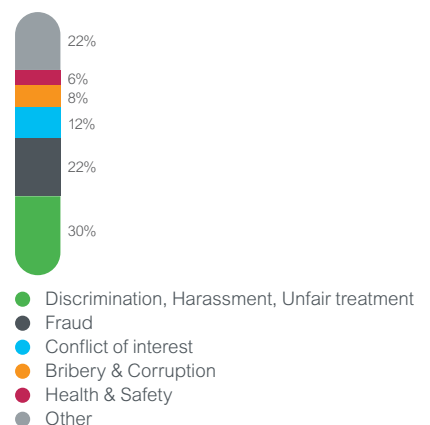


Status of concerns received* through our whistleblowing system



*as of 31st January 2022

Distribution of confirmed alerts by type of issue



2 Driving responsible conduct of business with the Trust Charter

2.2.2.7 Disciplinary measures

In the event of non-compliance with the Ethics & Compliance program by an employee (especially based on the findings of an investigation), disciplinary measures may apply depending on local disciplinary policies and law. The relevant managers, or the Group Disciplinary Committee for the most sensitive alerts, take the appropriate measures in order to sanction the party or parties involved and to remediate consequences of the misconduct (such as launch a specific audit, review a process, perform training, etc.).

A specific disciplinary regime is specified in the Anti-Corruption Policy, detailing the measures that Schneider Electric can take in the event of a misconduct. This disciplinary regime was implemented within the Group according to local disciplinary policies and law, when the policy was deployed in 2019 and 2020.

2.2.2.8 Monitoring and audit

The Ethics & Compliance program is an integral part of the Group's Key Internal Controls. In 2021, this Key Internal Control framework has been significantly reshaped and enhanced, which will allow for improved monitoring of key pillars of the Ethics & Compliance program. Whenever an evaluation indicates points of weakness, action plans must be set up and monitored by internal auditors. Also, Schneider Electric is working on additional second-level controls to monitor and assess the effectiveness of some of the recent evolutions of the Ethics & Compliance program.

Furthermore, the Group's Internal Audit program includes specific tasks related to the Ethics & Compliance program, and to activities or subsidiaries for which an evaluation of the maturity and effectiveness of the program will be reviewed. Several internal audits were conducted in 2021 resulting in recommendations related to the improvement of the Ethics & Compliance program.

2.2.2.9 Ethics and compliance leadership in times of crisis

The focus on ethics and compliance has increased due to the COVID-19 pandemic, with actions put into place such as global guidance for all Country Presidents on "Ethics & Compliance considerations in the management of COVID-19", global risk-management live talks focusing on general compliance, HR compliance, and export control, and finally, meetings with subject matter experts to identify and manage the main risks related to COVID-19.

2.2.2.10 External engagement

Schneider Electric participates in the initiatives of many non-governmental organizations (NGOs) and professional associations, such as Transparency International France, a leading NGO that aims to stop corruption and promote transparency, responsibility, and integrity across all sectors.

Schneider is also member of *Le Cercle d'Éthique des Affaires* (The Ethical Business Circle), a professional association that facilitates co-operation between business leaders across France to share best practices.

To maintain innovation in its approach to ethics and compliance, Schneider became the eighth sponsor of the Master of Law and Business Ethics at CY Cergy Paris University in 2020 and benefits from the work of the Master's Chair, led by experts in France and in the United States, as well as from listening to the students and reviewing their work.

2.3 Zero tolerance for corruption

The exposure of the Group to corruption risk has been increasing for several years, due to the expansion of the Group's activities in new economies, especially in Asia and Africa, through organic growth, and mergers and acquisitions.

The business model of the Group relies on a large ecosystem of partners. This ecosystem may represent a risk for the Group, being accountable for activities performed on its behalf, and in regards to potential conflicts of interest or unethical solicitations.

In addition, the Group is participating in complex projects involving a large range of partners in sectors at risk, such as oil and gas, and with end-users from the public sector in countries at risk.

Over the past years, the increase of law enforcement by public authorities, higher press coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the potential impact of corruption risks.

Schneider Electric has a zero tolerance policy with regard to corruption. This commitment materialized through a strong and continuously developing Anti-Corruption Compliance program, which is part of the Ethics & Compliance program.

2.3.1 Risk assessment

To meet the legal obligations specified by the December 9, 2016 French law known as the Sapin II law, the Company launched a risk mapping exercise focusing on corruption risks, which was conducted in 2018 at global level and in 2019 at regional levels. In 2020, action plans were implemented in accordance with risks identified.

In 2021, this risk assessment was updated as part of the new Ethics & Compliance risk mapping, which focuses in particular on Corruption and Conflicts of Interest.

2.3.2 Risk management

2.3.2.1 Anti-Corruption framework

As stated in our Trust Charter and [Anti-Corruption Policy](#), Schneider Electric is committed to comply with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and the French Sapin II law.

Schneider Electric applies a zero-tolerance policy towards corruption and other unethical business practices and considers that "doing things right" is a key value-creation driver for all its stakeholders. We count on our employees and third parties to promote business integrity. For doing so, we must provide them with the tools to encourage them to act right.

In order to meet the requirements of the French Sapin II law, the Group released an Anti-Corruption Policy. The Policy was reviewed in November 2019 to take into account results of the corruption risk mapping and to provide employees with examples illustrating situations they may face. The Anti-Corruption Policy shall serve as a handbook that anyone may consult when having doubts about appropriate business practices. It is not intended to address every issue one may encounter, but it provides appropriate examples of corruption risks and offers guidance to resolve many ethical dilemmas.

The [Gifts & Hospitality Policy](#) provides guidance to employees on the ethical handling of gifts and hospitality received and given by Schneider Electric employees.

A new version of the Business Agent Policy was released in August 2019 to meet legal requirements and public authorities' guidance, especially regarding risk-based approach of the due diligence, as well as internal recommendations following several audits performed on applicability of the policy in 2018.

The risks associated with onboarding new acquisition targets are numerous and consequently, Merger and Acquisition (M&A) guidelines have been published to identify, manage, and mitigate those risks at the earliest stage possible. These guidelines aim to cover the very first steps of identifying potential targets (M&A strategy), what to look out for in data-rooms, and finally how we plan to integrate the acquired entity into our compliance organization. These same rules also apply when Schneider Electric decides to make a divestiture with a step-by-step approach to managing the transition.

In 2021, a Conflict of Interest Policy was published, in particular creating a procedure to disclose and manage any identified conflict of interest. A Donations Policy has also been published and implemented, which aims, among other things, to manage risks of unlawful use of money and then corruption.

2.3.2.2 Empowering employees against corruption

In 2020 and 2021, a set of anti-corruption e-learning was built, providing guidance on real life risk scenarios; it was designed taking into account the trainees' needs and expectations, and is mandatory for targeted employees exposed to corruption risks through their job codes, i.e. those identified as such by the corruption risk mapping. This led to a curriculum of modules of e-learning, deployed in 2020: a general module on the "zero tolerance" message against corruption and an explanation of the legal framework and risks, and two specific modules about third parties and gifts and invitations. In 2021, four additional modules were created about facilitation payments, conflict of interest, conditions that make people commit the wrongdoing, and how to raise concerns in Schneider Electric. The modules were supported by top leaders' videos demonstrating the "tone at the top" on this crucial matter and are available in 14 languages. In 2021, the set of anti-corruption e-learning has been assigned to more than 40,000 employees and 97% completed it.

2.3.3 Focus on responsible lobbying, political activity, and donations

In its Trust Charter, Schneider Electric takes a clear stance with regards to responsible lobbying, political activity, and donations. As a Company, Schneider has a role to play in the public debate addressing leading issues with the global community. It is necessary that the Group states its positions clearly, participates in technical discussions, and supports responsible public policy development.

2 Driving responsible conduct of business with the Trust Charter

However, Schneider believes that this representation of interests shall be conducted in a transparent and fair manner, allowing its third parties and stakeholders to understand its activities, positions, and statements. In particular, Schneider Electric does not engage in political activity or political representation and does not make any payment to political parties in relation to its public representation. In 2021, Schneider Electric has not been involved in sponsoring local, regional, or national political campaigning.

In the US, political contributions can only be made by a corporation through a legally formed Political Action Committee (PAC) or Super Political Action Committee. Schneider Electric does not engage with Super PAC activity nor does it have a PAC in the US and therefore cannot make any political contributions in this country.

Donations and lobbying activities are risks specifically addressed in the Anti-Corruption Policy.

Schneider Electric presents information about its lobbying activities in the French High Authority for Transparency in Public Life, in the EU transparency register, and in the US Lobbying Disclosure Act Registration.

For 2017 to 2020, the Group discloses membership fees towards trade associations, business coalitions, and think-tanks to a large extent in the sense that many organizations' fees are not primarily focusing on political campaigns or legislative activities but rather on standardization activities and industry best practices. However, in an effort of transparency, those have been included as they could be referenced in policy development in the margin of their activities. The following geographies are covered: Europe, the US, China, and Russia, which are where the Group is mostly active when it comes to policy and legislation.

Total contributions to such groups globally amounted €3.2 million in 2017, €2.6 million in 2018, €5.2 million in 2019, €5.9 million in 2020. 2021 data is not available at the time of writing as reporting on these matters typically ends mid-year or end of year.

Largest contributions and expenditures concern two main engagement topics:

- The first is "sustainable energy for all": Schneider Electric believes that energy management and energy efficiency are critical to move towards a new energy landscape and therefore supports a policy framework that unleashes the business and climate opportunities related to the new energy landscape. Contributions and expenditures on this topic amounted €0.51 million in 2020 (€0.52 million in 2019) globally;
- The second is "powering the digital economy": The Group supports the emergence of digital economy to bring new opportunities for businesses and people and therefore supports a policy framework that facilitates the digital transformation globally. Contributions and expenditures on this topic amounted €0.47 million in 2020 (€0.27 million in 2019) globally.

2.4 Compliance with tax regulations

Schneider Electric Group engages to comply with the international and local tax regulations applicable in each of the countries in which it operates, and to provide to the tax authorities with all the information necessary to enable them to carry out their mission. The tax policy of the Group can be consulted on our website at [se.com](https://www.se.com)

2.5 High standards for the quality and safety of our products

Quality is defined as "conformance to requirements or fitness for use". Constant customer satisfaction and quality change would allow more proactive engagement to maximize our organization's ability to successfully achieve our overall business strategy, purpose, and mission. Schneider Electric therefore understands that delivering superior quality is the foundation of an ultimate customer experience.

2.5.1 Risks and opportunities

Schneider Electric has more than 260,000 references produced in 191 factories, spread across 46 countries around the world. Operating in essential industries, product quality and safety is a critical topic for the Group as product malfunctions or failures could result in Schneider incurring liabilities for tangible, intangible damages, or personal injuries. The failure of a product, system, or solution may involve costs related to the product recall, result in new development expenditure, and consume technical and economic resources.

Schneider Electric's products are also subject to multiple quality and safety controls and regulations and are governed by both national and supranational standards. New or more stringent standards or regulations could result in capital investment or costs of specific measures for compliance.

The above-mentioned costs could have a significant impact on the profitability and cash equivalent of the Group. The business reputation of Schneider Electric could also be negatively impacted. Indeed, the Group has been impacted by several recalls recently, more or less ranging from EUR 10 million to EUR 40 million, depending on the case.

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

- Design quality concerns
- Manufacturing and Logistic issues
- Deficient product safety
- Software quality
- Brand labelling, Supplier & Supply mismanagement

The above risks have therefore convinced the Group to reinforce the focus on Quality, Reliability and Robustness of its offers and turn the above listed risks into opportunities for sustainability and efficiency such as:

- More reliability and agility in our designs for sustainable offers
- More robustness in our manufacturing and logistics processes
- More digital in our partnerships and more circularity in our supply chain to reduce our carbon footprint

2.5.2 Quality group policy

Schneider Electric, thanks to its "Issue to Prevention" process, systematically analyses the root causes of any failures in a continuous improvement approach. This process is split up into three clear steps:

- 1 The resolution** – to solve the issue fast and well
- 2 The analysis** – to identify severe and recurrent issues
- 3 The prevention** – to fix the systemic root causes for good

From these analysis phases, Schneider Electric acknowledges that half of the failures come from the design stage and the other half from the manufacturing. Schneider has designed specific programs to address both ends of these failures.

It is the policy of Schneider to only sell products, solutions, and services which are safe when properly used for their intended purpose or for other reasonably foreseeable purposes contributing to the sustainability ambitions of the Group.

It is the obligation of Schneider to notify customers of safety issues caused by its offer that may result in bodily injury or property damage, and include instructions for immediate remedial actions, even after the end of the useful life of the offer.

Schneider Electric benefits from a full set of quality directives that require the application of systematic processes to properly address potential offer safety issues discovered inside or outside Schneider. These processes are to be used for all offers sold or manufactured by Schneider Electric. The application of these directives is evaluated periodically, and when deemed.

Schneider Electric's guiding principles are as follows:

- 1 Customer First:** Quality is the safety of our customers. Schneider Electric prioritizes their interests and anticipates their needs through customer journeys and customer personas deployment everywhere in the Group. Schneider Electric follows customer-centric rituals as quality is every customer's right.
- 2 Offer Quality:** Schneider Electric innovates with agility, discipline, and good business sense throughout the offer's lifecycle, from creation to supply, all the way through manufacturing, delivering, and operations and until services. Schneider Electric delivers safe, reliable, and cybersecure offers, for products, systems, and software, to secure customers' business continuity.
- 3 Intelligence:** Schneider Electric runs strong analytics to convert our customer experience data into actionable information, enabling us to anticipate customer failures, prevent customer complaints, and improve on all touch points. Schneider Electric propagates this customer intelligence in all teams.
- 4 People:** Schneider Electric empowers our teams to put customer first, and to look for superior customer driven skills. Schneider Electric removes internal barriers to always address customer issues first. Quality is every employee's responsibility.
- 5 Ultimate experience:** Schneider Electric deeply analyzes customer experience on all touch points, leverages it to prioritize the investments, and tailors the sales tactics accordingly. Customer experience is recognized in the Group as a strong competitive advantage, to earn trust from customers and develop business in a sustainable manner.

There are directives and procedures, designed within dedicated committees to protect our Customers:

- **Quality Directive "Managing Customer Safety Risks".** This directive requires the application of Schneider Electric's systematic processes to properly address potential offer safety risks of Bodily Injury or Property Damage, discovered inside or outside Schneider Electric. These processes are to be used for all offers sold or manufactured by Schneider Electric.
- **Quality Procedure "Offer Safety Review".** The overall objective of offer safety is to reduce the risk arising from the use of Schneider's products, solutions, or services throughout their life cycle. Offer safety reviews are conducted by Offer Safety Review Committees and are used to focus attention on safety and help ensure that our offers are safe when properly installed (based on safety manual), maintained and used for their intended purpose and other reasonably foreseeable use or misuse.

2.5.3 Governance

At Schneider Electric, the customer satisfaction and quality network spreads all over the Group's layers and functions to cover our Global Supply Chain, our operations, and our lines of businesses.

Within such a complex organization, Schneider is engaged to include quality into the Group culture and spread the customer first mindset everywhere.

In this context, a new governance committee has been created gathering heads of businesses, the Head of Customer Satisfaction & Quality, the Chief Strategy & Sustainability Officer, EVP, Global Supply Chain, and Schneider Digital to address the quality transformation journey.

By engaging everyone on quality and customer satisfaction topics, Schneider allows every employee to speak up for them, or have customers and partners speak up.

It is the responsibility of the Group to ensure awareness-raising to customers on potential health safety impacts when it comes to product, services usage.



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2.5.4 Due diligence and results

The Group policy is supported by a robust Quality Management System, which is improved continuously to fulfill expectations of all relevant parties. It is in full alignment with our Trust Charter, Schneider Electric's Code of Conduct, as well as in compliance with ISO 9001 standard. In 2021, 231 Schneider supply chain sites were certified to ISO 9001.

2.5.4.1 Reliability as a signature of Schneider Electric

To ensure improvement in the area of design, the Group launched in mid-2020, a dedicated program, ReeD (Reliability End To End byDesign), to secure fundamentals and ensure full integration of new customer expectations (from Quality to Reliability). It is the obsession of the Group to ensure that "Reliability" is a signature value of Schneider Electric branding:

- To deliver an outstanding customer satisfaction on products/ systems robustness
- To create and deploy an easy access to the relevant knowledge

This reliability program has been designed with R&D at its heart, with huge interactions with all functions and businesses of Schneider Electric:

- By ensuring that new offers development is focused on customer promises.
- By animating mitigation plan until deviation is fixed.
- By ensuring Excellence in Offer Life Cycle changes.
- By transitioning from product quality to systems reliability.
- By combining people's competency with robust digital processes.
- By leveraging more digital tools to detect issues early and reduce the number of bugs seen by customers.
- Reinforce risk analysis to ensure proper usage of our systems, software, and products to prevent associated issues and risks.

2.5.4.2 Towards a sustainable quality excellence for an ultimate customer experience

Thanks to the implementation of a robustness program, Schneider Electric fosters a quality culture by boosting the basics to secure cultural transformation towards Sustainable Quality Excellence for premium customer experience through solid foundations such as people, organization, robustness, and suppliers.

For full visibility all along the supply chain, the scope of action has been extended outside and inside Schneider Electric. It is the will of the group to move from a reactive to a predictive mode, leveraging digital and analytics, and building an integration layer that connects critical offers.

Six digital streams have been designed to achieve defined goals:

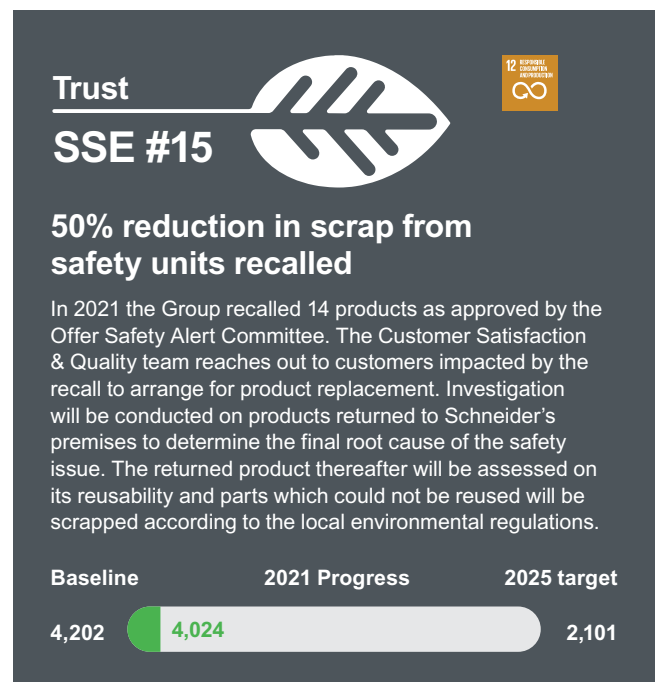
- **Suppliers Process Monitoring** to build with suppliers the capabilities of real time process control.
- **Manufacturing Process Monitoring** to build with factories the capabilities of real time process control.
- **Logistics Process Monitoring** to build the capability of real time process control in Schneider Electric's logistics operations.

- **End-to-End Traceability** to serialize, track, and trace Schneider Electric's products.
- **Analytics & Optimization** to leverage descriptive, predictive, and prescriptive analytics on data generated to get actionable insights to improve industrial quality.
- **Digitization of Processes** to digitize processes for simplification, transparency, and robustness while capturing data for analytics.

2.5.4.3 Revalorising customer returns

When sustainability supports Customer Satisfaction, it translates into new processes and policies to allow returns of adapted products for reuse, remanufacture and refurbishment. The strong collaboration between Sustainability, Global Supply Chain, Lines of Business and Customer Satisfaction and Quality teams imagine these new processes, enabling Schneider Electric to revalorize customers returns through reuse of components or remanufacture of new products in Local Adaptation Centers. The benefits can be seen at customer satisfaction level: by producing and delivering back order impacted by components in shortages, by serving new customers orders and on Sustainability level with anticipation of upcoming regulation compliance (Anti-Waste law), reducing carbon footprint of our supply chain and reducing cost of non quality due to product scrap.

Schneider Electric has an Offer Safety Alert (OSA) process to alert the relevant Line of Business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects. The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in our customers' best interest. As part of the Trust pillar of Schneider Sustainability Essentials 2021-2025, Schneider is committed to reduce by 50% the weight of scrap from safety units recalled by 2025 (SSE #15).



2.6 Digital trust and security

2.6.1 Cybersecurity context and stakes

Hyperconnectivity brings the promise of improved efficiency, productivity, and safety, but, at the same time creates new sources of risks.

At Schneider Electric, we take this threat very seriously. Our commitment to Life is On begins with giving businesses and citizens trust in the New Electric World. Doing so requires that we not only help our customers to defend against these threats through our products and services, but also maintain a strong cybersecurity posture to avoid becoming a risk to them.

That is why cybersecurity and data protection are integral to Schneider Electric's business strategy and digital transformation journey and is at the core of our Trust Charter. At all levels of the Group, clear expectations for both individual and collective behaviors are defined in a cybersecurity "Trust pillar." In addition to corporate commitment, our executives play a crucial role in making cybersecurity a core tenet of our business and corporate culture through the sponsorship of the Executive Committee and oversight from the Board of Directors.

Our vision as a digital leader in energy management and industrial automation is to raise the bar with our ecosystem. We seek to embark partners, customers, and suppliers in our security posture.

This approach can be summarized in four steps:

- 1 Taking a risk-informed approach.
- 2 Managing cyber risks in depth to protect our customers, our operations, and our critical infrastructures.
- 3 Establishing a Group-wide cybersecurity culture.
- 4 Partnering with our ecosystem across the value chain to build trust and raise the defense level of the industry at large.

2.6.2 Reinforcing the Group's cybersecurity posture and that of its ecosystem of partners and customers

Schneider Electric deploys several actions to reinforce its cyber posture and that of its ecosystem of partners and customers:

- Holding a cyber-related business risk register to articulate potential vulnerabilities/attacks and define remediation activities.
- Identifying and prioritizing high-value digital assets to the Company's operation.
- Implementing cyber capabilities and digital locks around people, processes, and technologies.
- Deploying general and dedicated awareness and training programs on cybersecurity and data protection, with a strong focus on high-risk population (customer-facing people, HR).
- Monitoring, detecting, responding, and learning from cyber events.

- Performing reality checks via metrics, internal and external reviews, cyber crisis drills, and vulnerability assessments to our extended enterprise (including our acquired companies).
- Engaging cyber discussions with our customers, suppliers, and partners to improve the resilience across the value chain.
- Partnering with leading companies, experts, and authorities in the field of cybersecurity.

2.6.3 Proposing cybersecurity by design

- Cybersecurity Framework and other recognized standards, such as ISA/IEC 62443 and ISO 27000.
- Schneider Electric IoT-enabled EcoStruxure™ platform provides our customers with end-to-end cybersecurity solutions and services to protect a vast digital ecosystem.

As part of the Trust pillar of its 2021-2025 sustainability strategy, Schneider Electric commits to be in the top 25% in external ratings for Cybersecurity performance (SSE #16).

Trust

SSE #16





In the Top 25% in external ratings for Cybersecurity performance

Schneider Electric continuously and consistently monitors its posture with the support of cyber scoring agencies. This scoring capability enables the Group to identify and address vulnerabilities and weaknesses (along with Intelligence-driven detections) around main risk categories like Compromised Systems, Diligence, User Behavior and Public Disclosures. Addressing findings that can negatively impact overall cybersecurity rating and benchmarking our performance against is aiding our maturity journey on cybersecurity, from a performance, risk, and communication perspective.

With this discipline, we measure the improvement of our posture over years: from a baseline of 520 in January 2018, we have now reached a score of 800 for the year 2021. Evolution of our external rating since 2018 +54%.

Baseline	2021 Progress	2025 target
Top 25%	Top 25%	Top 25%

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2.6.4 Training and awareness

Online training on cybersecurity is mandatory for all employees. This training helps employees to understand what cyber threats they may face and how they should behave to be protected from the risks. At the end of 2021, 99% of Schneider Electric employees have completed this training. Specific employee categories received mandatory training for risks linked to their activity.

Schneider Electric implemented the General Data Protection Regulation (GDPR) requirements and specific training was launched to present the major challenges of this regulation. This training is mandatory for Schneider Electric employees in Europe and key functions.

2.6.5 Data privacy and protection

Schneider Electric believes that the global implementation of a digital strategy must reconcile economic objectives and respect for fundamental human rights, including the right to protection of personal data and privacy.

Schneider Electric establishes an organization, work streams, policies, procedures, and controls required by the obligations stemming from GDPR and data privacy and protection regulations, including:

- Internal data privacy policy and Binding Corporate Rules (BCR).
- Training and awareness campaigns.
- Processing registers.
- Online privacy policy and privacy notices.
- Digital assets privacy assessment process.
- Data breach management and notification process.
- Maturity assessment and audit controls.

Schneider Electric has put in place a governance ecosystem including a Group Data Protection Officer, a DPO network, an implementation team, Data Privacy & Protection Champions and Steercos.

In 2021, Schneider Electric has strengthened its processes for data breach management, including specific training. It has deployed several awareness programs including on International Data Protection Day and on events management. Schneider Electric has also been rolling out its Global Data Privacy & Protection compliance approach beyond GDPR in China, the USA, and India and in globalizing its standards. A new data protection addendum has been deployed, including the new Standard Contractual Clauses of the European Commission.

2.7 Human rights

2.7.1 Risks and opportunities

Human rights, which have been a main priority of the Group for a long time, have been growing in terms of risk exposure, due to the increase of legal enforcement, geopolitical influence, and new challenges raised by social, economic, and digital disruptions such as forced labor, living wages, or migrant workers. Schneider Electric has consistently focused on human rights and has the ambition to remain an exemplary company on this subject.

Schneider Electric's review of risks and opportunities related to human rights covers fundamental human rights, decent working conditions and equal opportunities.

Fundamental human rights

- **Respect and dignity:** healthy and respectful relations at work between individuals and teams, and towards communities.
- **No Child labor:** defined by the International Labour Organization (ILO) as work that deprives children of their childhood, their potential, and their dignity, and that is harmful to their physical and mental development.
- **No Forced labor:** defined by the ILO as all works or services for which a person has not offered themselves voluntarily or willingly.
- **Freedom of association:** the right for workers to join professional organizations that can defend their interests.

Decent working conditions

- **Health and safety:** potential incidents of various degrees of severity related to workplace conditions.
- **Security at work:** physical or verbal violence that may originate from internal or external threats.
- **Working time and leave:** ensuring employees work on a schedule that respects legal time frames, rest periods, and leave provisions, and are given the opportunity to balance personal and professional time.
- **Wages and benefits:** paying employees a compensation that is fair in view of their profile, skills, and qualifications.
- **Harassment:** continuous solicitation with the intention of exhausting a person or forcing that person into unwanted behavior.
- **Data privacy:** securing the data that individuals are placing into the Company's hands so that their privacy and freedom remain safe and protected.

Equal opportunities

- **Discrimination:** creating a situation of inequality based on an employee's personal characteristic, at work or when hiring.
- **Diversity and inclusion:** risk of introducing several biases that would result in an unbalanced representation of the society inside the Company, and the exclusion of some groups or communities from the Company.
- **Development of competencies:** giving employees the opportunity to learn, maintain, and develop their skills and abilities.

In accordance with the 2017 French duty of vigilance law and its ambition to behave as an exemplary company, Schneider Electric implemented a specific vigilance plan. In 2021, Schneider reviewed and updated its "duty of vigilance risk matrix" which highlights human rights risks at its sites, as well as for suppliers, contractors, and local communities. Several actions are implemented to mitigate the highest identified risks in this matrix.

2.7.2 Group policy

Schneider Electric's human rights approach is articulated around three principles.

1. Schneider is committed to fully respecting and applying laws and regulations in all countries where it operates.
2. Schneider is committed to fostering and promoting human rights throughout all its operational sites and subsidiaries worldwide.
3. Schneider wishes to support human rights beyond its borders, leveraging its large network of partners and stakeholders to promote the implementation of actions that will ensure the respect of people's rights.

Human rights in the Trust Charter

Through its Trust Charter, published in 2021, Schneider Electric is taking a strong position on what values it stands for. Human rights are fully embedded in this Trust Charter with guidance on the following challenges:

- Create Equal Opportunities
- Harness the Power of All Generations
- Champion Well-Being and New Ways of Working
- Be S.A.F.E. First
- Reach the Highest Standards for Cybersecurity, Data Privacy, and Protection
- Select and Manage Suppliers Responsibly
- Empower Local Communities
- Do not use "Conflict Minerals"
- Protect the Vulnerable from Abusive Working Conditions
- Respect the rights of Association, Representation, and Social Dialogue

Global Human Rights Policy

Schneider Electric has formulated a specific [Global Human Rights Policy](#) that defines its position on human rights. It is applicable to all Schneider permanent or temporary employees working on Group premises. It also aims to inspire external stakeholders. For all human rights risks identified above, and based on the "Protect, Respect, Remedy" principles, the policy provides a framework and gives guidance to employees and teams on how to behave in their daily operations or when facing a specific situation.

In 2021, Schneider Electric has started to work on the second version of its Global Human Rights Policy, providing an update notably with the Company's commitments regarding migrant workers and artificial intelligence. The full deployment is forecasted for the second quarter of 2022 including e-learnings and trainings modules.

Alignment with international standards and frameworks

Schneider Electric adheres to the following principles or guidelines:

- The ILO Declaration on Fundamental Principles and Rights at Work.
- The international human rights principles encompassed in the Universal Declaration of Human Rights, which sets out a common standard for all types of organization.
- The OECD Guidelines for Multinational Enterprises, which formulate recommendations for companies, including for the respect of human rights.
- Since 2003, Schneider Electric is part of the United Nations Global Compact. In 2011, the United Nations issued the Guiding Principles on Business and Human Rights which precisely define the roles and responsibilities of States and businesses on these matters. Schneider Electric is committed to these Guiding Principles and to the United Nations Convention on the Rights of the Child.

Specific policies

In addition to its Trust Charter and the Global Human Rights Policy, Schneider Electric has implemented specific global policies to provide guidance in the following areas:

Human resources

- **Diversity & Inclusion Policy:** applies to the entire Company and covers all facets of diversity, as Schneider Electric wants to mirror the communities in which the Group operates. This policy is based on respect and dignity, which are the foundations for fairness and equity.
- **Family Leave Policy:** provides a framework so that every employee, whatever the country of employment, can take some specific leave to enjoy some of life's special moments with their families.
- **Anti-Harassment Policy:** states Schneider Electric's commitments to have zero-tolerance for any kind of harassment or offensive behavior.
- **Flexibility at Work Policy:** defines global Flexibility at Work pathways, mandatory and recommended, to ensure consistency and equitable treatment in the application of flexible work arrangements across business units and countries for all eligible Schneider Electric employees.
- **Employee Benefits Policy:** defines the global principles, standards, and governance for the provision of employee benefits at Schneider Electric.

Health and safety

- **Health & Safety Policy:** states the rules and guidelines applicable to all Schneider Electric employees, and also to specific populations performing specialized tasks. It is supported by learning tools, and it is the subject of an annual "Global Health & Safety Day".
- **Travel Policy:** defines the rules applicable to travelers, including the safety guidelines, procedures, and processes to ensure the safety of Schneider business travelers at all times.
- **Security Policy:** defines the global scope of security applicable to all entities, locations, and activities. This policy also emphasizes the crucial role of managers to ensure security.

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2.7.3 Deployment of internal actions

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

Internal actions regarding respect and dignity, freedom of association, health and safety, working time and leave, wages and benefits, harassment, discrimination, diversity and inclusion, and development of competencies.

Schneider Electric is implementing training programs that are specific to the policies listed above, to raise the level of awareness of employees and give them advice on how to react or behave in specific situations. Some of these trainings are mandatory, others are part of recommended training paths. Such programs cover a very wide area of topics, from anti-harassment to well-being, or how to overcome bias and develop an inclusive culture.

Specifically, for health and safety, the Group maintains a follow-up of safety metrics. Incidents are reviewed with management, corrective actions are implemented when necessary, and communications are sent to relevant teams throughout the Company. When needed, a global safety alert can be launched to draw all relevant employees' attention. Schneider Electric organizes a yearly "Global Health & Safety Day", to inform all employees and keep the level of awareness high on this key topic.

2.7.4 Deployment of actions towards suppliers

Human rights are included in the integration of the sustainable purchases approach in the selection of new suppliers. Schneider Electric uses a qualification process called Schneider Supplier Quality Management (SSQM) to select new suppliers. It is based on an evaluation questionnaire combined with on-site audits, which include human rights and health and safety assessments.

Schneider Electric's Supplier Code of Conduct states the framework in which the Group wishes to operate with vendors. Schneider Electric expects suppliers to respect the fundamental principles on health, safety, people's protection, and development as defined in this document. Strategic suppliers are also assessed through Ecovadis 3rd party, leveraging ISO26000 norm, where Labor and Human rights is one of the four pillars of the methodology.

Other actions are implemented through the Group's vigilance plan.

2.7.5 Deployment of actions towards contractors

Schneider Electric has developed specific actions to mitigate human rights risks related to project execution environment, anywhere co-ordination with project contractors is necessary.

The Group is working on the evolution of the project decision-making process to incorporate a risk assessment covering ESG topics including human rights. The aim is to better calibrate the mitigation measures and anticipate their implementation earlier in the project process.

Schneider Electric is also conducting specific on-site audits for contractors included into the Vigilance Supplier Audit program. At the end of 2021, 13 subcontractors have been audited.

2.7.6 Deployment of actions towards local communities

Local communities are integrated in the vigilance risk matrix on two types of locations: Schneider sites (factory or an office building) and customer project sites (where the Group is operating as a contractor or subcontractor for a customer). The risks for these locations were assessed for the first time in 2020 in the vigilance risk matrix and in 2021 Schneider Electric deepened the analysis with a specific segmentation to select potential risks that may have an impact on local communities.

2.7.7 Partnerships and working groups

The Group has joined *Entreprises pour les droits de l'Homme* (EDH – Businesses for Human Rights), a leading French association of businesses providing its members with tools and advice on implementing the United Nations Guiding Principles on Business and Human Rights. In 2018, Schneider Electric also joined the Responsible Business Alliance (RBA), a non-profit coalition of more than 120 companies from the electronic, retail, automobile, and leisure industries, for compliance with human rights and sharing the best practices with regards to on-site auditing and monitoring of suppliers' activity, including forced-labor issues.

The Group also joined the Global Compact LEAD working group "Decent Work in Global Supply Chain". Schneider Electric co-leads the G7 Business for Inclusive Growth (B4IG) coalition's "Advancing human rights in direct operations and supply chains" and "Building inclusive workplaces" working groups.

As a result of the working group on advancing human rights, in 2020, B4IG members 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 companies' members and put specific attention on migrant workers and fair recruitment.

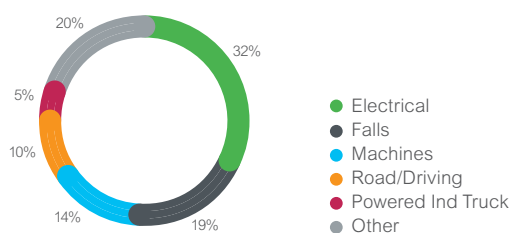
2.8 Employee health and safety

2.8.1 Risks and opportunities

At Schneider Electric, risk assessments and strategic action plans are performed, based on the primary risks associated with the workplaces. These plans include opportunities to reduce serious and fatal incidents, maintain legal compliance, provide safe working conditions, and encourage employee engagement in the safety processes throughout the organization.

The plans are built on the Top 5 Hazards found in every aspect of the Company, which include driving, electrical, falls, powered industrial trucks (PIT), and fixed powered machines (FPM).

Injuries based on the Top 5 Hazards since 2018



2.8.2 Group policy

2.8.2.1 Safety is a value

Safety is a value on which Schneider Electric will not compromise, and this applies to Schneider Electric employees, customers, partners, and those working on their behalf. Safety is a pillar of the Trust Charter and it reinforces the Group's commitment to provide a healthy and secure workplace for all. In addition, Schneider Electric's ambition is to achieve the highest standards of safety excellence. Schneider Electric is committed to invest in its people and its workplace as stated in its Group Safety and Occupational Health Policy, stating "the ambition is to be the standard for safety excellence worldwide."

The Safety and Occupational Health Policy establishes the commitment that Schneider Electric has made to maintaining safe and healthy working conditions, to fulfil legal obligations, to engage employees in safety processes, and to continually improve the health and safety program. It is the cornerstone of its certified Safety Management System. The policy includes the Group's Health and Safety Vision and Mission as such:

Vision:

...to be the standard of excellence and the benchmark for health and safety within the industry.

Mission:

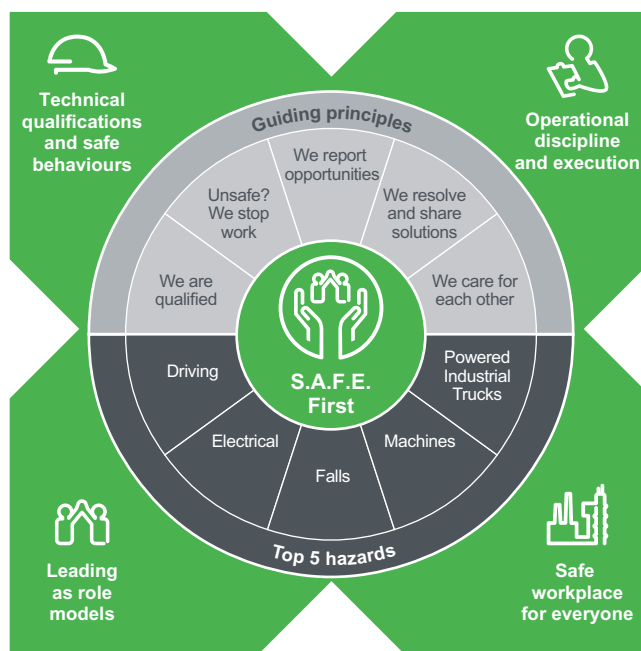
- ...to protect occupational health and safety of employees, customers, contractors, and visitors, in the Group's locations, at offsite locations, and while travelling...
- ...to preserve Company license to operate through robust EHS compliance and risk management...
- ...to provide employees safe, pleasant, and efficient workplaces for enhanced well-being and effectiveness...

...to enhance our brand image and contribute to world sustainability through employees' behavior and innovation.

In 2021, as part of its improvement efforts, Schneider Electric successfully achieved re-certification for ISO 45001 Safety Management System as part a fully integrated management system certified through Bureau Veritas. This certification is in place for over 200 locations, including 176 manufacturing and logistics sites and the central office.

2.8.2.2 EHS strategy

The Schneider Electric global safety strategy includes "S.A.F.E. First" at the core. Developed as a personal reminder to pause and reflect on safety before beginning any task, the program empowers employees to perform S.A.F.E. First checks and if "Unsafe? We stop work".



To drive Sustainable Safety Results, four strategic priorities have been defined and embedded in the "S.A.F.E. First" global safety strategy:

- Leading as a role model
- Technical qualifications and safe behaviors
- Operational discipline and execution
- Safe workplace for everyone

The Schneider Electric Top 5 Hazards are constantly being enhanced in terms of safety standards, training, and communication.

The global safety strategy also takes into consideration the five guiding principles that help to determine actions to be taken as part of a work task. They are:

- Ensuring employees are qualified for the work task before performing work.
- Empowering employees to stop work if unsafe.
- Reporting opportunities for improvement.
- Resolving and sharing solutions to problems.
- Encouraging employees to care about their own safety and the safety of their co-workers and customers.

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Continuing from the efforts in 2020, Schneider Electric has taken further preventive measures to mitigate the risk of employee exposure to the Novel Coronavirus (COVID-19), such as restrictions on business travel, and limiting local visitors. Schneider Electric has developed various Health and Safety guidance documents, such as dealing with suspected COVID-19 case, safe operating guidelines, vaccination guidance, and procedures to support our communities facing the challenge of setting a “new normal” workplace.

2.8.3 Due diligence and results

2.8.3.1 Annual EHS Assessments

To ensure successful implementation of the strategy, annual Environmental, Health, and Safety (EHS) Assessments are performed in industrial sites worldwide. The EHS Assessment is a global process in which a site is evaluated to identify opportunities and to recognize excellence. At regional and global levels, EHS teams consolidate site results to identify and prioritize actions to support site performance, training needs, and cross-site mentoring opportunities. The EHS Assessment uses the same structure as the Schneider Performance System (SPS) (Company performance standardization tool) for simplified user-adoption and to enable further alignment to the SPS.

2.8.3.2 Global Safety Culture Survey

As part of our safety strategy, Schneider Electric has launched its first Global Safety Culture Survey in 2021 to measure employee safety engagement, identify further safety opportunities, and develop future safety initiatives. The response rate of 77% of employees surveyed, showed solid engagement. The survey results shows that 87% of employees are positive about the Safety Culture at their site.

2.8.3.3 Safety awareness and communication

Communication is important to ensure coordinated and standardized program implementation. This is evident through quarterly safety campaigns, safety alerts, workplace standards, and employee engagement to identify safety opportunities.

These communication programs are deeply embedded into the safety culture at Schneider Electric. The Group also monitors proactive leading indicators, including safety employee engagement, which tracks the rate of employee participation in safety opportunities, and the effective application of the EHS Assessment tool. Safety opportunities reporting is well established with over 300,000 safety opportunities reported each year. The focus in 2022 will be to translate these opportunities into risk reduction actions.

Training on hazards and their associated risks is an important part of Schneider Electric employee expectations. There are 258 safety-related topics, housed in the My Learning Link database. Schneider Electric employees have completed an average of 4.76 hours of safety training in 2021.

Each quarter, the Group focuses on a key safety subject to bring attention to both workplace and human factors, that have caused serious injuries at Schneider Electric. The campaign includes a dedicated web-portal to access tools, videos, training materials,

posters, and leader-led topics to further promote the importance of safety worldwide. The four quarterly safety campaigns culminated with the annual “Global Health & Safety Day” celebration held on October 18, 2021. During “Global Health & Safety Day” we emphasized the importance of “S.A.F.E. First, we all have a role to play”, through webinars, and persona posters that each Schneider Electric employee can relate to. A special emphasis was placed on the importance of performing “S.A.F.E. First Checks” to ensure that each employee is mentally focused and physically well before starting any new task.

2.8.3.4 Results summary

Schneider Electric has been very successful in meeting goals for the reduction of workplace injuries and illnesses, including those injuries resulting in lost time days. Over the past 10 years, the Group has reduced the frequency of incidents (Medical Incident Rate, MIR) by 81% and the severity of incidents (Lost Time Incident Rate, LTIR) by 77%. 2021 has shown an MIR increase of 12% versus 2020, with a corresponding LTIR performance increase by 6%. 2020 excellent performance aside, impacted positively by the pandemic, the 2021 overall safety performance remains very much aligned with the last 10 years improvement trend.

The MIR is the number of work incidents requiring medical treatment per million hours worked (i.e. average hours of 500 employees working for one calendar year). Work related injuries and occupational illnesses requiring medical treatment are included. The Occupational Illness Rate is tracked independently for benchmarking purposes and also to drive continuous improvement. The Occupational Illness Rate is 2.6% of our total medical incidents (MIR) in 2021.

2.8.3.5 Recognition and awards

Schneider Electric was the recipient of several awards for occupational health and safety programs in 2021. This includes 163 Occupational Excellence Achievement Awards from the National Safety Council (NSC) for safety performance that was 50% or better than their industry peer group. In addition, 5 Schneider Electric operations were recognized with the Industry Leader Awards in 2021 for outstanding safety achievements for the top 5% of companies that qualified for the NSC Occupational Excellence Achievement Award.

In Russia, Mari El republic, Schneider Electric Potencial manufacturing site was awarded 1st place in the governmental nomination “prevention of working places injuries and occupational diseases”. Schneider Electric Egypt Distribution Center has been awarded a “prestigious International Safety Award” from the British Safety Council.

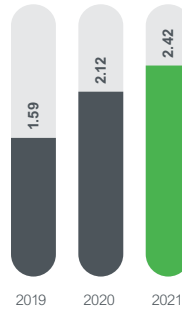
Schneider Electric UK&I received 3 RoSPA Awards (The Royal Society Health & Safety Performance Awards) during 2021: Gold award for demonstrating well developed occupational health and safety management systems, for managing occupational road risk and a winner award for demonstrating excellence in environmental as well as health and safety management.

Multiple recognitions from different geographies were awarded to Schneider Electric for the pandemic COVID-19 management, highlighting Schneider Electric leadership and commitment towards employees Safety.

Employee engagement = Safety opportunities reported including near-miss and safety ideas

Employee engagement **2.42** ↑
52% Improvement versus 2019 (2019 = 1.59)

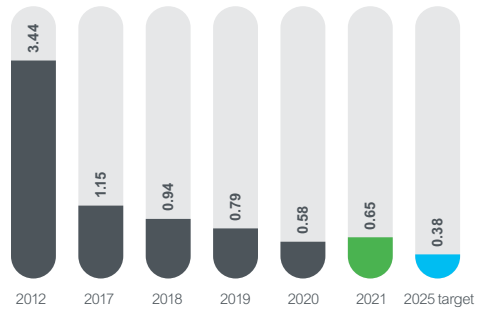
Employee engagement trend



MIR = Medical Incident Rate. Work-related medical incidents.

MIR **0.65** ↑
18% Improvement versus 2019 (2019 = 0.79)

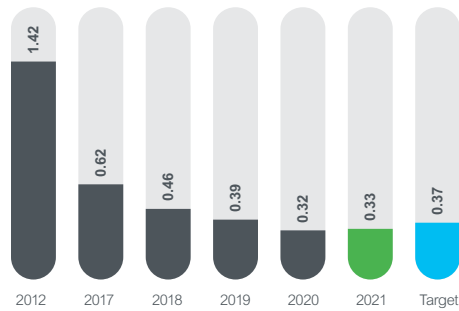
MIR historical trend



LTIR = Lost Time Incident Rate. Captures the number of work-related incidents requiring time off work (>24hrs)

LTIR **0.33** ↑
11% Better than target (Target = 0.37)

LTIR historical trend



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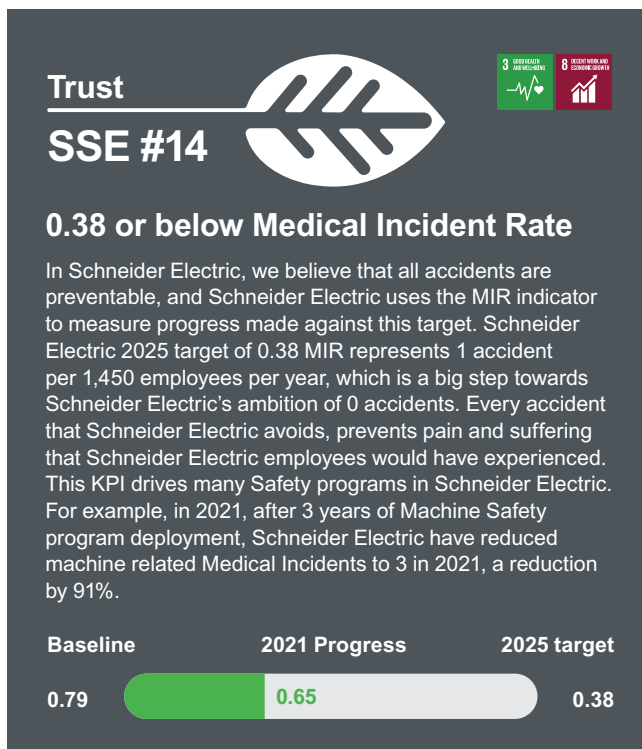
2.8.3.6 Future evolution of safety at Schneider Electric

Safety is a never-ending journey towards excellence. Schneider Electric goals and initiatives are to be the standard in safety excellence worldwide. This pursuit begins with the Group employees, starting with leaders. Safety is leadership led, and the Group's ambition is to progress the entire community towards full empowerment as defined in the "S.A.F.E. First" Human Factors training, Safety Culture Assessment, and leadership action plans, which were developed in 2020 and implemented in 2021.

In 2022, Safety Competency will be enhanced by strengthening our Health and Safety subject matter expert program "EDISON" in each and every region. They will contribute to our 2022 Global Health & Safety program deployment.

While our quarterly health and safety spotlights will re-enforce the "S.A.F.E. First" pillars, our safety persona will be developed further to ensure employees understand and adopt "S.A.F.E First, we all have a role to play".

In 2020, Schneider set a 5 years safety target to reduce the Medical Incident rate to 0.38 based on 2019 MIR baseline performance. 2019 was selected as baseline year to mitigate COVID-19 impacts. The MIR performance has reduced from the baseline of 0.79 in 2019 to the result of 0.65 in 2021, which represents 34% of the 5-year target. 2021 shows an increase of MIR versus 2020, which was an exceptional performance, impacted positively by the pandemic. The employee safety engagement further improved in 2021 with 2.42 safety opportunities reported by employee, an increase by 23% versus 2020 and by 52% versus 2019.



2.9 Vigilance plan

2.9.1 Context

Schneider Electric seeks to be a role model in its interactions with customers, partners, suppliers, and communities when it comes to ethics and the respect and promotion of human rights. The Group strives to have a positive impact on the planet and the environment by contributing to finding solutions to limit climate change.

The Group's [vigilance plan](#) reflects this ambition. It also complies with the provisions of 2017 French law on Corporate duty of vigilance. The plan includes:

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

In this Registration document, Schneider Electric reviews the risk matrix analysis and some of the actions to mitigate these risks are described. When necessary, the reader will be directed to other sections of the report to get relevant and detailed information. For more comprehensive and complete information, the full vigilance plan of the Group is available as a standalone document and can be downloaded from Schneider Electric's website at [se.com](#)

2.9.2 Evaluation of the main risks towards Schneider Electric's environment

2.9.2.1 Methodology

Schneider Electric developed a specific risk matrix for the implementation of its vigilance plan which is reviewed annually. The methodology is consistent with other risk evaluations maintained at Group level but focuses specifically on the risks posed by Schneider on its environment and ecosystem.

In order to enhance the existing risk matrix and cover a more comprehensive scope, in 2020, a review of the methodology for the risk matrix was done with an external consultant, Ksapa. This review led to a harmonization of the definitions, a sharper granularity of risk categories, a reorganization of the supplier categories, and a focus on local communities. In 2021, Schneider went further to deepen its analysis on local communities specifically. Other than this point, no further modifications were brought to the risk matrix or the methodology for its annual update.

The scope of work covered is Schneider Electric and its subsidiaries, joint ventures, suppliers, and subcontractors.

2.9.2.2 Risk categories

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

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;
- Alert system, protection, and non-retaliation.

Offer safety and cybersecurity:

- Offer safety;
- Cybersecurity and data privacy.

2.9.2.3 Risk location

The Group has studied four areas where risks may occur:

- Schneider Electric sites: they have been 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, and the Group has therefore segmented the analysis by component category of purchase. The risk level is an average assessment. The geographical location is factored in when selecting suppliers for the audit plan;
- Contractors: when implementing a customer project, like building a large electrical system at a customer's site, Schneider Electric is working with contractors, leveraging their expertise (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 projects sites. Communities have been assessed against three risk categories; human rights, environment, and business ethics.

2.9.2.4 Risk evaluation and scale

The evaluation combines the probability of occurrence of the risk, with the seriousness of consequences from the risk. This is an evaluation of risk before 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 2021 risk assessment, no "Very high" risk levels were identified.

2.9.2.5 Key findings

In 2021, the Group conducted an update of the risk mapping with key internal experts. No changes were brought to the methodology compared to last year, and the structure of our risk matrix, although it can be further improved and refined, allows to capture the main natures of risk from a Duty of Vigilance point of view.

Overview of the main risks and their evolution:

- Schneider Electric sites: The COVID-19 pandemic, its social, business, and economic consequences has put significant pressure on teams and individuals. Although the first waves of the pandemic have been weathered, several countries like India or South Africa for example were severely hit. As a result, while some countries were going out of lockdowns and recovering "normal" ways of working, some others were going into confinement and restrictions. Operations were thus disrupted, and the global supply chain had to deal with such complexity country by country. Teams have been resilient, and supported with the implementation of flexible and adaptive ways of working, but the overall long term impact of the situation, although complex to measure, is of fatigue. In this context, measuring the evolution of mental health and psycho-social risks over time is necessary.
- Suppliers: Here also, the impact of COVID-19 is probably significant, but the measurement of its consequences over our supply chain will take longer. Our observations are that there has been an increase of pressure in fields such as health and safety (including mental health) due to tensions in the supply chain, and some deterioration of the human rights situation in some geographic areas.
- Contractors: As in 2020, the 2021 assessment confirmed external off-site contractors as one area that needs 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 created some periods of slow-down, or even complete halt of on-site works, followed by intense periods of catch-up. This situation increased risks linked to health & safety and human rights, probably augmented by social consequences among the population of contracted workers, and workers working abroad from their own country.
- Communities: the assessment work is still ongoing and therefore conclusions are still preliminary. Overall, it seems that communities located around Schneider Electric sites, at least for the largest sites, are not affected, or only marginally affected by Schneider Electric's presence. This is mostly due to the fact that Schneider Electric's sites are located in large, already structured industrial areas, or in cities. In regards to customer projects, the assessment shows that there may be some impact on communities. Schneider Electric is usually just one of the suppliers to the customer project, and the impacts are therefore highly variable and linked to the industrial profile of the end-customer. A more detailed evaluation is in progress.

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Schneider Electric 2021 vigilance risk matrix

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

- Very high risk
- High risk
- Medium risk
- Low risk

		Schneider Electric sites						Suppliers						Contractors		Communities		
		Offices	Travelers, sales forces	Factories low voltage and electronics	Factories medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customers project sites
Human rights	Decent workplace	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		

2.9.3 Governance

The plan is governed by the Duty of Vigilance Committee, set up in 2017. The steering committee meets twice a year in normal circumstances. Overall, since its inception, 13 Committee meetings have been held (five in 2017, two in 2018, 2019, 2020 and 2021). The Committee's objective is to provide a discussion on strategic orientation and prioritize initiatives and the resources allocated to their implementation. This Committee also reviews the actions in progress and their results and defines decisions on next steps for action.

Composition of the Duty of Vigilance Committee

Chairman:

Executive Vice-President, Global Supply Chain
(Executive Committee member)

Management:

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, Ethics and Responsibility
SVP, Human Resources
SVP, Ethics and Compliance

Experts:

Environment Performance Measurement
Sustainable Procurement
Human Rights

2.9.4 Mitigation actions

The following measures are the main actions implemented to mitigate the highest risks identified in the vigilance risk matrix.

The table below provides references to the Universal Registration Document.

Key Topics	Risk Categories	Policies implemented and Mitigation Actions	Pages
Schneider Electric sites			
Human rights	Decent workplace	See section "2.2.7 Human Rights" (i) and section "2.2.8 Employee health and safety page 109" (ii) for more details on the deployment of health, safety, and human rights actions on Schneider Electric sites. It covers, notably: <ul style="list-style-type: none"> • Schneider Electric's employees' safety; • Human rights and people development policies; • Well-being programs. 	(i) page 106; (ii) page 109
	Health and Safety		
Environment	Pollution and specific substances management	See section "2.3 Acting for a climate positive world", for more details on the deployment of environmental actions on Schneider's sites. It covers, notably: <ul style="list-style-type: none"> • Certification of its sites to ISO standards; • Schneider Electric specific programs to reduce CO₂ emissions; • Reduction of SF₆ emissions; • Schneider Energy Action program for energy efficiency; • Reduction of waste and increased circularity. 	page 126
	Waste and circularity		
	Energy CO ₂ and GHG		
Business Ethics	Ethical Business Conduct	See section "2.2.2 Ethics and Compliance" (i) and section "2.2.3 Zero-tolerance for corruption" (ii) for more details on the deployment of business ethics actions on Schneider Electric sites. It covers, notably: <ul style="list-style-type: none"> • Internal and external alert systems; • Third-party relationship management; • Specific anti-corruption actions. 	(i) page 95; (ii) page 101
	Alert system, protection and non-retaliation		
Offer safety	Offer safety	See section "2.2.5 High standards for the quality and safety of our products" for more details on the deployment of offer safety actions. It covers, notably: <ul style="list-style-type: none"> • Sustainability Quality Excellence; • Reliability. 	page 102
Cybersecurity and Data privacy	Cybersecurity	See section "2.2.6 Digital trust and security" for more details on the deployment of data privacy and cybersecurity actions. It covers, notably: <ul style="list-style-type: none"> • Cybersecurity by design approach; • Personal data protection; • Training and awareness on cybersecurity. 	page 105
	Data privacy		
Suppliers			
Suppliers	Supplier vigilance	See section "2.2.11 Sustainable relations with suppliers" for more details on the deployment of actions towards Schneider Electric's suppliers. It covers notably: <ul style="list-style-type: none"> • Continuous Improvement process based on ISO 26000 standards; • Decent Work program for strategic suppliers; • Vigilance plan for suppliers; • Zero Carbon Project. 	page 117
Subcontractors			
Sub-contractors	Subcontractors vigilance	See section "2.2.10 Relations with project execution contractors" for more details on the deployment of actions towards Schneider Electric's subcontractors (or solution suppliers). It covers notably: <ul style="list-style-type: none"> • Integration of ESG into the project decision making; • Vigilance plan for project contractors. 	page 116
Local Communities			
Local communities	Around Schneider Electric sites	See section "2.2.12 Vigilance with local communities" for more details on the deployment of health, safety, and human rights actions around Schneider Electric and customer projects sites. It covers, notably: <ul style="list-style-type: none"> • Risk mitigation around Schneider Electric sites; • Risk mitigation around customer project sites. 	page 124
	Around customer projects sites		

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2.10 Relations with project execution contractors

2.10.1 Project execution environment

Schneider Electric's products and solutions are usually combined into larger systems such as electricity distribution and energy management in a building, or production process automation in a factory. The build-up of such systems can be complex and typically involves several different parties before they are commissioned by end customers. For Schneider Electric, there are two options: to sell components through channel partners who take the responsibility to build and deliver the system; or to build and deliver the system directly for the end customer, as a project. This second option requires coordinating several project contractors (panel manufacturers, system integrators, building contractors, etc.), usually on the premises of the end customer. The common characteristics of these projects are that they happen primarily off-site (mostly on customer premises, existing or future), and they involve several different parties, global or local, bringing their specific added value. Each project is specific, in its size, duration, and location. Therefore, the relations with contractors are specific to a contract, and not necessarily recurrent. In 2021, Schneider Electric worked with more than 9,900 active solution suppliers in the Group's portfolio (with a spend of over €1B).

2.10.2 Risks and opportunities

In the frame of the "Duty of Vigilance" plan, specific risks have been identified.

Human Rights: as project sites are located in countries where Schneider may not be present, and involve independent subcontractors, there is a risk that the Schneider Electric-recommended policies in terms of health and safety, as well as decent workplace, may not be properly implemented. The main risks are physical accidents and injuries, or the improper treatment of employees (wages and salaries, resting time), especially temporary and/or foreign employees.

Business Ethics: Projects that are conducted in countries where business ethics standards are insufficient may be subject to 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 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 to reduce the risks of incidents or accidents on site, and therefore protects workers, the communities living around the project site, and the final customer's employees and assets.

2.10.3 Group policy

As part of its Duty of Vigilance program, Schneider Electric has deployed a policy of identification of risky subcontractors and implemented an on-site audit program. The results are described in the "Due diligence and results" section below.

In 2021, to further anticipate and reinforce its risk mitigation measures, the Group introduced an evolution of its project decision-making process. The aim is to include a risk assessment of human rights and environmental impacts at all key milestones of the process, and to select the mitigation measures that will allow 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 will be effectively applied to project reviews from early 2022.

2.10.4 Due diligence and results

Schneider Electric operates with a pool of project contractors (or "solution suppliers") from more than 9,900 companies. Not all of them may be active during a year. In the course of its supplier risk mapping exercise, Schneider Electric has identified approximately 200+ solution suppliers categorized as "high risk". Since 2018, 62 suppliers have already been audited, slightly below the ambition due to 2021 slow down as a consequence of COVID-19. The 13 audits on solution suppliers performed in 2021 have allowed Schneider to raise 157 non-conformities. Out of these non-conformances, 11 are assessed as "top priority".

The most recurring non-conformities with high risk solution contractors are: need of adequate and effective fire emergency evacuation and response drills, improvement of on-site security measures to protect workers (safety hazards, permit and testing reports for occupational injury and illness), identify correctly effective emergency.

In addition to these non-conformities, specific risks related to local contract negotiation and relations with local authorities may occur.

Actions following non-conformities are the same as with other suppliers (re-audits, trainings, workshops). Specific measures are implemented for this project environment: Schneider Electric implements regular reviews of safety incidents on customers' sites, involving the Global Safety team and the Project Management leadership. The Group also reinforced training on Anti-Corruption and Business Agent policies for its employees involved in commercial negotiations. The project follow-up with contractors and the selection processes for contractors has been adapted to ensure vigilance topics are considered early in the project stage.

2.11 Sustainable relations with suppliers

2.11.1 Risks and opportunities

Schneider Electric has been involved in an ambitious approach to include sustainable development challenges in supplier selection and working processes. This approach is all the more important as Schneider Electric's procurement volume represents more than EUR 12 billion – and more than 52,000 suppliers.

With a complex global supply chain, there are some potential risks that Schneider Electric is committed to mitigating in the areas of health and safety, human rights, ethics, the environment, and sustainable development. Proactively managing upstream supplier risks, through Schneider Electric's Supplier Vigilance, but also driving ambitious Sustainable Development programs and processes, also improves the Group's reputation and shareholder value, and greatly lowers legislative and business risks.

By working closely with its suppliers to develop their maturity in integrating sustainability, Schneider Electric further de-risks and improves its competitive advantage by continually improving the global supply chain. Key opportunities of collaboration with our partners includes: climate action, circular supply chain models, and socially inclusive workplaces.

2.11.2 Risk identification and management

Schneider Electric has a risk management system to identify and manage critical suppliers, and uses a tool, Supplier Risk Management (SRIM), to capture risks and ensure the follow-up of identified cases with an extended source.

The Group has also been performing sustainability risk assessments with its own procurement specialists, supported by its Schneider Supplier Quality Management (SSQM) processes and ISO 26000 assessments for strategic suppliers.

In addition, Schneider Electric is reinforcing its sustainability risk assessment by geography and type of activity as part of its vigilance plan.

Schneider Electric has launched the Trust Line, a professional alert system for stakeholders to escalate any violation of its Code of Conduct/ethics/responsible behavior along the Supply Chain.

2.11.3 Group policy

Since 2004, the Group has been encouraging its suppliers to commit to sustainable development initiatives. Since 2012, Schneider Electric has been continually improving as well mandating its strategic suppliers to make progress according to the ISO 26000 guidelines.

This approach is supported by the General Procurement Terms and Conditions which all suppliers must abide by: each supplier undertakes to apply the principles and guidelines of the ISO 26000, the rules defined in the ISO 14001 standard. Sustainability is considered as a key selection criteria.

Suppliers also commit to respect all national legislation / regulations, REACH regulation, RoHS directives, and, more generally, the laws and regulations relating to the prohibition or restriction of use of certain products or substances. Lastly, suppliers are expected to report the presence and country of origin of any and all conflict minerals supplies in accordance with the requirements of the US Dodd-Frank Act of 2010 known as the "Conflict Minerals" law. In this context, Schneider Electric has a "conflict-free" objective.

Schneider Electric publishes a charter for its suppliers, called the Supplier Guide Book, initially launched in 2016. The first section of this articulates expectations for suppliers on sustainable development in the following five areas: environment, fair and ethical business practices, sustainable procurement, labor practices, and human rights. In 2021, the Group adopted a new, revised Supplier Code of Conduct (SCoC), which aligned with the new sustainability commitments of the Group and laid out the most fundamental requirements that need to be met by the suppliers. The key focal areas include environment (climate action, circularity), human rights and decent working conditions, occupational health and safety, fair business practices, grievance redressal, inspection and corrective actions, sustainable procurement, and access to remedy.

2.11.4 Integration of sustainability criteria in the selection of new suppliers

Schneider Electric uses a qualification process called Supplier Approval Module (SAM) to qualify new and legacy suppliers. It is based on an auto-evaluation questionnaire combined with on-site audits by Schneider Electric certified auditors.

In 2021, to reinforce the assessment on Labor, Ethics, Environment, and Health & Safety, a new auto-evaluation questionnaire has been introduced as part of the qualification process for new suppliers. This self-assessment is the first qualification process step, and only potential new suppliers with approved self-assessments can be chosen to complete the qualification process with the SAM functional audits.

The SAM functional audits include different sections on sustainability as a criterion of evaluation, and these sections represent about 15% of the supplier evaluation criteria. The most relevant areas identified are:

- People and social responsibility: training, human rights, ISO 26000, and health and safety.
- Environment: ISO 14001 and energy savings, REACH and RoHS, and conflict minerals.

In 2021 Schneider Electric included SAM in the global Schneider Supplier Portal – Supplier Relationship Management (SSP-SRM tool). Due to this capability, SAM results are available for the Global Supply Chain community, and all newly assessed suppliers have their action plan registered in a central database, available to all in real time, making supplier interactions more fluid. These are tracked by Schneider Electric supplier leaders on a monthly or pluri-annual basis depending on the severity of the risks and classification of the supplier.

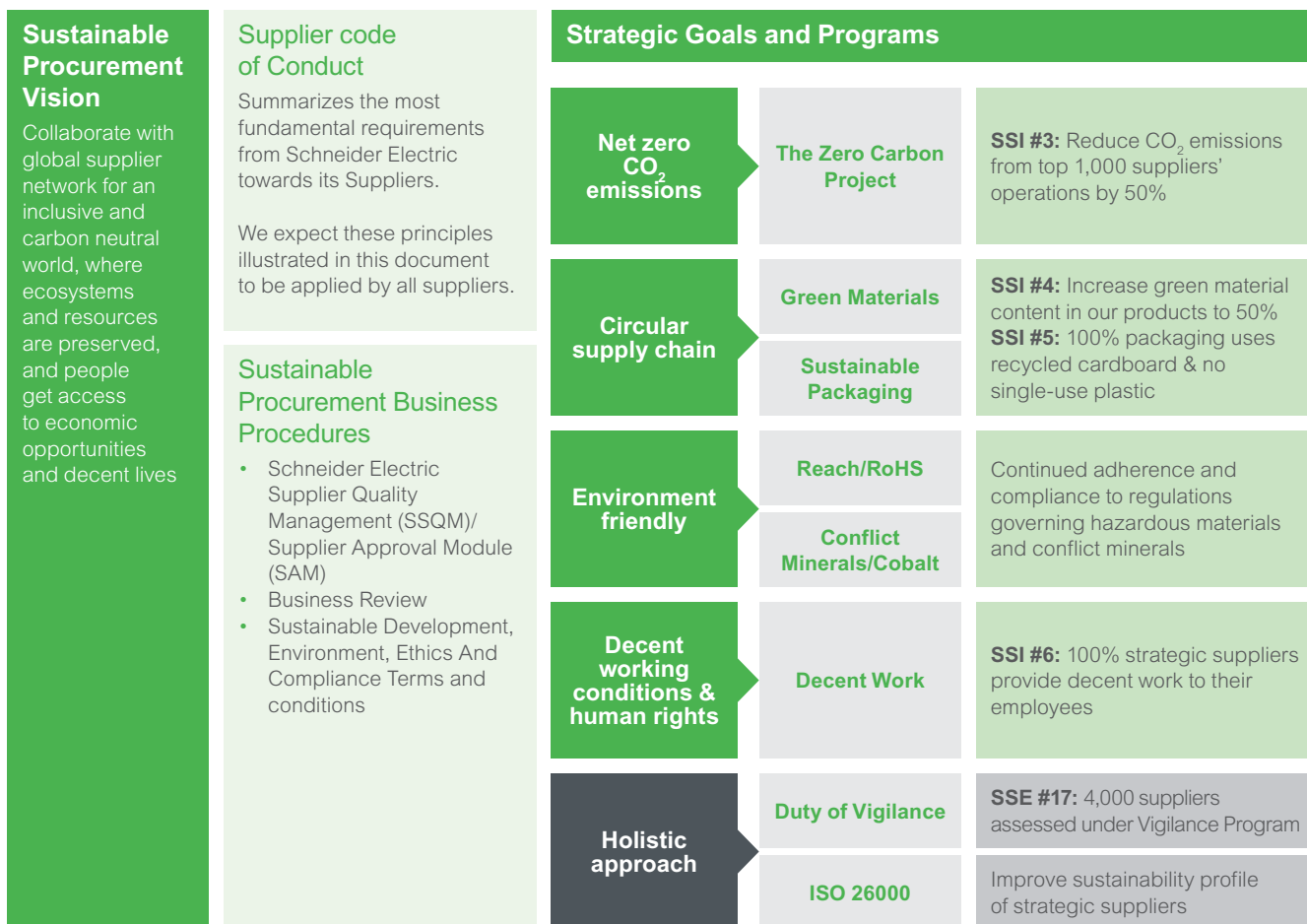
Schneider Electric completed 740 qualification processes in 2021, including new and legacy suppliers.

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Schneider Electric's sustainable procurement strategy

When it comes to procurement, Sustainability is at the very heart of our mission. To streamline global action, we have implemented a Sustainable Procurement Strategy, which was the result of a multi-stakeholder consultation process. This strategy is focused on a vision of collaboration with our global supplier network to build an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.

The strategy rests on the foundation of robust procurement processes, that embed sustainability criteria at various stages and de-risk the operations by adhering to the relevant legal and prevailing norms.



2.11.5 Promotion of a continuous improvement process based on the ISO 26000 standard for strategic suppliers

Sustainable development is one of the seven pillars used to measure supplier performance, allowing the highest-performing suppliers to become "strategic" suppliers. Performance resulting from the EcoVadis evaluation is an important element of the sustainable development pillar.

The ISO26000 evaluation by EcoVadis remains one of the key aspects of Schneider Electric's supply chain and procurement-led sustainable development strategy. The elements of the assessment are an integral part of the business reviews scheduled between buyers and suppliers, on a quarterly to yearly basis, depending on the suppliers. This monitoring supposes an improvement from the supplier.

The Group has set out to engage all its strategic suppliers in a process of continuous improvement on this pillar. At the end of 2021, strategic suppliers represented c. 60% of Schneider Electric's purchases volume. Strategic suppliers who have passed the third-party evaluation process cover 70%+ of total strategic purchasing volume.

In 2018, the Group took on the ambitious target of achieving +5 points out of 100 in the average ISO 26000 assessment score of its strategic suppliers between 2018 and 2020 as part of the SSI. In 2019, this target was raised to +5.5 points. At the end of 2020, +6.3 points were achieved, with an average of 57.4 points.

2021 target was set at +1 point minimum, and the end of year result was +1.3 points with an average of 58.7 points.

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

2.11.6 Vigilance plan for suppliers

Supplier risk categories and audit plan

Schneider Electric is conducting a specific evaluation of suppliers. This evaluation covers all natures of risks identified and considers specific parameters such as the type of industrial process used by the suppliers, their technology, and the geographic location of those suppliers. 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's entire network of tier 1 suppliers (52,000) is processed through this methodology and is refreshed every year with the new supplier baseline.

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

From 2021 to 2025, Schneider Electric has defined new objectives as part of the sustainability strategy: expanding from the previous plan, the Group set an objective to conduct 1,000 on-site audits on high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers. This audit plan is integrated into the Schneider Sustainability Essentials (SSE).

Overall plan

For our 2021 plan, the Group identified ~1,300 "high risk" suppliers; this number varies depending on the year.

The 2021 – 2025 overall ambition is to cover 1,000 suppliers through on-site audits, directly or through third parties, and 3,000 through a remote assessment.



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 follow:

- 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 2021, despite COVID-19 travel restrictions in first part of the year, the Group conducted 205 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 with suppliers already audited were also conducted to review the corrective actions implemented to remediate non-conformances identified during the initial audit.

Information and findings regarding on-site audits with new suppliers are described below.

A major part of non-conformance in 2021 is related to health and safety, labor standards and management systems (36%, 29%, and 20% respectively). Graph 3 gives the breakdown of non-conformances by topic and graph 4 gives them by geography.

Top priority are the most serious non-conformances. For each case, escalation is done at Chief Procurement Officer level. An analysis of the 249 "top priorities" raised in 2021 shows the following issues are the most recurring:

- **Labor standards** (61% of top priority non-conformance issues): lack of respect of working time and resting days (time measurement systems are often insufficient); poor overtime reporting and payment; lack of formalization of working contracts
- **Health and safety** (33% 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; and lack of training.
- **Environment and management systems** (6% of top priorities): lack of administrative compliance, management tools, and systems; and insufficient waste management and pollution prevention systems.

Remote self-assessment

From 2021 to 2025, Schneider Electric has defined new objectives as part of the sustainability strategy: conduct 1,000 on-site audits on high-risk suppliers and deploy 3,000 self-assessment audits for other suppliers.

This year, in 2021, a specific self-assessment questionnaire has been elaborated, building on the experiences of on-site audits performed during the past three years. Among the questions asked, the core ones aim at checking whether the suppliers are compliant on mandatory subjects of labor, human rights, environment, and health and safety. After an initial pilot test, a large-scale launch was made in second half of 2021. At the end of the year, 624 suppliers had submitted answers. Procurement teams are currently in the process of reviewing answers to identify which suppliers may be eligible, in a second phase, to an on-site audit.

2 Driving responsible conduct of business with the Trust Charter

Remediation and mitigation actions

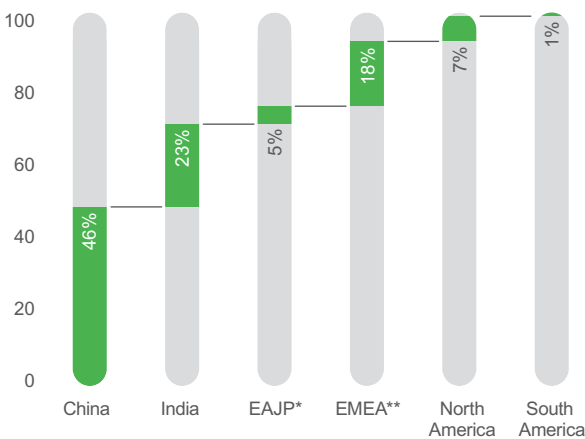
As of end of 2021, Schneider Electric has closed 97% of 2020 and 3% of 2021 non-conformances (all types). Schneider Electric's approach is to help suppliers remediate the issues by sharing good practices and providing them with guidance and training. When non-conformances are not remediated (mainly top priorities), escalation to the Chief Procurement Officer may lead to an end of the business relationship. In 2021, one relationship with a supplier has been terminated.

In order to reinforce the co-ordination between Schneider Electric teams and suppliers on vigilance topics, a specific training program has been implemented.

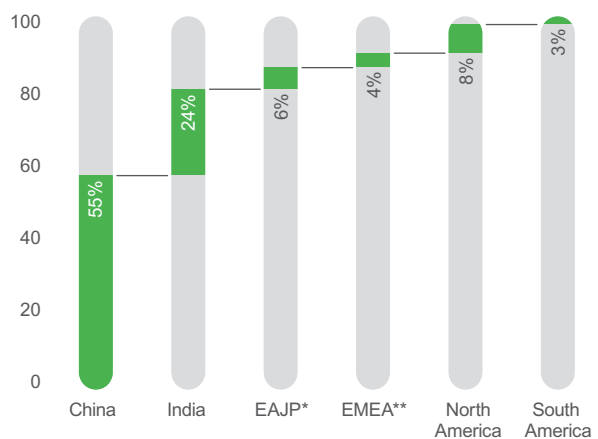
The primary target audience is the Schneider Electric Procurement team, and the training modules aim to increase their knowledge on the nature of risks, so they can integrate these topics early in the discussions with suppliers. At the end of 2021, ~580 employees have taken this training. These trainings combine in-class experience with e-learning sessions.

To raise suppliers' awareness, improve their ability to identify risks earlier, and implement mitigation solutions, Schneider Electric organized face-to-face workshops dedicated to vigilance subjects. At the end of 2021, ~500 supplier team members have attended these events. These sessions include in-class face-to-face workshops and digital webinars.

% Risky suppliers identified in 2021 by geography – Graph 1



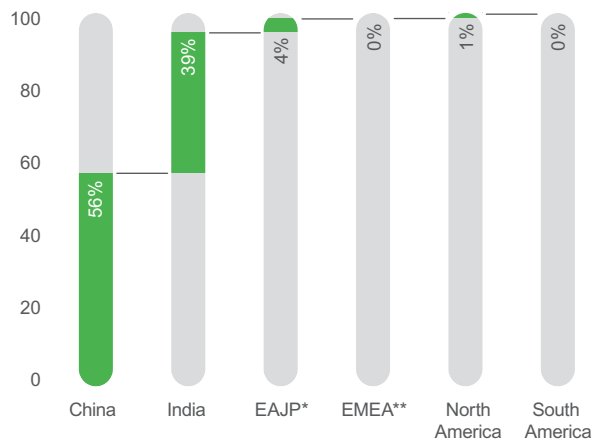
% Audits carried out in 2021 by geography – Graph 2



% Non-conformances in 2021 by topic – Graph 3



% Non-conformances in 2021 by geography – Graph 4



* EAJP: East Asia Japan Pacific
 ** EMEA: Europe Middle East Africa

Impact

From the beginning of the program in 2017 to the end of 2021, 579 suppliers have been audited on site, and 7,000+ non-conformances were raised, and subsequently remediated. 37% were related to health and safety issues, and 25% were related to labor issues. Among the most serious ones are issues of fire safety, protection of workers from accidents and injuries, respect of a decent working time including proper resting periods and payment of overtime.

Overall, the resolution of these non-conformities has allowed to improve the working conditions for the employees of these suppliers. Although this is a rough estimate, we estimate that 185,000 employees have seen their working conditions positively impacted by the Supplier Vigilance program.

Trust
SSE #17




4,000 suppliers assessed under our ‘Vigilance Program’

The five-year program ambition incorporates 1,000 on site audits and 3,000 remote self-assessments. Schneider Electric is well on track to reach the new target. The 205 initial on site audits performed in 2021 have allowed Schneider to raise 3,000+ non-conformances. Out of these non-conformances, 200+ are assessed as “top priority” and are given very specific attention during the re-audits of the suppliers. Schneider Electric’s objective is to close 100% of all types of non-conformances identified, whatever their priority level.

Baseline	2021 Progress	2025 target
374	1,203	4,000

2.11.7 Conflict Minerals rule

In August 2012, the US Securities and Exchange Commission (SEC) adopted the Conflict Minerals rule as part of the Wall Street Reform and Consumer Protection Act. As defined by the legislation, “conflict minerals” include the metals tantalum, tin, tungsten, and gold, often called “3TG”, which are the extracts of the minerals cassiterite, columbite-tantalite, and wolframite, respectively. The legislation focuses on the sourcing of these minerals to be “DRC conflict free” – meaning when these minerals were extracted, they did not directly or indirectly benefit armed groups in the Democratic Republic of Congo (DRC) and adjoining countries. This rule requires companies to conduct a “reasonable country of minerals’ origin inquiry” and due diligence to determine whether “conflict minerals”, as defined in the rule, are used in their supply chain.

Although the US SEC Conflict Minerals rule does not apply directly to Schneider Electric – since it is not registered with the US SEC – it is deeply concerned about social and environmental conditions in some mines that could supply metals for its products. As part of the Group’s sustainable business practices, it is committed to increasing its responsible metal sourcing efforts.

In working towards these commitments, Schneider Electric has taken numerous steps including:

- Updating its Procurement Terms and Conditions to reflect its expectations from suppliers.
- Establishing a “Conflict Minerals Compliance program” supported and sponsored by its top leadership. This program was developed based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (CAHRA) and other appropriate international standards, which covers a wider scope of minerals and countries.
- Identifying the use of conflict minerals in its products.
- Engaging with its suppliers so that they respond in a timely manner to its requests for evidence of compliance.
- Participating in smelter outreach program.

Schneider Electric is working with an expert third party, collecting information from its suppliers to identify the source of the minerals in question and ensure they are recognized as “conflict-free” within established international standards such as the Responsible Minerals Initiative (RMI), the London Bullion Market Association (LBMA), and others. The Group is aware of the complexity of this task, and that it will take time to collect the required information, but it is committed to contributing to this responsible sourcing initiative as well as responding to its customers’ potential concerns.

At the end of 2021, 85% of the smelters and refiners identified in our supply chain were designated as compliant with a recognized third-party validation scheme or actively engaging in same (equivalent to more than 87% of the relevant spend being compliant). The remainder are either from outside the conflict zone outlined in Section 1502 of the Dodd Frank Act, or solely using recycled and scrap materials. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, 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.

2.11.8 Cobalt program

Mid-2020, Schneider Electric added cobalt to its Conflict Minerals Compliance program. Cobalt sales have been identified as potentially funding or supporting inhumane treatment, including human trafficking, slavery, forced labor, child labor, torture, and war crimes in known CAHRA. These areas are identified by the presence of armed conflict, widespread violence, or other risks of harm to people. These areas are often characterized by widespread human rights abuses and violations of national or international law. The program, currently ramping up, is focusing on the responsible sourcing of cobalt used as a key element for lithium ion batteries in Schneider Electric’s supply chain.

2.11.9 Decent work

Background

Supply chains power the economic engine of the world. On the one hand they help companies leverage the global capabilities and benefit from the collective genius; on the other hand, they help economies progress and engage in global commerce. However, the benefits of this global integration are often unequally distributed. One of the areas where this is prominent is working conditions and rights available to the workers in their workplace.

Working condition crisis

Studies and research across the world have shown that mere involvement in global commerce is not sufficient to uplift underprivileged populations. According to the United Nations, over 700 million workers lived in extreme or moderate poverty in 2018 and as per estimates by civil society organizations, more than 40 million people are trapped in modern day slavery worldwide, with more than 70% being women and children. The recent onslaught of COVID-19 has had a negative impact on employment conditions. A survey by the United Nations Global Compact revealed that global labor income declined by an average of 10% in the first three quarters of 2020 compared with 2019. Widespread job losses and loss of earning members increase insecurity, making workers vulnerable to poor and exploitative working conditions. The scale of this challenge is too great to be handled by governments alone. Corporations need to take responsibility and do their part in ensuring that worker rights are respected universally.

2 Driving responsible conduct of business with the Trust Charter

Suppliers Decent Work initiative: A holistic approach

The extent and severity of the crisis requires a systematic, broad based, ecosystem approach and not simple rectification of observed malpractices. The focus needs to be opening dialog and normalizing universal worker rights irrespective of the geography or the context of employment. A key element in this is to institutionalize policies and additional processes that adopt a preventive approach for the worker rights violation and protect the dignity of

the individual. Gradually, such actions need to become the new norm for evaluating performance of supply chain.

Towards this objective, as a first step, Schneider Electric will implement a Decent Work program with its strategic suppliers. The program will be based on the key tenets of the International Labour Organization's (ILO's) definition of decent work.

Key pillars of the Decent Work program include:	
1. Employment opportunities	Employment opportunities should be available in a transparent, well-informed manner, and without any charges to all eligible, as a right. In case of any expense incurred by the worker towards obtaining employment, the same should be reimbursed by the employer. The work should respect and uphold the dignity of employees and proactively create an environment to resolve and remediate modern slavery, forced labor, and bonded labor. There should be a process to ensure no child is employed.
2. Adequate earnings and productive work	Employment should be a source of economic independence and dignified living. The gradual decline of industrial wages and the COVID-19 crisis have severely impacted the economic outlook of the workforce, globally. Companies should review the wage policies to ensure affordability of a dignified living by the workers. Additionally, employment should equip the workforce to improve current skill set and knowledge for future employability.
3. Decent working hours	Excessive working hours is a legal violation, often accepted as "necessary". It is generally connected with low industrial wages and used as an excuse to not provide appropriate wages. Companies should review and remediate excessive hours and should align with the legal and/or international requirements.
4. Stability and security of work	Employment should be a source of economic stability and peace of mind. Uncertainty of job security increases stress and makes the workforce vulnerable to abuse and hazardous working conditions. The problem has been exacerbated due to COVID-19-related job losses.
5. Social dialogue and workplace relations	Employees should have the right to engage with management and collectively put across their concerns and demands. Collective bargaining encourages workers to timely raise concerns, acts as a barometer and early warning system to assess worker satisfaction and reduces worker vulnerability.
6. Fair treatment in employment	Employment should be based on merit, ability to do the job, and fair treatment should be extended to all employees. Differences in lifestyle, choices, etc., often become a source of discrimination, victimization, and harassment. This curbs freedom of expression, hiding preferences, and creates mental health challenges. Companies should ensure a workplace that accepts diversity and provides an inclusive work environment.
7. Safe work	Employment should result in economic independence and augment the ability to exercise a healthy and prosperous life. It should not result in ill-health, risk to well-being, or be a source of injury/misery.
8. Social protection	Industrial wages are often not sufficient to meet the adequate living standards. The problem is exacerbated in cases of health emergencies. Social protection, provided by employers/governments, provide a much-needed safety net from economic shock, descent into poverty, and vulnerability. Companies should ensure that all employees have access to the social security safety net.
9. Purchasing practices	Purchasing practices and requirements significantly impact working conditions. They influence the working culture of the supplier organization to meet customer requirements. The power of procurement can be a strong driver for positive change to include decent work conditions as a pre-requisite among the supply chain partners, when balanced with other commercial criteria.
10. Balancing work and family life	Family responsibilities disproportionately impact genders and result in unequal participation in economic activities. Workplaces should strive to create a level playing field and provide all possible opportunities to employees to participate in economic activities without compromising the family responsibilities, which may require periods away from work (e.g., maternity, family care, flexible hours, adequate child care). Work environment should act as a leveller/equalizer and not augment the disparity.

Implementation plan

The program will be launched in the first quarter of 2022 with technical training sessions for participating suppliers. The sessions will focus on the rationale and elaborate on the requirements of the program. In addition, special focus will be given to build capacity and highlight the systems and processes that need to be implemented and actions that need to be taken by companies to ensure decent work conditions in their organization. The evaluation of supplier performance will be done on the basis of an online questionnaire that will be rolled out via the SSPSRM – the supplier relationship portal.

A specifically trained team will be deployed at the Global Procurement Services to lead the launch of the initiative. The suppliers will be required to respond to the questions and upload evidence to support the responses. All responses and accompanying evidence must be evaluated to meet the minimum criteria of decent work, in order to qualify. In cases where the supplier actions do not meet the minimum requirements, feedback will be given, and corrective actions need to be implemented by the suppliers in a timebound manner. Upon rectification, the information needs to be resubmitted along with the evidence for the re-evaluation. The survey responses will be evaluated and corroborated with the evidence and validated by sample on-site audits. These audits will be conducted by the trained Duty of Vigilance auditors.

2.11.10 Supplier diversity program in the United States

Schneider Electric US' supplier diversity program strives to identify, include, and engage qualified diverse suppliers to support the company's goals to foster equal opportunities.

Schneider Electric US is in constant pursuit of qualified businesses that are certified as one, or more, of the following business classifications and provide quality products and services at competitive prices:

- Small Business Enterprise (SBE);
- Veteran (VET);
- Minority-Owned Enterprise (MBE);
- Women-Owned Enterprise (WBE);
- Historically Underutilized Business Zones (HUBZone).

As of end of December 2021, 19,3% of Schneider Electric US' suppliers were diverse, aiming to demonstrate year to year improvement in utilization of diversely owned businesses.

2.11.11 The Zero Carbon Project

Schneider adopted a very ambitious target for 2050: to operate a net-zero carbon emission supply chain, meaning that all Schneider factories and transportation, and that of its suppliers in the entire upstream value chain would be operating without using any fossil fuel and run only on clean energy. To achieve this ambitious target of 2050, as the first step, Schneider has launched [The Zero Carbon Project](#), which aims at reducing 50% of operational carbon emissions from its top 1,000 suppliers by 2025.

2.11.12 Green materials and sustainable packaging

Sustainable Packaging (SSI #5)

Resource efficiency and conservation are the underlying principles that guide all actions at Schneider. During the period of 2018 – 2020 the Company implemented an initiative to successfully move to 99% of cardboard and pallets used in the transport of goods to be sourced from recycled or certified sources.

In 2021, this ambition was extended to use recycled cardboard in all primary and secondary packaging and remove all single use

plastic from Schneider packaging by 2025 (SSI #5). To achieve this transformation, a two-pronged approach is deployed. On the one hand, a cross functional team is deployed to review the packaging design and explore and authorize the use of alternate materials for packaging; on the other hand, various procurement teams engage with suppliers across regions to ensure the deployment of the roadmap by the suppliers to meet the prescribed requirements.

To ensure streamlined actions, dedicated categories of packaging material were identified to be included in the transformation. As a result of concerted efforts by various teams, 21% of the packaging spend in scope was attributed to sustainable packaging.

Green Materials (SSI #4)

Similarly, another initiative has been launched to increase the proportion of green material in our products by 50% by 2025 (SSI #4).

The scope of this initiative currently includes:

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

Other kinds of materials like steel purchased as fabricated components, other non-ferrous metals (such as copper, silver or brass), and thermoset, both direct and indirect procurement, will be considered for next phases. At the end of 2021, 11% of materials in scope were qualified as "Green".

For thermoplastics, the 2021 performance was achieved mainly by embedding recycled plastics in products and by obtaining supplier proof for both recycled and green flame retardant.

For steel, a good progress was made notably thanks to the certification of large steel suppliers to Responsible Steel in 2021, as well as sourcing from suppliers using Electric Arc Furnace.

For aluminum a similar approach than the one for steel will be applied, focusing on building trust and transparency with suppliers.

2.11.13 Rollout of eco-responsible initiatives

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

For example, Schneider has chosen to go further than the European REACH and RoHS regulations. The approach is rolled out in the Group over the whole product portfolio and to all suppliers, regardless of their geographic origin. To support the REACH and RoHS projects, Schneider has implemented a data collection process supported by a dedicated team to gather the required information from its suppliers. This has allowed it to significantly reduce its response time to collect such information and therefore be quicker to respond to its customers' inquiries. In addition to data collection, the Group put in place a review process for this data to guarantee its quality. Thanks to this process, the level of verification required for a given supplier can be adjusted in order to make the controls more stringent in cases where deviations have been detected.

Another example is Schneider's commitment to supporting the small and medium enterprises (SME) network. This support is given through an approach to work in an adapted manner with certain suppliers. In France, Schneider Electric is a major player in the International SME Pact.

Finally, by the very nature of its activity, the Group continually encourages its ecosystem (including customers and suppliers) to implement energy efficient solutions.

2 Driving responsible conduct of business with the Trust Charter

2.12 Vigilance with local communities

In 2020, Schneider Electric extended the scope of its risk analysis to communities. The notion of communities, here, corresponds to people living in a geographic proximity of Schneider's local operations. As a result of this proximity, their conditions of living could be affected by the Group's activity. Schneider's local operations can be of two types:

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

2020 was the first time Schneider Electric was formally addressing this risk analysis for communities, developing a framework with the help of an external consultant. In 2021, the Group deepened its analysis by selecting the sites that may present some risks for communities and conducting an analysis specifically for each of these sites.

2.12.1 Communities living around Schneider's local sites

2.12.1.1 Risk assessment for the 30 largest Schneider 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 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 Schneider Electric office site may be important at Schneider level (>2,000 employees) but will have very little impact on its immediate urban surrounding (Shanghai is a multi-million inhabitants city). On the opposite end, a smaller site may have a bigger impact on its rural surrounding 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 country level on topics such as ethical standards (National Corruption Index), individual development (Human Development Index), or health and human rights (Human Right score). Using this data, a composite country risk index was built to reflect the risk level for countries where Schneider's main sites are located.

Conclusions

The third step was to combine Schneider's site impact level with the composite country risk index. The overall result shows that the level of risk on local communities living around Schneider Electric sites is

"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 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.

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.).

2.12.1.2 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 for the local communities. The result of the evaluation shows that among the five sites reviewed, four have no significant impact and one may have some specific impacts.

Four sites with low impact, 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.) were 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 such as supporting schools, cultural programs, or local infrastructures (such as hospitals).
- The industrial activities performed on these four sites are mostly the assembly of components. There are some marginal activities of plastic injection that are subject to local and national regulations, with regular compulsory reporting.
- One of the sites is part of an industrial park, that includes housing facilities for workers (dormitories). These facilities have been recently enhanced, are compliant to local standards, and have not been subject to any specific alert report. However, they remain a point of attention and follow-up on Schneider's side.

One site with medium risk, 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, therefore 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 in progress.

2.12.2 Communities living around Schneider Electric’s customer projects sites

In 2021, Schneider Electric has engaged into a review of risks for local communities residing close to the sites where the Group is implementing projects for customers. These projects can be, for example, the building of an electrical switchgear station to distribute electricity, either to the grid or to private large users (factories, professional buildings, etc.). Depending on the profile of the end-customer, these projects necessitate the on-site coordination of several types of contractors: civil engineering, industrial process experts, electricity specialists, communication infrastructure experts. Relations with local communities, when relevant, are usually handled by the main contractor, or by the end-customer.

2.12.2.1 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 risks are ranked as follows:

Country	Customer activity
Chad	Mining, minerals and metals
Mauritania	Oil, gas and petrochemicals
Angola	Power and grid
Nigeria	Life sciences
Tanzania	Water

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

2.12.2.2 Evaluating the impact for selected sites

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

- **Type A:** Schneider Electric is providing switchgear and/or industrial equipment, is also the main contractor for the project, and is present on site. Mitigation actions can be decided and implemented by Schneider.
- **Type B:** Schneider Electric is providing switchgear and/or industrial equipment, but it is not the main contractor. Mitigation capabilities are limited.
- **Type C:** Schneider Electric is providing 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, 2 were of type A, 6 of type B, and 6 of type C.

- 2 projects of type A: the study of these projects is showing the following risks and benefits on local populations:
 - Temporary/brief disturbance in the transportation and mobility due to large materials and equipment delivery.
 - Temporary and planned power outages.
 - No environmental or pollution risk.
 - Local security implemented by final customer, with no or little impact on the neighboring communities.
 - The project is a source of employment for local companies.
- 12 projects of type B and C: among these projects, six are projects with significant impact on the local communities (petrochem, etc.) and six have no impact (desert or remote location). For these projects with significant impact, relations with local communities are handled by the end-user or the main contractor. Given the small size of Schneider Electric's contribution to the overall project investment, the capacity of Schneider to be a significant contributor to the mitigation measures is very limited. Specific policies that would increase this capacity, adapted to these project profiles, are currently studied.

3 Acting for a climate positive world



In this section

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“Addressing climate change is the defining issue of our generation, and businesses play a key role. We know that we must go faster if we are to avoid the worst impacts of global warming. Schneider Electric is part of the solution thanks to its existing technologies and products to achieve a climate positive impact.”

Xavier Denoly, SVP Sustainable Development

Context and goals

2021 was a year of acceleration, building on the lessons learned from 2020. Acceleration of our collective realization of the fragility of the world’s ecosystems, climate, resources, biodiversity, and even human lives. The magnitude of changes needed will not accept incremental year-on-year progress. What is now needed is to place a planet-first lens onto our collective development path: are we living under the limits of one planet? As science tells us this is not the case, let us instead work backwards and define what needs to be done to maintain climate under a 1.5°C global temperature increase and preserve biodiversity and resources.

Companies all over the world are accelerating to align business strategies with a 1.5°C trajectory. Since 2018, the number of companies with targets approved by the Science Based Targets Initiative has doubled every year, to reach over 1,000 companies in 2021, including Schneider Electric. Another 1,000 companies are committed to set such targets soon.

Because it strives to be an Impact Company, the Group’s climate strategy addresses all its stakeholders, from employees to supply chain partners, customers, as well as local communities and institutions, and shows there are ways for companies to “do good while doing well”.

Concrete actions for the 2021-2025 period are monitored and shared transparently in Schneider Sustainability Impact and Essentials and are overseen by various dedicated Committees up to the Board of Directors. In the longer term, the Group is committed to net-zero CO₂ emissions in its operations by 2030, and took specific commitments for renewable electricity, energy efficiency and electric vehicles under the RE100, EP100, and EV100 initiatives. By 2040, the Group will be carbon neutral along the whole of its value chain, meaning all products will be carbon neutral. Importantly, beyond targeting excellence in reducing its own footprint, Schneider Electric also delivers about 100 million tonnes CO₂ gains to its customers each year with EcoStruxure™.

2021 Highlights



Schneider Electric is on the CDP Climate Change A list for the 11th year on a row.



The Energize program, first-of-its-kind supplier program to advance Climate Action with 10 Pharmaceutical companies.



Schneider Electric wins four awards for Sustainability and Smart Home leadership at the CES 2022 Innovation Awards, recognizing its commitment to sustainability and innovation.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Climate	1. Grow our Schneider Impact revenues ⁽³⁾	70%	71%	80%
	2. Help our customers save and avoid millions of tonnes of CO ₂ emissions	263M	347M	800M
	3. Reduce CO ₂ emissions from top 1,000 suppliers' operation	0%	1%	50%

Schneider Sustainability Essentials				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Climate	1. Decarbonize our operations with Zero-CO ₂ sites	30	51	150
	2. Substitute relevant offers with SF ₆ -Free medium voltage technologies	0%	38%	100%
	3. Source electricity from renewables	80%	82%	90%
	4. Improve CO ₂ efficiency in transportation	0%	-1%	15%

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs, except for SSI #1 (2019).
 (2) Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators (except for SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23), in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in this section.
 (3) For the reporting requirements under the European Taxonomy Regulation, for more information, please refer to the Universal Registration Document.

Long-term roadmap

2030	2040	2050
<ul style="list-style-type: none"> Net-zero operational emissions and reduction of Scope 3 emissions by 35% (vs. 2017); Switch to 100% renewable electricity (RE100); Double energy productivity vs. 2005 (EP100); Shift 100% of Company fleet to electric vehicles (EV100). 	<p>Become carbon neutral on full end-to-end footprint (full Scopes 1, 2, and 3), 10 years ahead of 1.5°C climate trajectory.</p>	<p>Engage with suppliers towards a net-zero CO₂ supply chain.</p>

3 Acting for a climate positive world

3.1 Climate governance

3.1.1 Governance

Schneider Electric sees itself and reviews its progress as part of a broader ecosystem: firstly, how the Group as a company and in its supply chain delivers progress to align with a 1.5°C climate trajectory; secondly, how customers are helped to do the same through Schneider's offers; and thirdly, how Schneider helps communities accelerate climate action.

The process for designing a new SSI includes a sustainability risks and opportunities assessment (including climate), which leads to the design of concrete transformation programs to align the company on the challenges identified. Several governance bodies are involved in this process:

- The Board of Directors and its Human Resources & CSR Committee;
- The Executive Committee and its Group Sustainability Committee;
- The SSI Steering Committee and the Sustainability department.
- A Carbon Committee is in charge of continuously assessing climate-related risks and opportunities, to steer the Climate Pledge and to propose a strategy and management plan to the Group Sustainability Committee.

At Group level, the Chief Strategy & Sustainability Officer helps determine and enforce the Group's environmental goals and underlying transformations.

Additionally, environmental transformations are driven by a network of leading experts in various environmental fields (eco-design, energy efficiency, circular economy, CO₂, etc.). On an annual basis, a process identifies and recognizes those individuals who own a specific expertise that the company is keen to maintain and grow. Various governance bodies enable these communities of experts and leaders within the Environmental function to meet every month or every quarter, depending on the topics and entities, to ensure consistent adoption of Environment policies and standards throughout the Group. To implement these policies, Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.

3.1.2 Risks and opportunities

Climate-driven opportunities

While the climate crisis is sobering, it is also stimulating significant action and innovation across businesses, industries, and governments. The combined challenge of the COVID-19 virus with increasing climate-related impacts has given rise to unprecedented financial flows for recovery tied to improvements in efficiency and emissions reduction, such as the EU's Green Taxonomy and the US infrastructure package.

Increasing awareness of the risks posed by climate change has also led thousands of businesses to make commitments to and act on decarbonization, energy efficiency, electrification, renewable energy procurement, and more. These existing solutions are only the beginning: the next decade will showcase the surge in "clean technologies," as entrepreneurs and corporations alike seek to imagine, realize and scale innovations in energy storage, carbon capture, nature-based solutions among others, further stimulating the global economy and creating a new class of clean, green jobs.

This growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider. Where appropriate, opportunities for growth are identified and translated into new products (for instance our unique SM AirSeT™ switchgear to avoid using SF₆, or the creation of the new Sustainability Business). The Group is uniquely positioned to seize these opportunities because it acts on both sides of the equation:

- The energy management, industrial automation, and sustainability consulting solutions Schneider brings to the market are directly linked to activities to mitigate greenhouse gas emissions and improve humanity's resilience to climate change.
- At the same time, Schneider acts to reduce its end-to-end CO₂ footprint, aiming for a carbon neutral value chain by 2040, with precise steps for 2025 and 2030.

In 2021, 71% of the Group revenues qualify as Impact revenues, following Schneider Electric's definition: revenues from offers that bring energy, climate, or resource efficiency to customers, while not generating any significant harmful impacts to the environment. The Group aims to grow its Impact revenues to 80% by 2025 (SSI #1). Additionally, more than 90% of Schneider's innovation projects contribute to solutions relating to climate change mitigation and environment protection.

Climate-driven risks

Failure to meet 1.5°C-aligned GHG reduction emissions targets

Missing its decarbonization commitments could trigger greater financial costs than anticipated for Schneider due for instance to locked-in emissions of assets with long operating lifetime or long-term leases, or reputational impacts and loss of trust from customers, investors, and employees.

Inadapted evolution of the supply chain footprint

Volatility of energy and commodity prices as well as regulation strengthening will generate increasing and volatile operating and investment costs along Schneider's value chain, impacting both Schneider's expenditures and those of its suppliers. This can translate into an increase of the cost of goods sold and reduced margins. This risk can be mitigated by securing low-carbon and resilient sources of energy supply, increasing resource-efficiency, and increasing resale prices along the value chain. Also, physical assets are retrofitted for resource-efficiency, as competition with newly built efficient infrastructure will increase. For instance, energy-efficient and digital buildings provide superior comfort to users while lowering operating costs, which translates into higher asset value.

Transition risks

Schneider considers the possible financial impacts of future CO₂ costs on its activities, by taking into consideration both operational and supply chain footprints. Given the relatively low level of the Group's Scope 1 and 2 carbon emissions, carbon pricing has indirect rather than direct impacts, resulting in increased supply chain costs, especially regarding the purchase of raw materials and manufactured components containing metals and plastics. A carbon tax at EUR 50/tonne of CO₂ is estimated to have an impact on the Group's industrial supply chain up to EUR 420 million globally (including direct and indirect impacts).

Climate change mitigation will likely lead to regulation strengthening, which can disrupt markets. For instance, SF₆-insulated switchgear can have a significant impact on climate change if SF₆ is mishandled at the end of life of the equipment and leaks into the atmosphere. Schneider Electric strives to anticipate regulation changes and launches innovative SF₆-free solutions.

Workplace disruptions

Extreme weather events, floods, droughts, and other climate impacts will increasingly put pressure onto supply chains. Shortages of all kinds can translate directly into revenue loss (missed orders), increased costs (urgent shipping), and increased working capital requirements (stock management). Extreme events can also cause damage to property and assets. This risk can be mitigated by adopting a flexible and resilient supply chain, with the ability to rebalance supply and manufacturing.

To further tie climate-related issues to financial planning, Schneider successfully launched the first-ever sustainability-linked convertible bonds in 2020. This bond has been linked to three SSI targets by including the objective to save and avoid 800 million tonnes of CO₂ on the customers' end by 2025.

3.1.3 Risk management

Risks are identified and assessed through specific internal and external metrics, but also through interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department, to update the list of general risks at Group level each year. In 2021, around 40 of the Group's top managers were interviewed in addition to Board members. Environment and climate-related risks are included in Schneider's unique risk taxonomy (more details in the Universal Registration Document).

Every three years, a materiality analysis is conducted by the Sustainability department, leveraging an external consultant, and complements the risk analysis with a focus on environment, social, and governance (ESG) topics and longer-term risks and opportunities.

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

Climate adaptation risks are also studied and mitigated at site level for the industrial sites. The Group's Property Damage and Business Interruption program, inspired from ISO 22301 standard, maps substantive risks of financial impact on the business, including asset destruction (buildings, equipment, inventories) and profit loss due to business interruption. The program reviews annually the natural hazard exposures of our manufacturing and logistic locations. An example of a risk analyzed at site level is flooding risks.

Risk analysis of industrial sites includes an analysis of interdependencies, study of alternative supply, and estimation of time to recover in case of damage, etc. Typically, all critical industrial sites are externally audited onsite at least every two years. In addition, starting 2021, Global Supply Chain has defined a resiliency index to assess and mitigate business interruption risks. This resiliency index covers several risks (such as physical security, political stability, etc.) and includes exposure to natural and climate-related hazards and mitigations.

Finally, environmental risks (including climate) are assessed and mitigated at site level through the Group's Integrated Management System (IMS). The IMS covers the supply chain sites (plants, distribution centers, large offices) and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. At present, the impact of climate-related matters is not material to the Group's financial statements.

With suppliers, sustainability risks (including natural and climate-related hazards), are embedded into Supplier Risk Assessment. This process enables to define risk mitigation action plans with suppliers, as well as prioritize double sourcing strategies. Leveraging external data providers, the Group monitors events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time when events occur and minimize business impact.

3 Acting for a climate positive world

3.2 Roadmap towards a 1.5°C climate trajectory

3.2.1 Climate impact commitments

In its Trust Charter, Schneider Electric adopts an unequivocal position regarding impact on climate change and CO₂ emissions. The Group has been a leading contributor to the fight against climate change for the past 15 years by implementing its own energy management and industrial automation solutions across operations, by supporting its clients in achieving their low-carbon and efficiency objectives, and by allowing more than 30 million people to gain access to electricity. Schneider also takes an active role in a variety of multi-stakeholder organizations to promote solutions to climate change, call for a price to CO₂, and strengthen CO₂ governance globally. Since 2011, the Group has also been contributing to the Livelihoods Funds, which proposes innovative investment models to simultaneously address environmental degradation, climate change, and rural poverty.

The Group aims to be a role model in the fight against climate change, by sharply decarbonizing its own operations and by delivering services and solutions that allow its customers to reduce more CO₂ emissions than those produced by the Group's activities. Ultimately Schneider aims to reduce the end-to-end emissions of its offers, by engaging suppliers and eco-designing offers for lifecycle climate and circular performance.

Short to medium-term targets

- Before 2025, demonstrate that Schneider Electric is carbon positive together with its customers and partners, thanks to CO₂ savings delivered by EcoStruxure™.
- On the Group's operations (scope 1&2): be carbon neutral by 2025 and net-zero CO₂ emissions by 2030.
- On indirect emissions (scope 3) in its supply chain and with customers: reduce emissions by 35% by 2030 (vs 2017), by actively engaging suppliers to accelerate their climate strategy, by sourcing greener materials, and by proposing more efficient solutions to its customers.

The Group's 2030 targets (net-zero CO₂ emissions on scope 1 and 2, and -35% on scope 3) have been validated 1.5°C-aligned by the Science-Based Target initiative in 2019.

Long-term targets

- Become carbon neutral on the Group's full end-to-end footprint by 2040 (scopes 1, 2 and 3), 10 years ahead of 1.5°C trajectory. This means that all Schneider's products will be carbon neutral in 2040.
- Engage with suppliers towards a net-zero CO₂ supply chain by 2050.

In 2040, the Group commits that all Schneider Electric products will be carbon neutral. By connecting technology, business, and collaboration, Schneider joins the likes of global partners, such as Amazon, Infosys, and Daimler to help deliver carbon neutrality by 2040 as part of the Climate Pledge, a jointly created initiative between Global Optimism and Amazon. The Climate Pledge was founded on the conviction that global businesses are responsible and accountable for acting on the climate crisis, together. This milestone is set 10 years earlier than the pledge made in 2015 by all United Nations country members at Paris COP21, showing the Group's eagerness to accelerate the world economy decarbonization to respect the 1.5°C targets.

By 2050, achieving net-zero CO₂ emissions in its supply chain will require Schneider Electric to work transversally with all stakeholders, from product design, to sourcing, manufacturing and shipping.

3.2.2 Concrete actions in our ecosystem

3.2.2.1 Net-zero CO₂ emissions in operations by 2030

To deliver its Scope 1 and 2 targets, the Group has launched several transformations under the Climate and Resources pillars of Schneider Sustainability Impact:

- Reach 150 Zero-CO₂ sites by 2025 (SSE #1),
- Propose SF₆-free alternatives for all medium voltage technologies by 2025 (SSE #2),
- Source 90% of electricity from renewables by 2025 (SSE #3), and 100% by 2030,
- Increase energy efficiency in our sites by 15% by 2025 (SSE #5) and double energy productivity by 2030 (vs 2005),
- Shift one third of corporate vehicle fleet to electric vehicles by 2025 (SSE #7), and 100% by 2030.

The Group leverages its Power and Building EcoStruxure™ IoT architectures to deliver these ambitions, monitor and optimize energy consumption, manage assets and grid infrastructure, manage distributed renewable energy resources and electricity load, monitor energy quality, and power electric vehicles.

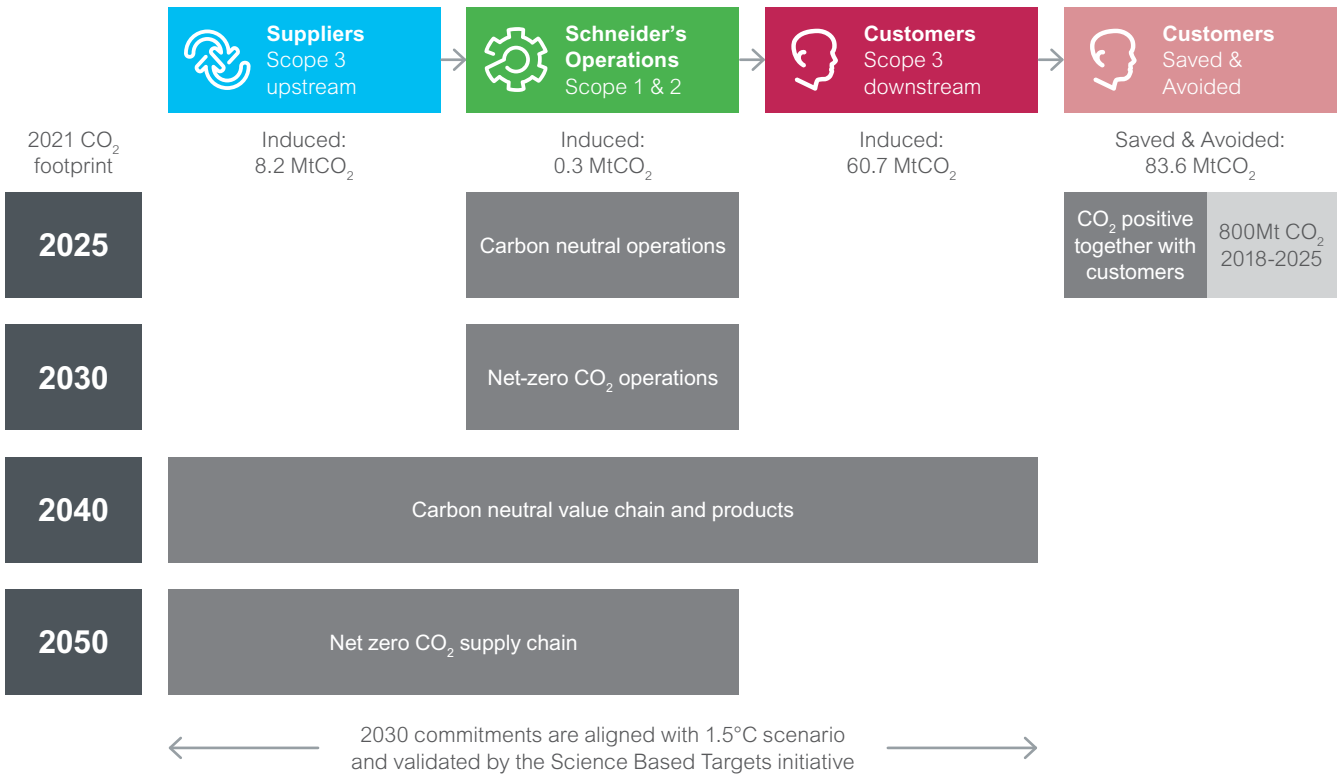
This strategy has delivered an absolute reduction of 405,028 tonnes of CO₂e emissions on Scope 1 and 2 (from 699,079 tCO₂e in 2017), which is a 58% decrease.

3.2.2.2 End-to-end carbon neutrality by 2040

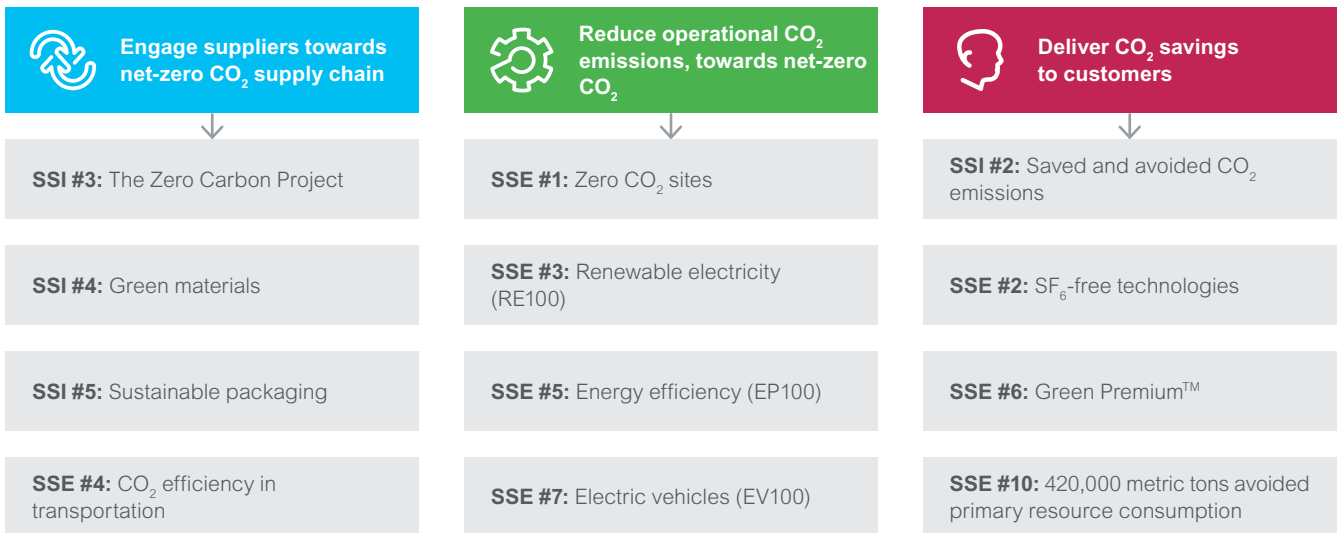
Schneider Electric is already taking concrete actions to engage its suppliers to decarbonize:

- Engage 1,000 top suppliers to reduce their operational CO₂ emissions by 50% with The Zero Carbon project (SSI #3).
- Reduce purchase-related CO₂ emissions with EcoDesign Way™ to improve the end-to-end lifecycle environmental footprint of its offers, notably by reducing and substituting materials and components in products. The Group aims to source 50% green materials by 2025, favoring bio-sourced, recycled, and sustainable options (SSI #4).
- Have 100% of its primary and secondary packaging free from single-use plastics and made from recycled cardboard (SSI #5).
- Reduce CO₂ emissions from freight and logistics activities, by shifting from air to sea freight and optimizing fill rates and travel routes (SSE #4).
- Reduce CO₂ emissions from waste management, with its "Waste as Worth" program. In 2021, 126 sites achieved the "Waste to Resources" designation as part of SSE #9.
- Reduce CO₂ emissions from capital goods by optimizing real estate space occupancy as saved surfaces translate directly into lower CO₂ emissions, as well as spared natural habitats and agricultural land.

Roadmap towards a 1.5°C climate trajectory



Concrete actions



These commitments were taken as part of the "Business Ambition for 1.5°C – Our Only Future". Since 2018, Schneider Electric has been one of the 15 companies (out of 4,500+ signatories) to join the Global Compact LEAD initiative "Pathways to Low-Carbon and Resilient Development" in which businesses proactively share best practices in sustainable climate strategies.

3 Acting for a climate positive world

3.2.3 CO₂ footprint

Schneider Electric updates its end-to-end carbon footprint (Scope 1, 2 and 3) annually and obtains a “limited assurance” from an independent third party verifier on all figures. Scope 3 emissions represent more than 99% of the Group’s carbon footprint, of which 90% are due to the use phase and the products’ end of life, and around 10% result from the purchase of raw materials, equipment, and services.

The charts below represent Schneider’s carbon footprint on Scopes 1, 2 and 3, including all greenhouse gas emissions (GHG), from the upstream activity of all its suppliers to the use and end of life of its offers sold to customers. During the use phase, emissions saved and avoided by customers thanks to energy efficiency and renewable technologies are represented as negative emissions.

Coverage of reported emissions is 100% for energy, fugitive SF₆ emissions, waste, purchases, capital goods, commuting, travel, and freight (coverage is estimated using a relevant activity indicator for each source of emissions, such as spent for purchases and business travel, surface for energy and capital goods, headcount for commuting and waste). Schneider reports no GHG emissions on franchises, investments, or downstream-leased assets, because these emissions are not considered relevant for its activities.

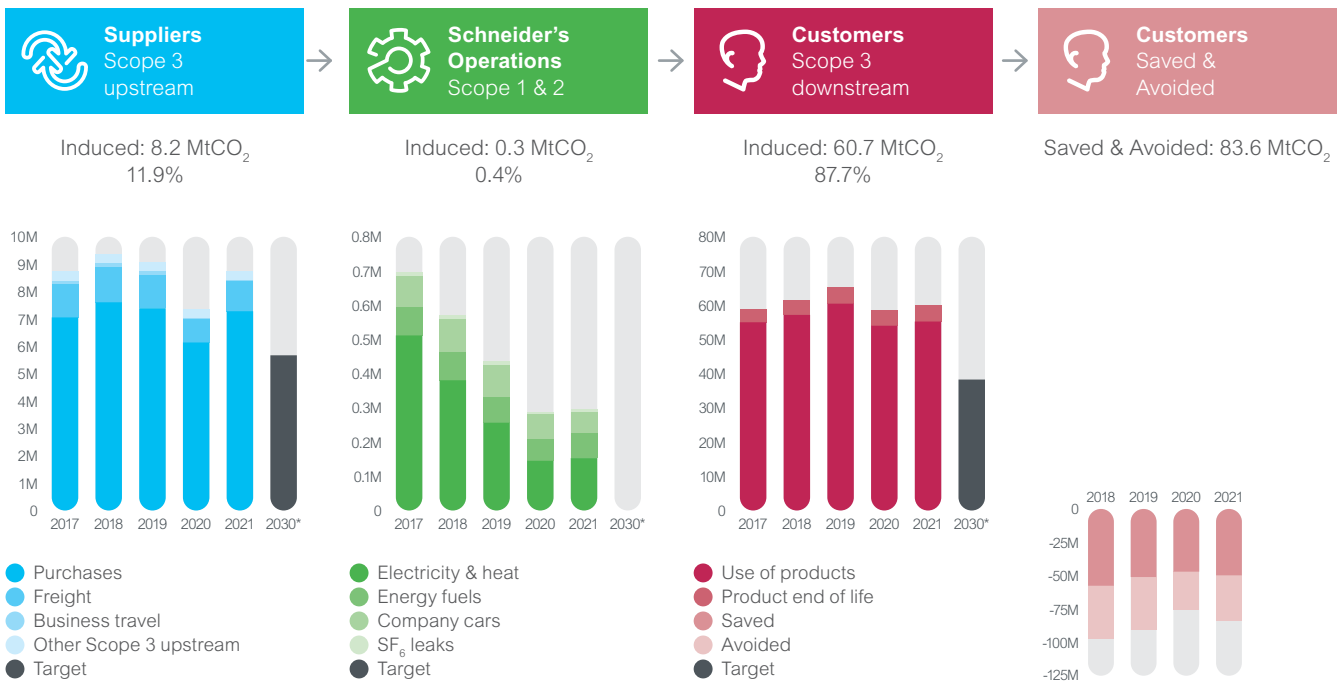
3.2.4 Internal CO₂ price

To lead the global transition to a zero-carbon economy, Schneider Electric calls for policymakers to define robust and predictable carbon pricing for companies, enabling companies to integrate collaterals on climate in their strategy. A high and stable price on carbon will strengthen incentives to invest in sustainable technologies and to change behaviors.

As part of its carbon pledge, Schneider 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.

An internal CO₂ price is used to assess the performance and resiliency of operations. The cost of CO₂ is evaluated for industrial activities, taking into account CO₂ emissions from energy consumption and SF₆ leaks in industrial sites. CO₂ cost is also taken into consideration in industrial network modelling to account for future CO₂ prices in industrial decisions. This enables measurement of the potential impact of CO₂ pricing on the Group’s supply chain. Schneider views internal CO₂ pricing as a useful tool to reinforce its governance and external commitments on CO₂.

Schneider Electric carbon footprint: 2017 to 2021 evolution



* Projection assuming that the -35% applies equally on all Scope 3 sources

3.2.5 Climate scenarios embedded in the Group's strategy

In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Schneider Electric launched a prospective approach on climate change and energy transition three years ago, by setting up a dedicated organization in charge. Schneider has a dedicated Strategy Prospective & External Affairs Senior Vice-President in charge of climate and environment scenario analysis. That person is attached to the Chief Strategy & Sustainability Officer.

Several scenarios to 2050 were developed in 2019. Those included critical reviews of the geopolitical landscape, commodity and resource availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways, and technology developments, among others, with quantified consequences, taking into consideration 10 regions and a number of sectors individually, framing the business landscape in which Schneider operates. In 2020, these scenarios were further updated. Beyond impact for long-term analysis, the COVID-19 short-term impact assessment has also been reviewed in detail, including the importance and feasibility of climate-compatible recovery plans. Finally, in 2021, Schneider published a set of scenarios exploring the feasibility of a 1.5°C trajectory.

The scenarios developed by Schneider demonstrate that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible, and the Group is uniquely positioned to embark its ecosystem onto an inclusive, zero-carbon transition. The Group sees the energy and climate transition as an opportunity for companies who are "part of the solution" to grow their revenues. Schneider Electric's Energy Management and Industrial Automation offers help customers deliver energy and resource efficiency and reduce CO₂ emissions. Furthermore, smart grid technologies unlock the potential to electrify energy usage, powered by renewable electricity.

The Group sees an acceleration of the dominant role of:

- Electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050;
- Digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity, notably around efficiency in energy and resource use and circularity, as well as increased resiliency and security.

All these findings, and their potential financial impact on our business have helped us fine-tune key development areas that will allow us to actively contribute to the low-carbon transition, enabling us notably to develop our sustainability portfolio of offers.

Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, and the IRENA, among others. Governance is in place, under the leadership of the Chief Strategy & Sustainability Officer, and both short- and long-term analysis are shared internally and used to inform strategic priorities across businesses and operations.



3 Acting for a climate positive world

3.3 Delivering a climate positive impact with EcoStruxure™

3.3.1 Save and avoid 800 million tonnes of CO₂ emissions on customers' end

With EcoStruxure™, the IoT-enabled architecture, Schneider Electric helps companies become more efficient and reduce their CO₂ emissions. To demonstrate this positive impact, a new indicator was launched in 2018 to quantify CO₂ savings delivered to customers using Schneider's offers. New technologies were added to expand the methodology coverage in 2021: SF₆ recovery services, SF₆ AirSet solutions, Field Services, Energy Management Systems (EMS for electrical network) and data center design. Overall, from 2018 to 2021, Schneider Electric helped customers save and avoid 347 million tonnes of CO₂e.

From 2021 onwards, Schneider is committed to extend the methodology to progressively include all relevant offers, to report both saved and avoided CO₂ emissions with customers and partners, and to help customers save and avoid 800 million tonnes of CO₂ by 2025, cumulatively since 2018 (SSI #2). This commitment is one of the three performance indicators of the first ever convertible Sustainability-Linked Bond launched by the Group at the end of 2020.

The innovative CO₂ accounting methodology to quantify CO₂ savings delivered to customers, created by Schneider, allows for the quantification of CO₂ induced and saved by the Group's solutions at its customers' premises. Detailed calculation rules are defined per offer, leveraging sales data, market expertise, and technical knowledge. The methodology is designed to become a shared industry standard, its principles are applicable across the capital goods and consumer durables sectors. Attention was given to define rigorous calculations, with conservative assumptions. The methodology is public and was developed with Carbone 4, an expert CO₂ accounting consulting company.

Saved emissions are net emissions (savings are netted from use-phase induced emissions) and consider savings delivered on brownfield (retrofit) projects. Avoided emissions are defined with respect to greenfield sales (new infrastructures); they are defined as a limitation of emissions increase versus a reference scenario. Avoided emissions are net emissions. They represent the difference between emissions of a reference scenario and emissions with the implementation of Schneider Electric's offer.

Schneider's methodology, "Saved and avoided CO₂: decarbonization creates value" is available for download on se.com; as well as the detailed methodology (and hypothesis) for all Schneider's solutions

3.3.2 Deliver 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's products and solutions aim to address this "energy paradox", balancing the need to reduce the planet's carbon footprint while ensuring the inalienable human right to quality energy and digital access.

In line with its carbon pledge towards net-zero CO₂ emissions, Schneider 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. Schneider's Access to Energy program bridges the energy gap by focusing on offerings and business models for village electrification and domestic energy needs, as well as investing in and supporting companies providing affordable, clean, and renewable energy.

Products and solutions address individual and collective needs across the energy chain, from solar lanterns and solar home systems to decentralized small power plants, water pumping systems, and street lighting. A great example of Schneider's products is the portable Mobiya solar powered lamp providing individual lighting and mobile charge for 48 hours. In emerging markets, this type of device helps extend the number of hours of activities and livelihoods, but also limits the use of kerosene lamps that have a significant environmental impact. Villaya is another great example of decarbonized energy solutions available for businesses and communities to ensure electrification in remote sites, either 100% solar or hybrid.

All of these social impact products and solutions complement the Group's offerings for its customers to be the digital partner for sustainability and efficiency.

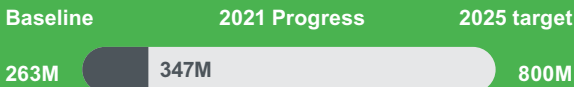


Climate
SSI #2



Deliver 800 million tonnes of saved and avoided CO₂ emissions to our customers

CO₂ savings are delivered at every layer of EcoStruxure™. For instance, Building Management Systems (BMS) monitor, control, and optimize the performance of buildings throughout their lifecycle. This drives occupancy productivity as well as energy savings. From 2018 to 2021, Schneider Electric's BMS sales enabled customers to save 11 million tonnes of CO₂e.



Saved and avoided CO₂ are delivered at every layer of EcoStruxure™

Together with Customers and Partners:

347M tonnes

cumulated CO₂ saved and avoided from 2018 to 2021

Annual savings are equivalent to:

43M people in the EU

416M hectares of US forest



Apps, analytics and services

Leverage IOT data to identify additional energy efficiency opportunities, increase the lifetime of assets, optimize maintenance services and boost demand flexibility.

CO₂ savings in the ecosystem

Example: power purchase agreements (PPAs)



Edge control

Manage on-site operations, with day-to-day optimization of energy consumption through remote access and advanced automation.

CO₂ savings in infrastructure (building or industrial process)

Example: Building Management System (BMS)



Connected products

Connected products are eco-designed to improve their efficiency and deliver electricity savings.

CO₂ savings at product level

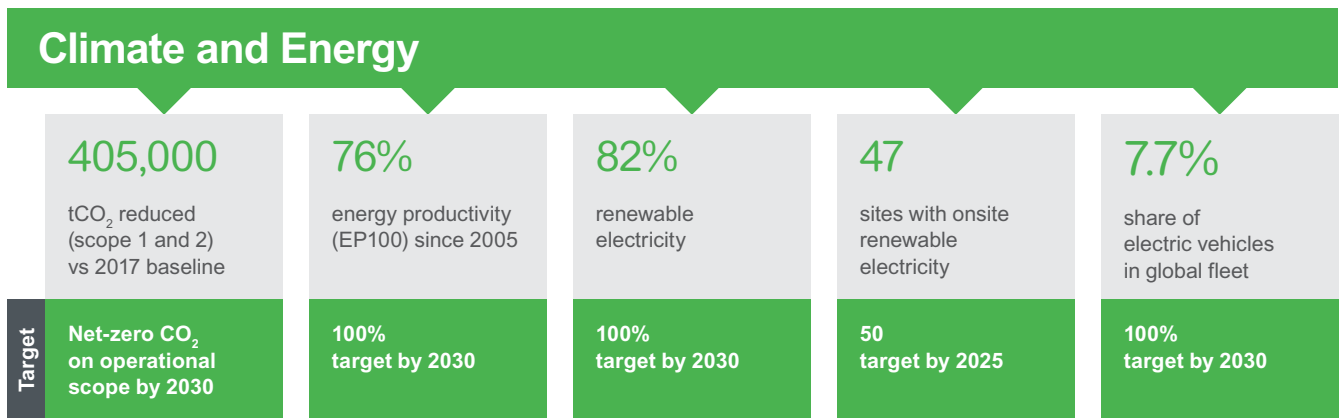
Example: high efficiency UPS Uninterruptible Power Supply and Transformers



3 Acting for a climate positive world

3.4 Decarbonizing our operations by 2030

To deliver its net-zero target on Scope 1 and 2 by 2030, the Group has launched several ambitious transformations:



3.4.1 EP100: deliver efficiency from the inside out, Energy Action program

Schneider Electric leverages the power of its EcoStruxure™ architecture to deliver energy savings and uses its own sites as showcases for customers and business partners.

In smart factories and distribution centers, the Group implements the three-layer EcoStruxure™ architecture, with connected meters and sensors to monitor energy consumption and quality, Edge Control Power Monitoring software to optimize daily operations, and analytics and services to benchmark performance and optimize energy and maintenance. Asset Performance Management also enables the Group to optimize operations and maintenance, for maximum uptime and longevity.

Four of Schneider Electric’s smart factories have been designated as 4th Industrial Revolution (4IR) Advanced Lighthouses by the World Economic Forum (WEF), in China, France, the US, and Indonesia. Another two are classified as Developing Lighthouses in China and Mexico. Recently in 2021, the Lexington facility in the US was named one of the first three Sustainability Lighthouses in the world by the WEF. With its Smart Factory and Distribution Center (DC) programs, the Group has deployed advanced manufacturing technologies in over 80 smart factories and DCs in the past four years.

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

Spotlight: IntenCity R&D Center, Grenoble, France

Near the end of 2020, Schneider opened IntenCity, its new R&D flagship located in the scientific area of Grenoble, France. This 26,000 square meter building welcomes 1,500 employees, and aims to become a world reference of sustainability and efficiency in buildings.

IntenCity was designed and built with Schneider building and power management technologies. Its building management is operated by EcoStruxure™ Building Operation (EBO). Energy consumptions are optimized thanks to EcoStruxure™ Power Monitoring Expert (PME). Finally, IntenCity produces its own green and microgrid connected energy, managed by EcoStruxure™ Microgrid Advisor (EMA).

IntenCity is equipped with a heating and cooling system made of two thermorefrigerating pumps which enable the building to efficiently serve its very low power needs. The rooftops are covered with 4,000 square meters of solar panels complemented by two vertical wind turbines and backed by 300 kWh of battery storage capacity. Thanks to these energy production and storage systems, the full 970 kWh required to operate the building on an annual basis can be entirely compensated by its on-site green energy production.

The combination of those technologies enables IntenCity to drop its energy needs in operation to a staggeringly low level of 37 kWh/sqm/year, and, according to the WGBC definition, to be net-zero carbon emission right from its commissioning date. IntenCity is currently in the process of gaining LEED Platinum certification with the ambition to achieve a score of 100/110, making it the most efficient and sustainable building in the world.



Solar and wind-powered roof at IntenCity facility in Grenoble, France

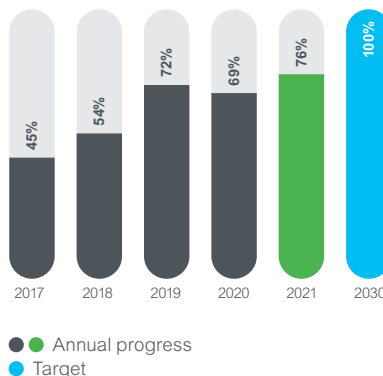
Global, regional, and site energy reporting is delivered with the EcoStruxure™ Resource Advisor software suite. EcoStruxure™ Resource Advisor provides a data visualization and analysis application that aggregates volumes of raw energy data into actionable information. EcoStruxure™ Resource Advisor is a cloud-based software as a service (SaaS) model, it provides reduced solution costs, increased data storage capacity, and a flexible and mobile energy solution enhanced by Schneider Electric expert services.

The Group is a member of EP100 (Energy Productivity 100), a Climate Group initiative. Its target is to double energy productivity by 2030 against the 2005 baseline, meaning double the economic output from every unit of energy consumed within 25 years. In 2021, the Group achieved 76% energy productivity (against a 2030 target of 100%) compared against 2005.

In general, Schneider sites are low consumers of energy compared with other industries because industrial processes are discrete and assembled. The Schneider Energy Action program uses site energy experts along with Schneider’s Sustainability Business consulting team to report and analyze energy consumption, to identify energy saving opportunities, and to deploy actions. Since 2005, the Group has fixed annual objectives for energy efficiency each year. Schneider met or exceeded its energy efficiency goals during the previous four Company programs (2009–2011, 2012–2014, 2015–2017, and 2018–2020), by achieving 10%, 13%, 10%, and 10%, respectively, totaling over 40% reduction from 2009 to 2021.

The 2021–2025 Company program aims to reduce energy consumption by a further 15% over five years compared to 2019 (SSE #5).

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



3.4.2 RE100: switch to 100% renewable electricity by 2030

In 2017, Schneider Electric joined RE100 and committed to source 100% of its electricity from renewables by 2030, with an intermediary target of 90% by 2025. In 2021, the Group sourced 82% of its electricity from renewable sources, up from a starting point of 2% in 2017. To deliver its target, the Group leverages four complementary tools: green tariffs, renewable certificates, power purchase agreements, and on-site generation.

This commitment entails many benefits. First and foremost, going green is deeply aligned with the Group’s strategy. Schneider wants to be one of the corporate players who shape the future energy landscape, having its own sites producing and consuming renewable electricity. Second, renewable sourcing is an important pillar to drastically cut down CO₂ emissions from the Group’s operations, following a 1.5°C trajectory in line with Science-Based Targets. Third, because it makes good business sense. In a lot of cases, renewable supply enables savings on electricity costs. It is also a way of diversifying energy supply risks and reduces exposure to the volatility of market prices. Also, in some developing countries, microgrid technologies coupled with renewables can enable the securing of power supply and reduce downtime risks. Fourth, because the Group wants to demonstrate the value add of its own technologies and solutions, by showcasing EcoStruxure™ Microgrid IoT architecture on its own sites. Sites leverage Schneider Electric’s connected inverters, Molded Case Circuit Breakers (MCCB), and transformers to connect on-site solar panels to the grid and use the energy and microgrid software to manage energy production and consumption. Schneider also leverages the expertise of the Sustainability Business consulting teams to deliver this transformation.

Resources

SSE #5

15% energy efficiency in our sites

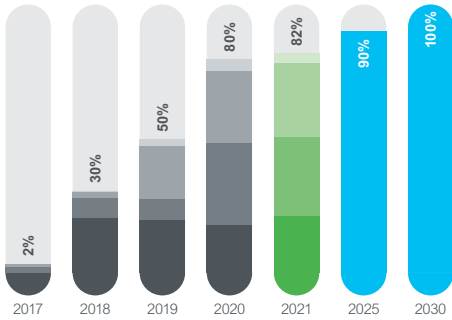
The Group measures energy efficiency in its 200+ largest energy-consuming sites, accounting for 85% of the total energy consumption of the Group. At the end of 2021, this program enabled the following achievements:

- About EUR 5 million and 65 million kWh were saved in 2021 compared to 2019 baseline.
- About EUR 5.2 million was invested, of which EUR 5 million was capital costs and EUR 0.2 million was operating costs.

Baseline	2021 Progress	2025 target
0%	6.6%	15%

3 Acting for a climate positive world

Annual renewable electricity usage percentage by region, and 2025 and 2030 (RE100) Group targets



- NAM
- Europe
- APAC
- Rest of the World
- Target

RE100
CLIMATE GROUP

In 2020, Schneider Electric was recognized as the 2020 Clean Energy Trailblazer by Climate Group's RE100. This was the first year of the RE100 Leadership Awards, which recognizes companies going above-and-beyond to accelerate a clean energy future. Schneider was awarded the honor based on its wide-ranging commitments, including the Company's own CO₂ reduction targets, CO₂ savings delivered by EcoStruxure™ technologies to customers, clean energy advisory services, and its Access to Energy program, which provides energy access in underserved communities globally.

Climate SSE #3

90% of electricity sourced from renewables

Since 2017, the Group has accelerated renewable electricity sourcing and the installation of on-site solar panels, coupled with EcoStruxure™ metering and power architectures. In 2021, more than 195 sites source 100% renewable electricity and 47 sites are equipped with on-site solar capacities.

Baseline	2021 Progress	2025 target
80%	82%	90%

3.4.3 EV100: Shift 100% of company fleet to electric vehicles

As part of Schneider Electric's climate strategy, we investigate opportunities to improve the accessibility of sites, with commuting shuttles, secure bicycle storage, personal lockers and changing areas, and pedestrian-friendly access paths connecting to local routes. Schneider also promotes flexible working to avoid thousands of unnecessary or avoidable trips generating travel-led emissions by enabling employees to connect remotely, to work from home, and at customer sites.

At the end of 2019, Schneider accelerated its efforts to cut CO₂ emissions from transport with the commitment to switch to 100% electric cars by 2030. By 2025, Schneider Electric aims to switch one-third of its corporate car fleet. The Group demonstrates this commitment by being a member of EV100, a global initiative bringing together forward-looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. At the end of 2021, 7.7% of the Group's corporate car fleet was comprised of EVs.

CLIMATE GROUP
EV100

Resources SSE #7

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

The Group has set an ambition to pace its 2030 ambition of an all-electric fleet.

Germany is leading this transition for Schneider Electric. Their journey started in 2018, with the objective to shift towards 50% electric vehicles by 2021. Their approach was holistic, taking into consideration all variables from infrastructure maturity to fleet and driver profile; today the country has 40% EV (due to delays in the supply chain) and aims to reach 100% by 2023.

Baseline	2021 Progress	2025 target
1%	7.7%	33%

3.4.4 Zero-CO₂ Sites

The path towards net-zero CO₂ emissions in operations by 2030 will require more than just renewable electricity. While many applications can be electrified, some applications do not, and may not in the near future, have electricity-based alternatives. As such, Schneider Electric has begun identifying applications on sites that currently have electrification alternatives as well as those which will require the use of fossil-free fuel solutions.

This effort has resulted in the Group newly embarking on its journey towards Zero-CO₂ Sites. The ambition is to source 150 sites with fossil-free energy (e.g., renewable electricity, biofuels) by 2025. But it's not enough to just use renewable energy; it remains critical to maintain energy efficiency. That's why the program also requires digital energy monitoring. For large sites in particular, this means installing connected meters on the site's significant energy uses and connecting them to systems like EcoStruxure™ Power Monitoring Expert, EcoStruxure™ Resource Advisor, or EcoStruxure™ Building Operation to ensure real-time monitoring of energy which allows for active energy management and efficiency.

Climate

SSE #1

7 AFFORDABLE ENERGY

9 RESPONSIBLE CONSUMPTION & PRODUCTION

11 SUSTAINABLE COMMUNITIES

13 CLIMATE ACTION

150 Zero-CO₂ sites

The Group aims to eliminate fossil-based energy consumption from 150 of its sites by 2025 through electrification and sourcing renewable electricity and the use of biofuels.

For sites that have achieved the Zero-CO₂ site status, they were able to reduce 43,000 tonnes of CO₂ in 2021.

Baseline	2021 Progress	2025 target
30	<div style="display: flex; align-items: center; gap: 5px;"> <div style="width: 100%; height: 15px; background-color: #27ae60; border-radius: 5px;"></div> 51 </div>	150

3.4.5 Reduction of SF₆ emissions

SF₆ gas has excellent insulating properties which have historically helped ensure the safety and quality of certain Schneider Electric products. However, SF₆ gas has a Global Warming Potential (GWP) 25,200 times higher than CO₂, making it one of the highest GWP gasses. As such, Schneider is innovating its offers to move away from SF₆ gas (SSE #2: 100% substitution with SF₆-Free medium voltage technologies by 2025). In 2021 the promises from Schneider to deliver new SF₆-free medium voltage switchgear became a reality with the installation of innovative products on several customer sites. 2021 was the year of the industrialization of several new product lines, free of SF₆, to prepare the full commercial launch of this new generation of products.

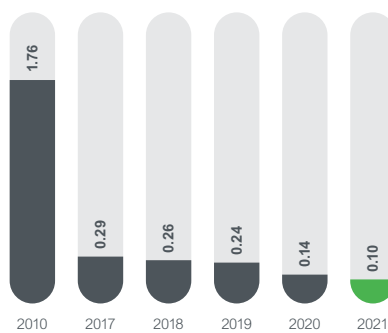
In the interim, all Schneider manufacturing plants and R&D laboratories handling SF₆ gas in their processes are actively reducing, as much as possible, SF₆ leaks and emissions during the different phases of their activities. A worldwide community of SF₆ experts are sharing best practices for processes, including procedures, equipment, and training.

In 2021 our advanced Emission Monitoring System was improved to become more digital, with centralized monitoring, but also more robust to any potential failure mode. This new kind of system will be deployed in 2022 on the biggest manufacturing site of the Group.

This technology allows for continuous measurement of SF₆ concentration in enclosures around devices and piping networks. In the event of any deviations, an alarm notification is automatically sent to maintenance teams. Additionally, the seal testing processes of the products are mainly done with helium instead of SF₆. This method ensures that no emissions are coming from non-compliant enclosures during the production time.

Thanks to this global activity and to the commissioning of efficient equipment, Schneider has exceeded the 0.19% target set for 2021. The Group achieved 0.1% leakage rate globally in 2021, systematically decreasing from 4% in 2008. This SF₆ leakage reduction enabled savings of 11,400 tonnes of CO₂ equivalent in 2021 versus 2017.

Annual SF₆ leakage rate



Climate

SSE #2

9 RESPONSIBLE CONSUMPTION & PRODUCTION

13 CLIMATE ACTION

100% substitution with SF₆-free medium voltage technologies

Milan is in the process of powering a fleet of 1,200 eBuses not only with clean energy, but also with green power infrastructure.

The innovative SM AirSeT™ MV switchgear, free of greenhouse gases, are deployed in Milan depots' charging infrastructure for its bus fleet, to be 100% electric by 2030. Digital and connected solutions allow smart and efficient energy management and ensure greater continuity of service.

Baseline	2021 Progress	2025 target
0%	<div style="display: flex; align-items: center; gap: 5px;"> <div style="width: 100%; height: 15px; background-color: #27ae60; border-radius: 5px;"></div> 38% </div>	100%

3 Acting for a climate positive world

3.5 Decarbonizing our supply chain by 2050

Decarbonizing the world at scale, in line with the conclusions of the Intergovernmental Panel on Climate Change (IPCC), requires immediate collective action. Schneider Electric is committed to engaging its suppliers towards net-zero CO₂ emissions by 2050, and is already taking concrete action, through its Zero Carbon Project for the next 5 years.

Achieving carbon neutrality in the Group's value chain will require Schneider to work transversally with all stakeholders, from product design, through sourcing and manufacturing, to shipping.

3.5.1 The Zero Carbon Project

The Zero Carbon Project (TZCP) is the first step of this journey to galvanize the upstream supply chain and take coordinated actions to reduce the greenhouse gas emissions from Schneider's suppliers.

Schneider Electric's Executive leadership launched the initiative in April 2021, on the occasion of 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).

The fundamental tenets of TZCP include:

- Quantifying GHG emissions;
- Targeting ambitious emission reductions;
- Implementing an action plan to achieve the targets.

The participating suppliers will be required to make public commitments for their reduction targets and share the emission reduction progress with Schneider. The participating companies cover more than 60 procurement categories from various regions, and vary in terms of carbon maturity and size. To adapt to this diversity, the participating suppliers are allowed a certain flexibility to customize their reduction plans by defining their own base year and baseline and adopt adequate reduction targets and time frames.

So far, more than 1,000 suppliers have committed to participate in the program. An initial survey with those suppliers showed that more than 70% of them have not yet quantified their GHG emissions, so an important part of the journey will be for them to develop a robust GHG accounting tool.

Partnership and collaboration

Partnership and collaboration are at the heart of The Zero Carbon Project. Over the past years, Schneider has implemented several decarbonization measures and successfully reduced its own operational GHG emissions by more than 50%. To ensure that Schneider's partners benefit from this experience and get a headstart in the journey, the Group conducted eight technical training sessions, spanning over 30 hours, for suppliers and partners across timezones and language proficiencies. Those sessions detailed the actions implemented at various Schneider locations, with leading decarbonization technologies and solutions, methodology for GHG footprint calculation, and case studies of successful implementation at other companies. Over 1,300 suppliers attended the sessions.

To ensure constant engagement with these partners, The Zero Carbon Project Forum Community Calls have been initiated on a monthly basis. Those calls provide a platform, a safe space, for experience sharing and brainstorming on decarbonization-related experiences shared by the suppliers, so that all parties can learn from collective intelligence.

As a support to those who are new to the decarbonization topic, 9 handholding sessions, in English and Mandarin were organized on the GHG footprint methodology in December 2021.

Additionally, to provide specific handholding during the quantification of GHG emissions, Quick Response Teams were constituted to clarify and support supplier actions at regional level.

In addition to the "one-to-one" support extended to the suppliers, a dedicated web portal has been deployed. This web portal provides single-window access to all thought leadership, research, trainings, case studies, decarbonization levers, and tools for quantification of GHG emissions and decarbonization.

Calculating GHG emission reductions

As a result of the engagement described earlier and outreach, the suppliers are starting to focus on setting up strong governance within their organizations, which will help navigate their decarbonization journey in the years to come.

The GHG emission reduction reported in Schneider Sustainability Impact (SSI) #3, is measured as the average carbon intensity reduction of reporting suppliers, multiplied by the proportion of reporting companies among the 1,000 committed suppliers. This normalization is done to give a more adequate picture of the overall progress of all participating suppliers.

The initial efforts so far have resulted in about 1% reduction of the GHG for 1,000 suppliers, and Schneider remains committed to working together with its partners to strengthen their efforts for stronger decarbonization. The Group will continue to record its suppliers' GHG declarations on an annual basis to ensure the most accurate and updated information is available for reporting performance.



3.5.2 CO₂ efficiency in transportation

Schneider Electric uses a robust transport network to connect its factories and distribution centers, and to deliver to its customers. The related CO₂ emissions are part of the scope 3 emissions of the Group's carbon footprint, as this activity is performed by transport suppliers. From 2015 to 2017, CO₂ emissions intensity from transportation was reduced by 10%. The 2018-2020 Company program aimed to further reduce CO₂ intensity in transportation by 10% in 2020 compared to 2017. By the end of 2020, performance compared to 2017 regarding transport-related CO₂ emissions had decreased by 8.4%.

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).

For 2021, unprecedented shortage in materials and components sourcing, coupled with lower reliability and availability of transportation means, led to an absolute CO₂ emissions increase in freight paid by the Group of 24% (compared to 2020), yet a 1% increase in CO₂ intensity only.

Building on the work done in prior years, Schneider will be further enhancing its CO₂ reporting capability in 2022 to not only report on freight CO₂ footprint but to facilitate engagement with transport suppliers on continuous improvement.

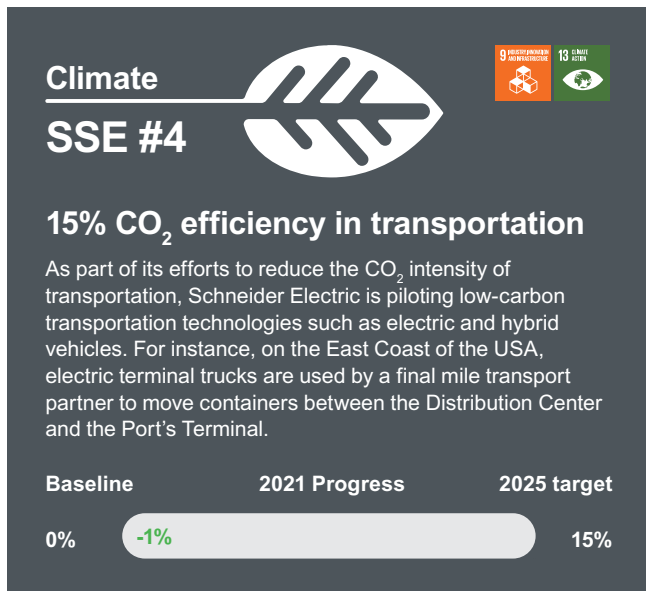
Collaborative engagement with the Group's transportation suppliers will continue, focusing on the pillars of optimizing existing transport footprint, as well as supporting and piloting advanced low carbon transportation technologies across all transport modes – air, sea and road freight.

Some evidence of Schneider initiatives to mitigate the impact of transport-related CO₂ emissions include:

- Implementation of container freight stations (CFS) in Schneider's sea shipping network to allow for origin consolidation and destination deconsolidation of ocean containers resulting in a reduction of the number of containers shipped.
- Implementation in various South American countries of final customer delivery utilizing electric vehicles and bicycles. Additionally, piloting rail shipments from the regional ports to Schneider's facilities.
- In North America, a strong focus on our trucking asset utilization with the implementation of multi-deck trailers on the Mexico-USA lane, significantly increasing fill-rate and reducing the number of trips required.
- Exploring the use of smaller, faster, zero carbon sea transport options to connect our shorter, high-frequency lanes to potentially replace air freight and reduce traditional sea shipments.

3.5.3 Green materials

Purchases are responsible for the largest share of Schneider Electric upstream Scope 3 CO₂ emissions. Schneider has committed to increase green materials in products to 50% by 2025, and tracks progress quarterly under Schneider Sustainability Impact (SSI #4). While this program does not focus on CO₂ only, but also mitigates other environmental impacts such as resources, biodiversity or toxicity, this initiative will contribute to reduce the Group's Scope 3 supply chain emissions, in line with its 1.5°C carbon pledge. To achieve this ambition, Schneider will participate actively with industry leaders in dedicated working groups to become a change agent of the low-carbon economy while enhancing the traceability of materials. At the end of 2021, 11% of materials in scope where qualified as "Green".



3 Acting for a climate positive world

3.5.4 SF₆ Recovery services

Sulfur hexafluoride (SF₆) is a gas with high dielectric (insulation) strength, and it has been widely used for building switchgear – especially medium voltage gear – for the past 30 years, as it allows to reduce the size of electrical gear.

The electric power industry uses roughly 80 percent of all SF₆ produced worldwide, and the global installed base is still expected to grow by 75% by 2030.

In 2013, Schneider Electric started offering its customers a seamless service for the removal and/or recycling of obsolete equipment called “SF₆ recovery services”. Today, recovery services are available in France and 10 other countries; the customer support is under development to propose a model adapted to the different markets in different countries all over the world.

The ambition is to offer recovery services to any SF₆ Schneider legacy by 2025.

The recovery service allows Schneider's customers to dispose correctly of their machinery, against a green disposal certificate, thus granting them peace of mind. The service consists in collecting the equipment and, together with our partners, dismantle and reuse, recycle or dispose of all the components (such as metals or thermoplastics) appropriately. Specifically, SF₆ is extracted from machines and sent to a specialist company for regeneration and destruction.

3.5.5 Green information technology (IT)

Considering digital acceleration increases the utilization of IT services, a challenge arises to decouple rising demand from environmental degradation. Bearing that in mind, Schneider Digital's Green IT initiative prioritizes measuring and optimizing the environmental footprint of Schneider Electric's information systems.

An action plan has been implemented to optimize the environmental footprint of the various components of IT.

The Group IT Asset Management (ITAM) Policy and standards have been updated with a strong focus on standardization, sustainability, and circular economy enablement, creating a holistic approach to sustainability throughout the entire lifecycle of IT assets.

The consolidation and adjustment of the personal computer (PC) replacement lifecycle allowed Schneider to reduce its yearly PC carbon footprint by more than 15%.

Carbon footprint reduction is an integrated requirement for the IT vendor selection processes. Consequently, new PCs are up to 40% more energy efficient and have a 50% lower carbon footprint than the corresponding end-of-life equipment to be replaced. Shifting demand to standardized PC models has resulted in an estimated 1,000 tonnes of avoided CO₂/year in 2020. Setting ultra-small form factors as the default PC choice has also resulted in further CO₂ avoidance of more than 1,500 tonnes per year.

Additionally, upholding the Group's IT vendors to sustainability requirements, the annual 2021 CO₂ emission avoidance reached the level of 1,300 tCO₂ and 180 MWh of energy consumption.

IT asset disposal is especially important from a sustainability and circular economy perspective. Therefore, the IT Asset Disposal approach has been designed taking into account sustainability and circular economy principles ensuring that Schneider Electric gives preference to Responsible Recycling (R2) or e-Steward compliant IT Asset Disposal vendors.

By using leasing services (mainly in Europe and North America), donations, and offering an Employee Purchase Scheme (mainly in Asia Pacific and China) a second life is made possible for retired PCs. Refurbishing IT devices to give them a second life can extend their lifespan by several years. Extended lifespan implies a decrease of the weighted yearly carbon footprint by over 50% through the amortization of embedded CO₂ emissions over time.

A pilot was carried out in 2021 supporting green search engine practices. In one month, the Group financed the planting of approximately 387 trees. This not only aids in reversing biodiversity loss, but also contributes to carbon sequestration absorbing anthropogenic emissions as well.

During the year 2020, Schneider developed and introduced a framework based on a data-driven approach to track sustainability KPIs for End User Group devices. In 2021, the Group framework was deployed to track sustainability KPIs with regards to IT on-premise infrastructures. In 2022, the aim is to enable the tracking of sustainability KPIs for cloud-based infrastructures as well.

Employee education on Green IT best practices was introduced in 2021, thus driving efficiency not only from the top-down but from the bottom-up as well. This was hosted through events such as Schneider Digital Open Days.

Optimization of the Group data center footprint is achieved via its sustainable-first hybrid IT strategy. This was performed using two levers in 2021: the rationalization of on-premise servers and the move towards cloud. This switch has continued, partnering with providers who have made commitments in terms of sustainability and carbon neutrality. Thanks to that particular effort, the Company cloud infrastructure footprint increased by 25% in 2021, and over 80% of its server infrastructure has been virtualized. In addition to that, on-site servers were rationalized, thus saving about 1,300 tonnes of CO₂ in 2021.

Schneider Electric has been utilizing Business Cloud Storage from a vendor which uses data centers that have achieved or have committed to achieve 100% renewable energy targets, therefore reducing its carbon footprint. In 2022, the aim is to migrate to a new solution which, through a data optimization approach, will allow a reduction of up to 40% of the size of used cloud storage data, thus further reducing corresponding carbon footprint emissions.

The hosting of the Schneider Infrastructure for Europe & Global applications is provided by IBM for both its Montpellier and Grabels data centers. Both locations are ISO 14001 and ISO 50001 certified for the environmental management of IT. Those two IBM data center sites hosting Schneider workloads were awarded by the European Commission Participant status in the EU Code of Conduct (CoC) for Energy Efficiency in Data Center program.

Thanks to the rationalization of the Group's application landscape, 380 applications were decommissioned in 2021, allowing Schneider Electric to reduce data center footprints, as those applications are replaced with applications running on more efficient infrastructures.

Regarding the network footprint, as the move towards cloud influences network energy consumption itself, Schneider Electric has implemented initiatives to optimize application hosting between edge and the cloud. A standard hybrid architecture, allowing local hosting on virtual machines for network intensive applications while having a cloud DRP with the best service level has been defined using the Schneider "smart bunker" solution.

As part of the Group IT Resilience program (formerly known as IT Disaster Recovery program), Schneider's own EcoStruxure™ solutions were implemented in 63 more facilities in 2021, allowing for actionable insights to improving IT efficiency. Additionally, 3,600 Schneider Electric products were added to our IT rooms in 2021. This is highlighted by the rollout of EcoStruxure™ IT Expert and EcoStruxure™ IT Advisor already underway.

Finally, various collaboration solutions are still being implemented for messaging, web audio, and video conferencing. This roadmap was expedited by COVID-19. Indeed, innovative digital solutions allowing virtual teams to work in an agile way were implemented in 2020 and improved in 2021 via remote collaborative brainstorming tools, electronic whiteboard, and telepresence robot. International travel was significantly reduced and replaced with digital interaction including hosting large-scale internal and external events virtually.



4 Being efficient with Resources



In this section

4.1 Preserving the planet and its biodiversity	90
4.2 Eco-efficient manufacturing	94
4.3 Green offers	100



“Sustainability is the first pillar of our supply chain transformation, building carbon-neutral and circular supply chains whilst preserving local biodiversity. Together with our supply chain partners we continue to improve energy efficiency and sustainability throughout the entire product creation, delivery, and support life cycle.”

Mourad Tamoud, Chief Supply Chain Officer

Context and goals

2021 came with yet additional evidence of the speed of climate change, resource scarcity, and biodiversity losses. In 2021, “Earth Overshoot Day” fell on July 29, meaning that humanity consumes its natural capital budget of the year.

The decline recorded last year has been caught up due to an economic rebound with respect to 2020. Humanity’s common goal is clear: push back the date of overshoot to December 31 and beyond to live within the limits of our one planet. Only by working hand-in-hand will businesses, finance, and governments be able to drive global systemic and transformative change, thus unlocking new opportunities and allowing everyone to live sustainably on a healthy planet.

Schneider Electric’s long-term commitment is to be efficient with resources, by protecting and restoring biodiversity and innovating towards circular business models.

On biodiversity, Schneider Electric is committed to fast-track the adoption of ambitious biodiversity strategies, leveraging best practices from climate Science-Based Targets: measuring impacts and aligning targets with science.

With Schneider Sustainability Impact and its concrete programs, the Group innovates towards a more circular economy, in industrial processes, product design, and business model innovation.

2021 Highlights



Schneider Electric recognized as the Best Global Sustainable Supply Chain Organization by GSSC



Schneider joining forces for circularity innovation with Accenture through the Circulars Accelerator program



1st company in the world to publish its biodiversity footprint, followed by bold commitments to fight biodiversity loss

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Resources 	4. Increase green material content in our products	7%	<div style="width: 11%;"><div style="width: 11%;"></div></div> 11%	50%
	5. Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	<div style="width: 21%;"><div style="width: 21%;"></div></div> 21%	100%

Schneider Sustainability Essentials

Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Resources 	5. Improve energy efficiency in our sites	0%	<div style="width: 6.6%;"><div style="width: 6.6%;"></div></div> 6.6%	15%
	6. Grow our product revenues covered with Green Premium™	77%	<div style="width: 78%;"><div style="width: 78%;"></div></div> 78%	80%
	7. Switch our corporate vehicle fleet to electric vehicles	1%	<div style="width: 7.7%;"><div style="width: 7.7%;"></div></div> 7.7%	33%
	8. Deploy local biodiversity conservation and restoration programs in our sites	0%	<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	100%
	9. Give a second life to waste in 'Waste-to-Resource' sites	120	<div style="width: 126%;"><div style="width: 126%;"></div></div> 126	200
	10. Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	157,588	<div style="width: 203,881%;"><div style="width: 203,881%;"></div></div> 203,881	420,000
	11. Deploy a water conservation strategy and action plan for sites in water-stressed areas	0%	<div style="width: 9%;"><div style="width: 9%;"></div></div> 9%	100%

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance from an independent third party verifier for all of the SSI and SSE indicators, in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in this section.

Long-term roadmap

2030

- No net biodiversity loss in our direct operations by 2030
- 100% waste recovery by 2030

4 Being efficient with Resources

4.1 Preserving the planet and its biodiversity

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) global assessment report, biodiversity loss is unsustainable, and transformative changes are required to safeguard economic and social models. Major biodiversity loss undermines nature's ability to support people and communities, a factor which strongly improves both quality of life and business prosperity. The fight against nature loss should be a business priority: nature is essential to global economic prosperity and individual business success.

A sustainable future for people and economies will be possible if nature, climate, and people are addressed in an integrated way. Indeed, climate change is among the main drivers of biodiversity loss, and yet nature is part of the climate solutions. To engage in a transformative change, clear and measurable international targets, meaning counterparts to both the 1.5°C – 2°C increase climate limit and its associated carbon budget, must be defined. Schneider Electric supports the creation of ambitious biodiversity targets during the COP15 for Biodiversity.

Schneider Electric calls for all companies to fast-track the adoption of ambitious biodiversity strategies, leveraging best practices from climate Science-Based Targets. In a joint effort with Marc Abadie, Chairman of CDC Biodiversité and Eva Zabey, CEO of Business for Nature, Schneider invites all companies to “raise corporate biodiversity ambition and aim at no net loss”.

In addition to improving resource efficiency, it is also necessary in order to live within the limits of our planet to transform industrial processes and business models to move towards a circular economy. Circular economy is an obsession to avoid wastage and to reuse, repair, retrofit or recycle materials, maximizing environmental and financial value.



Raise corporate biodiversity ambition & aim at no net loss

It is time for businesses to quantify biodiversity footprints and set ambitious targets to reverse loss of nature
September 2020



A circular mindset also triggers process innovations and opens the door to new business models, enhancing customer intimacy and thus loyalty (e.g. take-back and modernization services). High hopes are placed on circularity as a state of mind, as it can transform multiple industries for the better.

From a risk standpoint, some challenges may arise from a lack of stringent regulations or uncontrolled practices if used products come back into the loop without adequate controls and expertise, especially regarding life-critical products and electrical safety.

Schneider Electric embraces circular principles all along the lifecycle of products and offers. The keystone of circularity is EcoDesignWay™, a process that is applied to the development of all new products. EcoDesignWay™ enables the right trade-offs between the environmental impact along the lifecycle of products, allowing to coordinate the efforts over the whole value chain.

Product innovation



On product design, Schneider has committed to:

- Phase-out potentially harmful substances and provide transparent information on environmental performance of products
- Design with a circular mindset with Green Premium™, for increased durability, repairability and recyclability
- Provide public and transparent information for the proper dismantling and end-of-life management of products
- Increase green material content in products to 50%
- 100% of its primary and secondary packaging is free from single-use plastic and uses recycled cardboard

Process innovation



In the manufacturing phase, the Group applies circularity principles in its operations and with customers:

- Have 200 'Waste-to-Resource' sites by 2025 to optimise waste generation and recycling on the Group's sites
- EcoStruxure™ solutions help customers improve resource efficiency in industrial processes

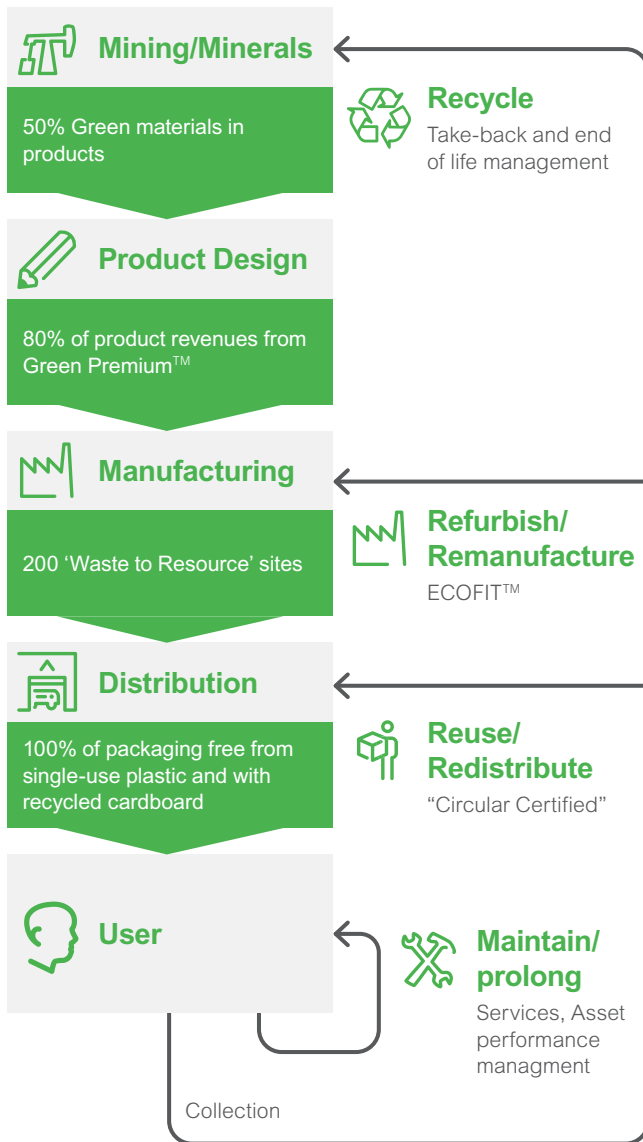
Business model innovation



Over the lifecycle of offers, Schneider commits to innovate with circular business models and services:

- Support customers to optimise asset lifecycle management for increased durability and efficiency, with Asset Performance Management (APM) services
- Give a second life to products (unsold or obsolete stock, commercial returns), with the 'circular certified' label launched in France in 2020
- For specific product ranges such as products containing SF₆, offer take-back and end-of-life management services. The Group is committed to avoid 420,000 metric tons of primary resource consumption through 'take-back at end-of-use' from 2017 to 2025

In the image below, an overview of circular initiatives at Schneider Electric, over the whole value chain.



4.1.1 Governance

At Schneider Electric, environmental considerations are integrated in the Group's strategy, R&D, manufacturing, procurement, finance, human resources, transportation, sales, marketing, services, and the way value propositions to customers are spelt out. To deliver ambitions, environmental transformations are driven by a global network of over 600 managers and experts responsible for the environmental management of sites, countries, product design, and marketing. The network of leaders driving environmental transformations consists of the following:

- **For the design and development of new offers:** Sustainable Offers Managers and leaders in each business are in charge of integrating key environmental considerations into the development of new products and producing expected environmental information for customers.
- **For the management of industrial, logistics, and large tertiary sites:** Safety, Environment, and Real Estate Vice-Presidents are nominated in each region, with dedicated teams. They are responsible for implementing the Group's policies across all sites in their geographical remit. In each region, directors coordinate teams across a group of sites (clusters), as well as on site.

These environmental and safety leaders are in charge of reporting on performance as well as executing environmental progress plans in the field.

- **For logistics:** the Logistics Senior Vice-President and his/her teams within the Global Supply Chain department are in charge of reducing and measuring CO₂ emissions from freight at Group level.
- **For countries and commercial entities:** environment and safety champions are appointed in each country and are responsible for local reporting actions where necessary; monitoring regulations, taxes, and national opportunities as applicable (e.g., national transcriptions of the WEEE in relation to end-of-life product management, and monitoring national substance regulation such as RoHS China); the proactive management of local environmental initiatives; and relations with local stakeholders.
- **Edison experts:** a process recognizes individuals who have a specific expertise that the Group is eager to maintain and grow. There are 10 specific domains in which Edisons are identified, one of them being environment. Each year, an environment Edison is expected to dedicate 10% to 20% of his/her time to lead a global initiative related to his/her expertise, such as the development of an e-learning course, a new standard, or an innovation.

Various governance bodies enable those communities to meet every month or quarter to ensure consistent adoption of environmental policies and standards throughout the Group. This network has access to a wide range of resources including standards, policies, best practices, benchmarks, and guidelines, all of which are shared on the dedicated intranet site and databases.

Environmental performance is reported and discussed during leadership meetings of concerned entities, including Global Supply Chain leadership meetings, Sustainable Innovation Taskforce with business units, the Board Audit & Risks Committee, Board of Directors, Executive Committee, Human Resources & CSR Committee, and Group Sustainability Committee.

To educate all employees on sustainability, an Essential Sustainability e-learning training was rolled-out in 2021, including a presentation of the Group's carbon pledge and the roadmap for execution. In addition, various e-learning modules have been developed on topics such as climate and biodiversity. Additionally, an environment intranet site is accessible to all employees, informing them about the ongoing programs, best practices, results, goals, and upcoming deadlines.

In 2019, Schneider Electric launched a company-wide initiative named Act for Green whereby each of its employees can share their suggestions on how the Group can "Green" its operations. In 2020, thanks to the suggestions of many employees, the #stoppingplastic initiative to ban the single use of plastics was launched and integrated in 2021 as part of a biodiversity for sites program (SSE #8). Communities of passionate ambassadors facilitate e-learning and workshops (such as Climate Fresk) to increase awareness on climate change.

On June 5, 2021, on United Nations World Environment Day, as it has been the case for each year over the last eight years, Schneider organized its annual "Global Environment Day" event involving tens of thousands of Group employees, inviting them to celebrate and to share innovations in the areas of climate and the circular economy, both internally to the Group and externally, in association with local communities. That year, a special focus was made on the importance of the ecosystem restoration.

4 Being efficient with Resources

4.1.2 Biodiversity footprint

To drive change, companies need quantitative metrics to estimate, monitor, and pilot the impacts of their activities on biodiversity loss or demonstrate their contribution to biodiversity restoration. Creating aggregated and standardized biodiversity metrics and protocols is a much-needed step to ensure nature is truly placed at the heart of the business strategy.

In 2020, Schneider Electric was the first company to publish the end-to-end biodiversity footprint of its activities, using the “Global Biodiversity Score” (GBS) tool developed by CDC Biodiversité. By sharing its experience with other companies and choosing to publish results transparently, the Group aims to demonstrate that measuring biodiversity footprints is a key first step to help companies define relevant and impactful biodiversity strategies, across their entire value chain.

The GBS gives detailed and modular results which can be split by input line (for example, by raw materials such as metal, plastic, or timber); by pressures on biodiversity (such as land use, climate change, fragmentation, or encroachment); or it can be presented by scopes in Mean Species Abundance per square kilometer (MSA.km²) like a carbon footprint. The end-to-end assessment allowed Schneider to identify hotspots around which it is most effective to develop a biodiversity strategy and actions.



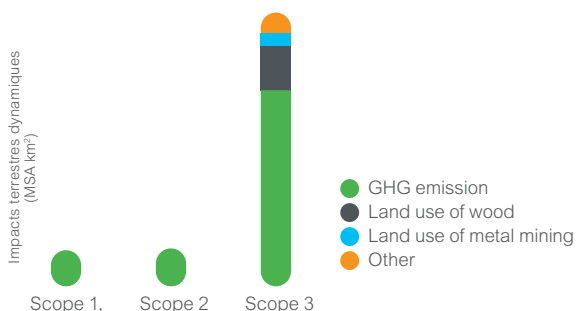
Assessing biodiversity footprint, the occasion to accelerate corporate biodiversity strategy

Schneider Electric performs the first ever end-to-end biodiversity footprint assessment with the Global Biodiversity Score (GBS), a tool developed by CDC Biodiversité
September 2020

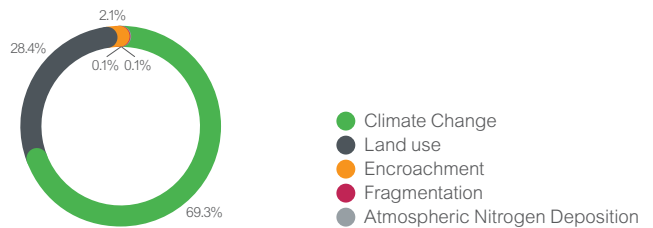


The bar chart below illustrates Schneider Electric's dynamic terrestrial impact, with detail by pressure. The pie chart highlights the weight of greenhouse gas (GHG) emissions which represent almost 70% of Schneider Electric's pressure on biodiversity. Land use accounts for almost 30% of “cradle-to-gate” impacts.

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



Cradle to gate terrestrial dynamic pressures on biodiversity



The biodiversity footprint results are expressed in MSA.km², a metric that has all the ingredients it needs to become the international standard: synthetic, easy to understand, and widely applicable. In 2018, the world average terrestrial MSA was only 66%, meaning that a significant part of the species abundance of ecosystem integrity has already been lost. Under a business-as-usual scenario, this number would fall below 60% MSA by 2050. That is far beyond the safe operating zone that respects the planetary boundary, which is estimated at 70% MSA (CDC Biodiversité). Such a high biodiversity loss undermines nature's ability to provide its contribution to people, which is vital for human existence and a good quality of life.

4.1.3 Taking action towards no net biodiversity loss

Climate change is one of the major pressures on biodiversity globally and is the main Group's biodiversity impact. Therefore, Schneider's carbon pledge will have a significant impact on reducing the Group's pressure on biodiversity. Five main levers of actions have been identified and will be addressed through specific actions.

Quantify and regularly publish the assessment of impacts on biodiversity (MSA. km²)

As per the first step of the Group's main commitments, the ambition will be validated thanks to the results of the Biodiversity Footprint Assessment performed with the Global Biodiversity Score (GBS). Consequently, the Group is committed to updating it regularly.

Commit to reduce our impacts and align biodiversity objectives with science

Schneider Electric recognizes the importance of nature and biodiversity for humankind to thrive; we are all dependent on natural resources and ecosystem services. The Group's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. That is why, in 2021, Schneider stepped up its ambition and publicly committed, through act4nature international, to achieving no net biodiversity loss in its direct operations by 2030 (Scope 1) and to aligning with the recommendations of international bodies (Convention on Biological Diversity by the Science Based Targets Network).



Develop solutions and technologies that contribute to the preservation of biodiversity

Schneider Electric's solutions and technologies directly support biodiversity preservation. Its EcoStruxure™ technologies leverage digital solutions to conserve energy, water, and resources, reduce climate change pressure, optimize land usage, and build transparency, traceability, and circularity in value chains. The Group also contributes to the access to green electricity for millions of people each year thereby mitigating further climate change while providing economic opportunities to those people.

Engage and transform the value chain

The second largest share of the Group's biodiversity footprint lies in its upstream supply chain, mainly due to GHG emissions and land usage (due to wood and metal sourcing). The Group aspires to engage and transform its value chain and to source greener materials, which will require innovations both in terms of supply chain traceability and product design. Schneider Electric calls for the creation of raw material traceability and certification schemes to provide information all along the value chain as it is one of the most pressing issue to solve in order to engage in a more virtuous procurement practice.

Act locally, engaging employees and partners

Schneider is engaged to act locally to preserve and restore biodiversity by joining forces with other stakeholders through coalitions and partnerships. Its Foundation also supports NGOs that raise the awareness of the public on nature protection (Global Footprint Network, WWF, etc.) and act for nature restoration with partnerships such as Livelihoods Funds. By 2025, Schneider is engaged towards 100% of sites with a local biodiversity conservation and restoration program (SSE #8), on top of water conservation plans for sites in water-stressed areas (SSE #11). To support the efforts at site level, a multi-site analysis has been performed with IBAT (Integrated Biodiversity Assessment Tool). IBAT integrates different biodiversity databases (such as Protected Areas, Key Biodiversity Areas, and IUCN Red List species) and enables a site level analysis within a buffer of 1 km. The top 30 sites, as per risk and exposure, have been selected to perform a deeper analysis called STAR (Species Threat Abatement and Restoration metric), to quantify the contribution of operating at specific locations and to reduce the threat of species extinction risk.

Along its journey, Schneider Electric will continue to leverage its partnerships with external organizations such as CDC Biodiversité, Livelihoods Funds, and many of the VolunteerIn initiatives.



4 Being efficient with Resources

4.2 Eco-efficient manufacturing

4.2.1 Risks and opportunities

Environmental risks related to manufacturing include soil, water, and air contamination. For instance, the release of hazardous substances can be harmful for fauna, flora, and human health. It can also disrupt continuity of operations and tarnish reputation. In addition, with 183 factories and 94 distribution centers in our Global Supply Chain organization, spread across dozens of countries and different national environmental regulatory frameworks, risks of non-compliance exist. These risks include for instance effluent management, handling of waste, or greenhouse gases related expectations.

A proactive approach towards site and property environmental risks and environmental compliance helps preserve the continuity of operations, reduce reputational and legal risks, and avoid expensive remediation steps. When Schneider runs projects for customers, its superior execution ability on environmental matters may trigger preference from its customers and give the Group an edge over the competition.

Resource and energy efficiency delivers not only financial savings, but also limits the Group's exposure to commodity-price volatility and shortage risks. The risk extends to the reliability of the energy on which a facility relies to maintain production. The Group's CO₂ emissions contribute to climate change and may also incur additional costs as carbon taxes become implemented worldwide. Facilities and industrial assets themselves are also at risk of acute and chronic climate events which can disrupt the supply chain and endanger lives.

By using lean and clean eco-efficient operations, Schneider can outperform competitors and mitigate risks. The Group believes environmental performance is a powerful tool to innovate towards a more efficient and resilient supply chain and generate bottom-line savings. By using its own EcoStruxure™ architecture to achieve this ambition, the Group also showcases carbon efficient architectures to its customers.

4.2.2 Group policy

Schneider Electric continuously works towards a greener supply chain to protect the environment, decouple its activity from the consumption of natural resources, and innovate to build a more circular supply chain. These ambitions are included in the Group's supply chain strategy, and referred to as Schneider Sustainability Essentials (SSE), starting 2021.

The Group's eco-efficient manufacturing goals:

- Protect the environment, prevent pollution, and limit emissions;
- Continuously improve the environmental management system and meet compliance obligations;
- Decouple the supply chain from natural resource consumption;
- Invent circular business models and supply chain loops;
- Include the environment in its strategy and governance;
- Extend environmental ambitions to suppliers and partners;
- Spread a culture of environmental excellence in the company.

The Group's energy management goals:

- Reduce the energy intensity of its operations, sustainably decoupling energy consumption from activity growth;
- Reduce the CO₂ intensity of energy consumption, and absolute CO₂ footprint, in line with the Group's commitments to achieve a 1.5°C climate change trajectory;
- Adopt Schneider's own Energy Management and Automation EcoStruxure™ solutions wherever possible, to showcase the Group's solutions for customers and business partners, and help embark them onto an energy excellence journey.

Schneider Electric 2025 sustainable supply chain ambitions



Preserve life and act responsibly

0 fatal and serious accident

100% of applicable sites certified with ISO 14001, ISO 50001 and ISO 45001



Act for a climate positive world

150 Zero-CO₂ sites

90% of electricity comes from renewable sources

100% of sites deliver energy savings, with EcoStruxure™ Power and EcoStruxure™ Resource Advisor

Top 1,000 suppliers reduce operational CO₂ emissions by 50%

15% CO₂ efficiency in transportation



Be efficient with resources

200 'Waste-to-Resource' sites

100% of packaging is free from single-use plastic and uses recycled cardboard

100% sites with Circular supply chain innovations

100% sites with local biodiversity preservation programs & water efficiency

Biodiversity, Waste, and Water



These ambitions are embedded in the Group's Trust Charter and the Group's supply chain strategy as well as two global policies that drive eco-efficiency performance: the Environment Policy and the Energy Policy. The Group also partners with its suppliers to extend its environmental ambitions to its upstream supply chain.

Flagship programs to achieve these goals include:

- Zero-CO₂ sites (SSE #1),
- Delivering energy efficiency with EcoStruxure™ solutions (SSE #5),
- Powering facilities with renewable energy (SSE #3),
- Maximizing waste recovery through the 'Waste-to-Resource' program (SSE #9),
- Sustainably sourcing packaging (SSI #5),
- Focusing on water-stressed sites (SSE #11),
- Emphasizing the importance of local biodiversity (SSE #8), and
- Reducing CO₂ emissions generated by transportation (SSE #4).

4.2.3 Environmental risk management and prevention

The Group takes a proactive approach to managing environmental liabilities and risks. Environmental regulatory compliance, environmental management systems, and continuous improvement are the foundation of the Group's environmental risk management and prevention program for current, former, and prospective operations.

Key ongoing initiatives include:

- The Integrated Management System (IMS) covers the Group's plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OHSAS 18000/ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally.
- The Company-wide Look at Environmental Assessment and Risk Review program (CLEARR) was continued, with additional and updated surveys of select manufacturing sites that focused on historical and current potential environmental risks.
- Environmental risks and provisions are reviewed with local and corporate finance, as well as legal functions.
- As part of mergers, acquisitions, and disposals, thorough environmental due diligence of sites is conducted where chemicals are or have been used. Any environmental risks or liabilities identified are addressed through proper risk management activities.

- Risks and mitigation actions are presented to the Board Audit & Risks Committee.
- Schneider Electric's global risk matrix takes into consideration the biggest environmental risks (on suppliers, products, sites, and customer projects).

Historical environmental liabilities are managed on a regional level to ensure local expertise, regulatory knowledge, and cultural awareness is applied. Using external consultants, known environmental issues are thoroughly investigated, and, if appropriate, remediated or otherwise managed through engineered or institutional controls to reduce potential risks to non-significant levels and in compliance with local regulations.

Additionally, Schneider uses third-party services to assess each of its key sites' risk profile, in relation to a certain number of external risks such as fires, earthquakes, flooding, and other natural disasters. Through this process and its business continuity planning efforts, Schneider endeavors to gauge related risks and anticipate possible steps which would be required. With around 244 ISO 14001 certified sites globally, the footprint is balanced geographically. Roughly 90 of the Group's plants are in areas classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute's (WRI) Aqueduct Water Risk Atlas. The nature of the Group's manufacturing processes (mainly assembly) allows for the rebalancing of manufacturing lines in a fairly prompt manner, if needed.

During the year 2021, no new material environmental impacts were identified. Furthermore, no Schneider Electric sites are Seveso-classified.

4.2.4 ISO 14001 and ISO 50001 certification

ISO 14001 certification allows Schneider Electric to define and sustain robust environment governance on its sites, supporting continuous improvement to deliver environmental performance. As soon as the ISO 14001 environmental management standard was published in 1996, Schneider decided to certify its sites. The Group certifies all industrial and logistics sites comprised of more than 50 employees within two years of their acquisition or creation, and all large tertiary sites of more than 500 employees. 244 sites are certified ISO 14001 as of the end of 2021, representing approximately 76% of the Group scope based on the share of site surfaces, 82% of the Group scope in terms of energy consumption, and over 85% of the Group scope in terms of water consumption, waste generation, and Volatile Organic Compounds (VOC) emissions.

* The scope of the single-use plastics ban for the biodiversity program is "consumer" plastics (e.g. cups, cutlery, gifts/souvenirs, etc.). "Industrial" plastics (e.g. primary/secondary packaging, products) are covered in Schneider Electric's SSI #4 and SSI #5 programs.

4 Being efficient with Resources

The Group's environmental reporting scope and targets are based on all ISO 14001 sites. Environment reporting metrics include energy consumption, Scope 1 and 2 CO₂ emissions, waste generation, water consumption, and VOC emissions at ISO 14001 sites.

Schneider Electric also leverages ISO 50001 certification to drive energy excellence, focusing on the highest energy-consuming sites. ISO 50001 certification is complementary to ISO 14001 certification and enables us to define and sustain robust energy governance. With the support of this certification, the sites are equipped to understand and reduce their energy footprint. The Group aims to ISO 50001-certify all sites consuming over 5 GWh per year. By the end of 2021, 140 sites were certified ISO 50001.

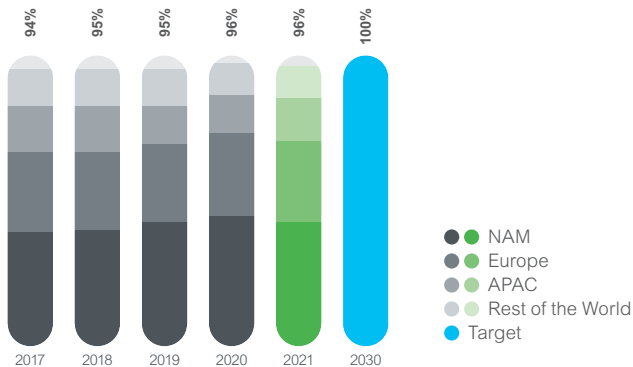


4.2.5 Waste to Resources

In 2021, global challenges with supply chains, material shortages, and increased visibility towards waste pollution such as ocean plastics have reaffirmed what Schneider Electric has known and strived towards for years: the depletion of the Earth's resources in the current linear take-make-dispose models of resource consumption are not economically or environmentally sustainable and must be replaced with circular economy models.

In its previous program, Towards Zero Waste to Landfill, the Group put a strong emphasis on diverting waste from the landfills through alternative solutions. The Group achieved 206 sites meeting its stringent requirements of 99% metal waste recovery, 97% non-metal waste recovery, and 100% hazardous waste recovery using the best available handling/treatment options available locally. This helped the Group to achieve 96% waste recovery across its operations overall.

Waste Recovery Performance



Resources

SSE #9

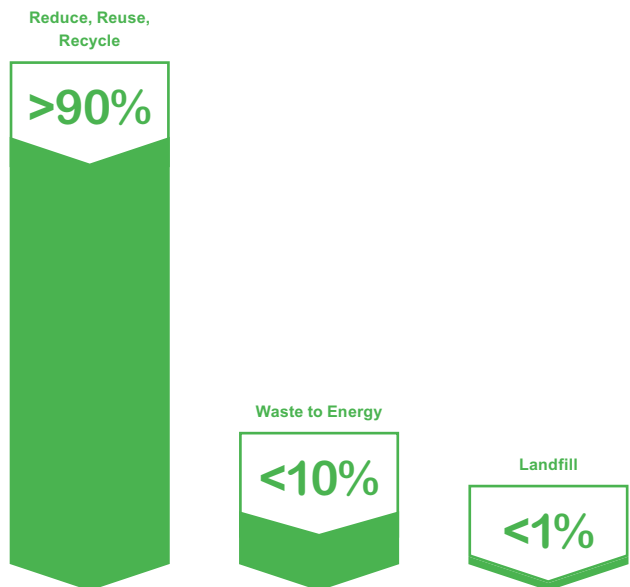
200 'Waste-to-Resource' sites

Schneider Electric is driven to maximize the value of its resources, considering waste as a resource and ensuring its waste stays within a circular system. Beyond avoiding landfill and looking at traditional recycling solutions, Schneider strives to move up the waste hierarchy and find reduce and reuse solutions for its resources.

Baseline	2021 Progress	2025 target
120	<div style="width: 100%; height: 15px; background: linear-gradient(to right, #0070c0, #ccc); border-radius: 5px; position: relative;"> 126 </div>	200

In its new program, 'Waste-to-Resource', Schneider pushes even further with its waste recovery ambitions. Sites now must achieve 99% recovery for all non-hazardous waste and still achieve 100% hazardous waste recovery using the best available handling/treatment options locally. Additionally, to promote and emphasize the importance of circular economy, 'Waste-to-Resource' sites will not be allowed to use waste-to-energy solutions for more than 10% of their waste. This provides an opportunity for sites to work collaboratively within their internal supply chains, along with external suppliers and waste management providers to find innovative reduce, reuse, and recycle solutions.

'Waste-to-Resource' ambition at Schneider: maximising value recovered from waste in sites



Schneider Electric generated around 135,000 tons of waste in 2021, most of it being solid waste. Continuous improvement plans have been deployed to manage this waste, in line with the ISO 14001 certification. In 2021, the Group recovered 96% of total waste reported (recovery ratio includes material and energy recovery) and a 91% recycling rate without energy recovery. The recovery ratio has increased from 81% to 96% since 2009, thanks to site-by-site waste management action plans.

Schneider is committed to ensure that the potential adverse impacts of hazardous waste on environment and health are mitigated. Two main levers are investigated as part of the 'Waste-to-Resource' program: first, all sites generating hazardous waste ensure visibility of handling and end-of-life treatment paths. They also seek to add value to waste as much as possible (through material or energy recovery) while neutralizing its hazardous nature. Second, top hazardous waste-generating sites work to reduce the volumes of waste generated in the first place, notably by implementing "Best Available Techniques" (BAT) in their industrial processes. Such BAT processes come along with superior performance from a resource efficiency perspective, and/or chemical substances use, and/or emission reductions. By 2025, the ambition is to reduce hazardous waste intensity by 30% against the 2017 baseline.

In 2021, hazardous waste generation intensity was 0.3 tonnes/million EUR of revenue, an evolution of -30% versus 2017.

4.2.6 Water consumption

Due to the nature of most of its industrial processes (manual and automatic assembly), water consumption is not generally a critical resource for Schneider Electric, and the Group has a minimal impact on water quality. The topic was considered not very material by both internal and external stakeholders during the sustainability materiality analysis. In 2021, water management and performance information was disclosed in the CDP Water program, and Schneider was awarded a B rating.

However, Schneider fully realizes the importance of water in local communities, especially those that are located in water-stressed areas. Having approximately 90 ISO 14001 sites in areas classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute's (WRI) Aqueduct Water Risk Atlas, the Group has set the ambition that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025 (SSE #11).

Under this program, three types of actions can be implemented:

- Standard actions which apply to all sites;
- Conditional actions which apply to certain sites based on their type and volume of water usage;
- Site-specific actions.

In 2021, the Group achieved 9% of its 2025 target.

In addition, Schneider's aims to reduce water intensity (in m³ of water consumption per euro of turnover) by 35% in 2025 versus 2017, with a focus on sites with high water consumption and within severely water-stressed areas. In 2021, water consumption intensity was 72 m³ per million euro of revenue, an evolution of -34% against the 2017 baseline.



Schneider Electric's Benalla site, Australia

Resources

SSE #11

100% of sites in water-stressed areas have a water conservation strategy and action plan

Schneider Electric has approximately 90 sites located in water-stressed areas all over the world. These include factories, distribution centers, and large offices, with water usages including process-based, HVAC, sanitary/canteen, and irrigation.

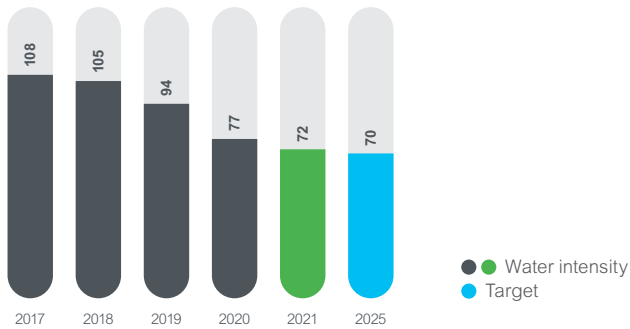
For instance, Schneider's Benalla site in Australia has installed 130,000 Liters of rainwater storage, which allows the site to source 60% of its water needs from rainwater.

Baseline	2021 Progress	2025 target
0	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 100%; height: 15px; background: linear-gradient(to right, #008000 9%, #ccc 9%);"></div> 9% </div>	100

4 Being efficient with Resources

The Group provides a breakdown of water consumption per source, with details on water consumed from the public network, groundwater, surface water (lakes, rivers, etc.), and other sources of water (rain, recycled water, etc.). At Group level, water is primarily used for cooling and sanitary purposes and, on a few selected sites, for processes such as surface treatment. Water drawn for the sole purpose of cooling and immediately released without alteration is also monitored separately. For industrial water use, water discharge is subject to appropriate treatments to reduce pollutant potential and subject to a monitoring plan.

Global water intensity evolution (m³/million €)



4.2.7 Biodiversity on sites

Biodiversity is a local matter and actions are required at site level to reduce local impacts: the Group has committed to increase its biodiversity site actions and raise the awareness of employees. In fact, site activities such as energy and water consumption, building infrastructure, food, landscaping, waste generation, light, sound and other forms of pollution, exert a pressure on biodiversity that can be reduced. For example, manicured, non-native landscaping could potentially increase water consumption and promote invasive species that don't support native wildlife.

The objective is to achieve 100% of sites with a local biodiversity conservation and restoration program by 2025 (SSE #8). To meet this target, sites have to define and deploy a biodiversity program consisting of a ban of single-use plastics (related to office use) and at least one local action with significant ecological impact.

The program was launched in 2021 and many sites already started the journey, understanding the complexities of biodiversity, assessing their impact and identifying the right local stakeholders to involve in a preservation or restoration program.

As it takes time to build impactful and consistent biodiversity programs, a slow ramp up in terms of global performance of the indicator is expected, with an acceleration after 2023.

With the objective to get an overview on biodiversity priority sites, inform risk management, and address potential biodiversity impacts, the Group decided to run a multi-site report with the Integrated Biodiversity Assessment Tool (IBAT). Developed through a partnership with Bird Life International, Conservation International, International Union for Conservation of Nature (IUCN) and United Nations Environment World Conservation Monitoring Centre (UNEP-WCMC), IBAT collects and enhances the underlying datasets and maintains that scientific information.

Resources

SSE #8

100% of sites with local biodiversity conservation and restoration programs

Schneider Electric is engaged to act at local level implementing on every site mitigation, preservation, or restoration initiatives. Every site will engage in at least one action pursuing an ecological impact with social benefits.

In Scarborough (England, UK), the site started to restore a wasteland area to provide a friendly environment for local biodiversity (and employees). In alignment with local authorities, community network, volunteers and local nature specialists, the site performed an ecological assessment and has moved forward with the project.

Baseline
2021 Progress
2025 target

0%

0%
100%

The IBAT report enables users to assess the biodiversity-related features of multiple operational sites for corporate disclosure. In particular, the report is relevant for Global Reporting Initiative (GRI) standard GRI 304: Biodiversity. For each operational site, the report provides the counts of protected areas and Key Biodiversity Areas (KBAs) within a kilometer radius.

The results of the "IBAT multi-site Report, 2021*" include all Schneider Electric sites and show that, within 1-kilometer radius:

- 21% of its sites are in proximity of a protected area as defined by the IUCN, of which:
 - 8% are in category 1a, 1b and 2 (just 6 sites are in proximity of a category-1-protected area)
 - 29% are in category 3 or 4
 - 31% are in category 5 or 6
 - 32% are not applicable, not assigned or not reported

Among the sites in proximity of a protected area, 33% are either industrial sites (characterized by discrete industrial processes such as assembly lines) or distribution centers (warehouses and logistics); the remaining 66% are office buildings.

- 3% of the Group's sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction (AZE)" or "Important Bird and Biodiversity Areas (IBAs)).

All the concerned sites are invited to consider their proximity to natural areas in their biodiversity program.

* IBAT Multi-site Report. Generated under license 26614-25299 from the Integrated Biodiversity Assessment Tool on 15 December 2021 (GMT). www.ibat-alliance.org

4.2.8 Conditions of use and release into the soil

Schneider Electric sites are mainly located in urban or industrial areas. None of the Group's businesses involve extraction or land farming. In 2021, Schneider manufacturing sites conducted their annual review of pollution risks as part of ISO 14001 monitoring. No significant spills or discharges were reported in 2021 with known harmful impacts regarding soil pollution.

Hazardous materials are stored, handled, and used in compliance with regulations and with appropriate pollution protection mechanisms. As part of the 'Waste-to-Resource' program, additional focus is brought on hazardous waste, with efforts to eliminate, substitute, or improve treatment.

4.2.9 Discharge into the water and air

Because Schneider Electric is mainly an assembler, its discharge into the air and water is very limited. Schneider manufacturing sites are carefully monitored, as part of ISO 14001 certification. Discharges are locally tracked as required by current legislation. No significant spills or discharges were reported in 2021 with known harmful impacts in terms of water or air pollution.

Emissions of NO_x and SO_x and particles into the air are monitored at site level in accordance with applicable legal requirements; monitoring of these emissions is verified via ISO 14001 audits. Those emissions are not consolidated at Group level.

Schneider Electric is committed to preventing adverse health and environmental impacts from Volatile Organic Compounds (VOC) emissions, and for this reason, the Group works to reduce VOC emissions from industrial activities by 10% every three years. VOC emissions are primarily linked to production. VOC emissions decreased from 29 kg/million EUR in 2017 to 17.4 kg/million Eur in 2021 (-40%). The Group engages with each of its industrial sites that contribute the most to VOC emissions, and which together concentrate over 90% of the Group's VOC emissions, in a Pareto law approach. For these sites, environment, health and safety, and industrialization teams, join hands and actively collaborate to ensure conditions of use are strictly adhered to and health and environmental risks are known and mitigated. Those top VOC-emitting sites also investigate opportunities to reduce and phase-out concerned chemicals from industrial processes wherever possible.

Finally, CFC and HCFC emissions are monitored locally, in accordance with applicable regulations. These emissions are mainly due to the operation of air conditioning systems and are not directly linked to Schneider industrial activities. These emissions are not consolidated at Group level.

4.2.10 Noise, odors, and light

All Schneider Electric sites comply with local regulations on noise and odor. Given the nature of its activities and distribution model, Schneider does not have any significant light pollution externality.



4 Being efficient with Resources

4.3 Green offers

Schneider Electric products support customers every day, make their lives easier, and enable efficient operations. But because products also consume resources and energy, during their production and use, Schneider is committed to reducing their environmental impact.

Since 2003, a Product stewardship team has been dedicated to providing high environmental performance products to the Group's customers as well as full transparency regarding environmental impact. Initially, efforts were focused on compliance with the most rigorous environmental regulations, then on data transparency (through Product Environmental Profiles and End of Life Instructions). Over the last few years, additional efforts have been made to develop a more customer-centric program, helping Schneider customers to better differentiate offers based on strong environmental value propositions.

With the Green Premium™ program and the EcoDesign Way™ process, Schneider reduces the environmental impact of its products using lower impact materials, drastically changing its packaging strategy as well as bringing circular value propositions to extend the durability of products.

4.3.1 Risks and opportunities

The increasing complexity of environmental regulations could slow down the Group's innovation potential, and could phase out specific chemical substances or resources too quickly with no suitable alternative being found in a scalable manner. The complexity is directly linked to a "regionalization" of environmental regulations (e.g., California Prop 65 and China RoHS) while global resources are limited.

With increasingly stringent environmental regulations year after year, there is a risk for Schneider Electric to have key materials and substances that could be utilized to deliver high performance to be regulated themselves. This would limit the innovation potential of products that would fall within the regulation radar with possible restrictions. There is also a risk to face contradictory recommendations due to regulations overlap (e.g., substances restriction versus circularity performance).

By its customers' side, Schneider has observed a multiplication of external repositories to leverage product environmental performance, some being specific to a single customer. As such, there is a risk for Schneider products not to be systematically referenced externally.

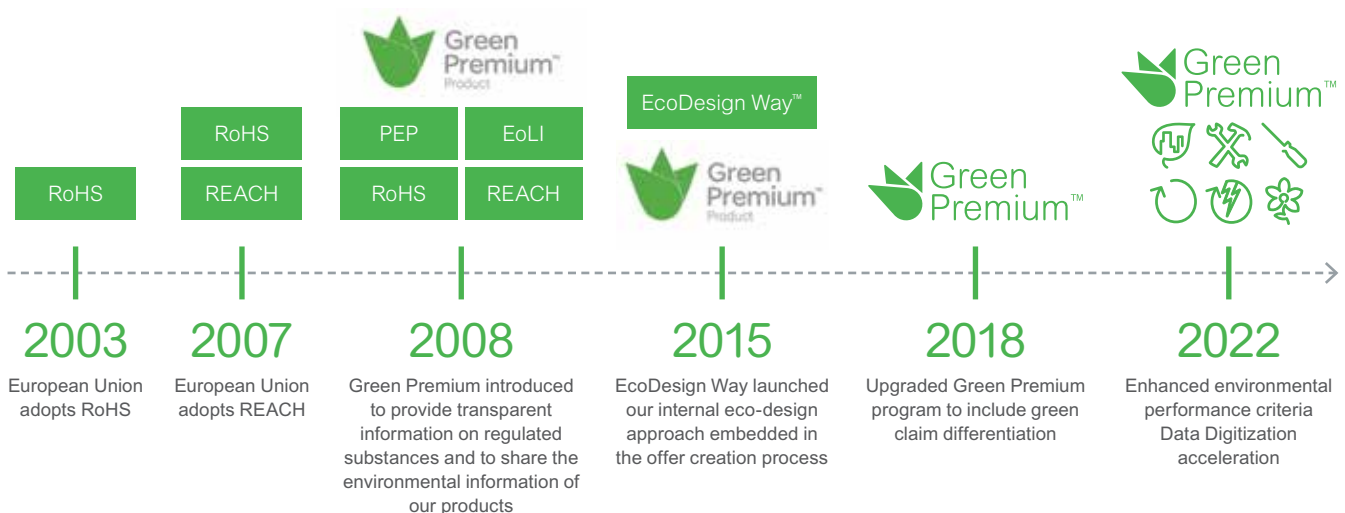
To circumvent the risks stated earlier, Schneider relies on the completeness of the Green Premium™ program, enabling it to cover all relevant product-oriented environmental topics. Relying on the EcoDesign Way™ process and tools is also key to include environmental performance as soon as possible in the new product development process. This enables Schneider product development teams to innovate while delivering more Green Premium™ products that will differentiate themselves from those of competitors thanks to higher environmental performance.

The multiplication of environmental regulations requires a lot of information to be shared with the supply chain and updated regularly. Only the best-in-class suppliers will be able to answer this challenge. Also, it is an opportunity for the Group to put in place a strong interaction with those suppliers and ensure that future restrictions will be anticipated.

Schneider reinforces a worldwide approach of environmental product stewardship directives fed by a regional and local environmental steward network, which strengthen its influence position towards regulators through Schneider professional associations.

From the customers' perspective, Schneider relies on the "Check a Product" platform, a public website (<https://checkaproduct.se.com/CheckProduct.aspx?cskey=4b4b15ad9d8148759e39fcb1b346ad9f>) providing all relevant product environmental information. Thanks to "Check a Product", the Group is in a good position to be well referenced in external databases such as the SCIP (Substance of Concern in Products) database and in customers' prescription tools.

In a commitment to go one step further, Schneider takes the necessary steps to digitize the environmental information of offers. Within a fully digitized ecosystem, the Group can provide a streamlined and efficient process to share environmental data with external third-party databases or customers' own prescription tools.



RoHS: Restriction of Hazardous Substances. REACH: Registration, Evaluation, Authorization and Restriction of Chemicals. PEP: Product Environmental Profile. EoLI: End-of-Life Instructions.

4.3.2 Group policy

Schneider Electric strives to distinguish itself through innovative green offers as mentioned in the Environment Policy. This ambition is articulated through:

- Designing energy-efficient, low CO₂, serviceable, and safe offers;
- Helping customers improve their environmental performance;
- Providing digital environmental information on offers.

To reach such ambitions, Schneider is committed to:

- Invest in R&D to create energy-efficient and environment-friendly solutions;
- Create new eco-designed products and solutions and develop lifecycle thinking;
- Invent circular offers and business models, through products that can be reused, repaired, retrofitted, refurbished, and recycled, as well as through end-of-life services;
- Provide transparent and digitized information on the environmental information and benefits of offers;
- Deliver continuous improvement in product stewardship through the Green Premium™ portfolio.

4.3.3 Green Premium™

Launched in 2008, Schneider Electric's Green Premium™ program was created to provide its customers with more sustainable products and to be transparent with environmental information.

Since then, Green Premium™ has been the absolute warranty for the Group to deliver products that comply with RoHS and REACH regulations as well as being perfectly transparent by delivering environmental disclosures and end-of-life instructions.

The program has evolved over the last few years to integrate Schneider's EcoDesign Way™ process as well as green value propositions for an enhanced differentiation.

As an example, Schneider embedded new durability value propositions such as the "take-back" program in Green Premium™. Customers who have purchased one of the APC Uninterruptable Power Supplies (UPS) have access to complimentary recycling when the battery in the product reaches its end of usable life. In 2021, this service collected around 14,000 tonnes of batteries globally for recycling.

In 2021, the main objectives for the Green Premium™ program were to:

- Ensure compliance with the latest regulations within an even more demanding context;
- Develop new environmental claims within products for higher performance and a clearer differentiation;
- Prepare the digitization of environmental information and ease data sharing with partners;
- Prepare the future of product stewardship for the years to come by developing competencies within the Company.

Schneider Electric is redefining the program that will encompass three pillars in 2022: Trust, Transparency, and Performance:

- **Trust** means for Schneider to continue to be transparent with customers providing RoHS and REACH substance information and going beyond regulations by applying the same rules regardless of the geographies. That is and will remain the core of the Green Premium™ program.
- **Transparency** is the warranty from Schneider to disclose in a digital way the environmental impacts of its products, their end-of-life treatment, as well as any environment-related attribute meaningful for customers. This is crucial in the Group's strategy, as the first step for improvement is measurement and quantification.
- **Performance** is Schneider's commitment to deliver products with reduced environmental impact. Performance can take several forms:
 - Usage of lower impact materials (i.e., recycled plastics);
 - Enhanced product recyclability to reduce waste and loss of critical raw materials;
 - Energy efficient products with at least 10% of improved energy efficiency with respect to the market average or to previous generations;
 - Improved durability and the ability to function as required under defined conditions of use, maintenance, and repair, until a final limiting state is reached (which should be at least 5% higher than market average);
 - The ability to provide SF₆-free products;
 - Repair parts of products easily.

Green Premium™ information, including conformity declaration, Product Environmental Profiles (PEP), and End of Life Instructions, are digitally available 24/7 for customers in the technical data sheet of the online catalog, in the mySchneider mobile app, and on the "Check a Product" website at <https://checkaproduct.se.com/>.

Trust



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

Transparency



Digital environment disclosure (PEP)



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



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



Sustainable packaging

Performance



Lower Impact Materials



Energy efficiency



SF₆-free



Recyclability



Durability



Reparability



4 Being efficient with Resources

Today, 78% of Schneider Electric's product sales come from Green Premium™ products and the ambition is to reach 80% by 2025 (SSE #6).



4.3.4 EcoDesign Way™

EcoDesign Way™ is Schneider Electric's proprietary process, deployed on product development projects of more than EUR 300,000. It is fully integrated in the Group's Offer Creation Processes (OCP), mandatory deliverables, and encompasses all involved functions: Marketing, Quality, Design, Supply Chain, and Project Manager. EcoDesign Way™ involves 3 steps:

- 1 Identification of relevant environmental performance for customers with inputs from marketing
- 2 Research and assessment of alternative solutions to target the selected environmental performance
- 3 Once performance is reached, draft of a marketing pitch.

The EcoDesign Way™ scorecard is fully aligned with all Green Premium™ value propositions. Moreover, several initiatives have been launched to embed EcoDesign Way™ earlier in the OCP with strong inputs from the Future Offer Manager to foster innovation and increase EcoDesign Way™'s positive impact. For instance, a simplified Life Cycle Assessment tool was deployed to assess the environmental potential of incubated projects.

In 2021, Schneider Electric initiated a revamp of the EcoDesign Way™ process to better include the latest global sustainability programs such as Green Materials and Green Packaging. The new eco-design process is expected to be more integrated within the Agile framework Schneider is deploying globally. The process should also involve the assessment of CO₂ emissions at a very early stage in the creation of new offers in order to encourage oriented investments. Moreover, the new eco-design process will not be limited to products but will also include systems/architectures. Finally, the revamping of ecodesign will be the opportunity to enhance sustainable innovation DNA by developing training and coaching modules for the project teams.

4.3.5 Green materials

Schneider Electric has committed to increase green materials use in its products to 50% by 2025, as part of Schneider Sustainability Impact (SSI #4). With that long-term commitment, the Group aims to:

- Be a change agent to accelerate the transformation toward a low-carbon and circular economy of the material industry;
- Reduce Scope 3 supply chain emissions, in line with the 1.5°C carbon pledge;
- Differentiate Schneider products from those of competitors in the eyes of customers by using low CO₂, circular, and safer materials in products.

In 2021, Cross-functional experts at Schneider (Procurement, R&D, Environment) have worked in close relationship with suppliers to define the Green attributes for each commodity in scope, based on existing international schemes and standards. A green material is:

- A material with a lower environmental footprint; and/or
- A material that is the output of an industrial technology which is a key enabler for a 1.5°C climate scenario and/or a more circular economy.

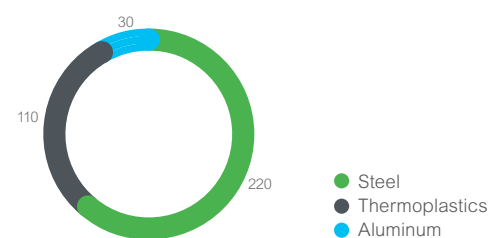
Considering this definition, Schneider has identified two levers of action:

- Build traceability in the value chain. This is a priority for metals today, where visibility on the environmental impact and technology-origin of procured metals is low.
- Select green materials based on a lower environmental footprint.

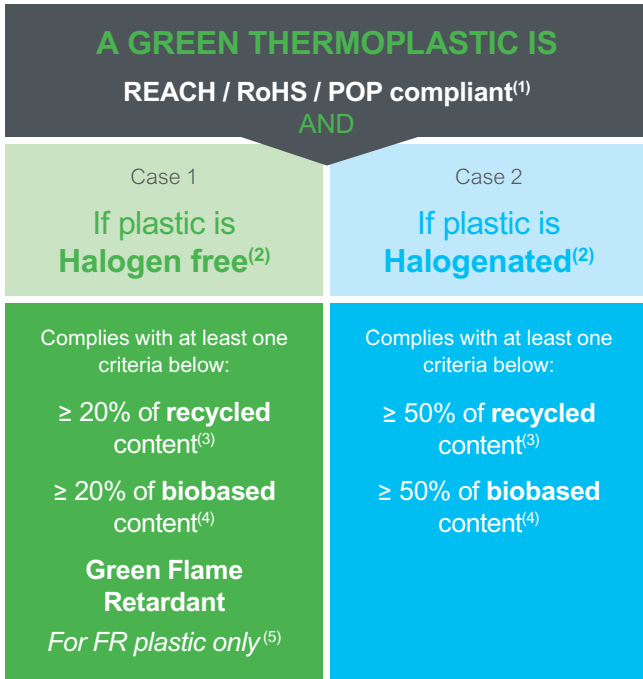
The lower environmental footprint attributes are defined for each commodity in scope, as the environmental performance of metal cannot be based on the same attributes as plastic. In 2021, the scope of green materials focused on three types of commodities covering about a third of purchased materials in volume:

- **Thermoplastics** (including both direct and indirect procurement). Thermoplastics are qualified as "Green" when the supplier is bringing evidence of a minimum recycled content, biobased content (minimum threshold depends on whether the compound is halogenated or not) or is using a green flame retardant.
- **Steel** (direct purchases). Steel is qualified as "Green" when the supplier is bringing evidence that the mill of origin is an Electric Arc Furnace (EAF) or has a Green certificate such as the ones delivered by Responsible Steel.
- **Aluminum** (direct purchases). Aluminum is qualified as "Green" when the supplier is bringing evidence that the product carbon footprint is below 8 tonnes of CO₂ per ton of Aluminum, is using a minimum of 90% of recycled content in its product or that the mill of origin has a Green certificate such as the ones delivered by the Aluminum Stewardship Initiative.

Volume and distribution of green materials (in kt)



The example of the definition of “green thermoplastic” is provided in the illustration below.



(1) List January 2021
 (2) According to EN 50642
 (3) According to ISO 14021 & EN 45557
 (4) According to EN 16785 or ASTM D6866
 (5) According to GreenScreen used in TCO Certification

At the end of 2021, 11% of materials in scope were qualified as “Green” under the definition described before.

The inclusion of other commodities like copper, thermoset, and indirect steel will be reassessed in next phases, as the program maturity and the transparency of supply chains improve. Extending the Green materials scope to indirect procurement would allow to include new green criteria such as ‘lead-free alloy’, a substitution initiative Schneider Electric is working on to anticipate future regulation on lead.

In January 2022, Schneider became a member of Responsible Steel, the world’s first global scheme for responsibly sourced and produced steel. Its mission is to enhance the responsible sourcing, production, use and recycling of steel. Schneider is one of the first steel products consumers outside of the automotive industry to join Responsible Steel. Being a member of Responsible Steel will allow the Group to have a voice to influence the scheme development while fostering opportunities to build strong partnerships with Steel manufacturers and consumers. In 2022, Responsible Steel will launch a standard for the certification of steel products.



Schneider Energy Management and Industrial Automation businesses are currently working on an implementation roadmap of the green materials in the projects portfolio. Some offers, like Odace Sustainable, are already out, and more are expected to come from 2022 onwards.

Resources

SSI #4

Increase green material content in our products to 50%

The new Odace Sustainable offer from Schneider Electric is a range of stylish, smart switches and plug solutions for the residential market. Developed from recycled materials collected from electrical drop off centers and supermarkets, wasted plastics enter a circular economy loop using a WEEE (waste electrical and electronic equipment recycling) system, which transforms discarded materials into new products.

Baseline	2021 Progress	2025 target
7%	<div style="display: flex; align-items: center; justify-content: center;"> <div style="width: 100%; height: 15px; background: linear-gradient(to right, #ccc, #ccc); border-radius: 5px; margin-bottom: 2px;"></div> <div style="width: 100%; height: 15px; background: linear-gradient(to right, #333, #333); border-radius: 5px; margin-bottom: 2px;"></div> <div style="width: 100%; height: 15px; background: linear-gradient(to right, #ccc, #333); border-radius: 5px; margin-bottom: 2px;"></div> </div> <div style="display: flex; align-items: center; justify-content: center; margin-top: 2px;"> 7% 11% 50% </div>	50%

4 Being efficient with Resources

4.3.6 Green packaging

Packaging is the first visible asset seen by customers and is associated with major environmental challenges such as resource depletion, CO₂ emissions, waste generation, and marine pollution. Globally, a strengthening of the regulatory framework requires the development of new packaging alternatives to enhance recyclability and minimize the current and upcoming Polluter-Pays packaging taxes.

By 2025, Schneider has committed to make sure that:

- 100% of primary and secondary packaging uses recycled cardboard.
- 100% of our primary and secondary packaging is free of single-use plastic.

In 2021, Schneider Electric Green Packaging Experts released a new sustainable packaging guideline to define Schneider's requirements and best practices to foster improved environmental performance of packaging by minimizing waste generation and improving recyclability to make it an integrated part of a more circular economy.

In 2022, the focus will be put on:

- Setting up partnerships with key suppliers to secure greener packaging options;
- Building up traceability in the supply chain by collecting suppliers' declarations and strengthening procurement systems to better track single-use plastic packaging;
- Accelerating the implementation of the "green packaging" definition in the business projects portfolio to ensure new and legacy products switch to more sustainable packaging options.

Resources

SSI #5







100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

The newly launched Wiser IP Camera is delivered without any plastics in the box and a cardboard made with 70% of recycled content. In addition, the in box user guide contains mandatory information only and remaining content is fully accessible online through a QR Code.

Baseline

13%

2021 Progress

21%

2025 target

100%

4.3.7 Product Environmental Footprint

More and more customers, green building standards, distributors, and electricians prefer offers with green credentials and request environmental data. Many building standards and local regulations, demand or promote offers providing Environmental Product Declarations. There is clearly a growing premium assigned to transparency.

An environmental footprint is a product or solution-related content that provides quantitative information based on Life Cycle Assessment (LCA, according to ISO 14040-44 standard). Environmental footprint enables the assessment of multiple environmental impact indicators, including the carbon footprint, for all product or solution lifecycle stages. The scope of this assessment is also referred as 'cradle-to-grave'. Environmental footprint is a mandatory requirement in the Green Premium™ program.

Schneider Electric relies on Product Environmental Profiles (PEP) to fulfill this requirement. A PEP is defined as a product-oriented "summarized" version of a full LCA. It relies on Product Category Rules (PCR) or Product Specific Rules (PSR).

At Schneider, there are two types of PEP available:

- **Certified** – a type III Environmental Declaration in compliance with ISO 14025. The certified PEP is externally reviewed by an accredited verifier and published by a program operator according to the rules provided by this operator (e.g., PEP Ecopassport). In 2021, 182 certified PEPs were published on the PEP Ecopassport association website.
- **Internal** – the internal PEP follows the exact same rules as the certified one. However, an internal PEP is reviewed internally and therefore, cannot be registered through an independent program operator. A process of accreditation for internal verifiers guarantees the adequate level of internal PEP verifications. Verifiers check PEPs from other lines of business than their own, thus ensuring independence. Internal PEPs comply with the ISO 14021 self-completed declaration.

In 2019, 77.3% of Schneider's product revenue was covered by a PEP, including 33.9% of ISO 14025 type III declarations and 43.4% of ISO 14021 type II self-completed declarations.

Environmental configurators

Beyond PEPs, Schneider Electric also relies on some offers' environmental configurators which are better suited to assess the environmental footprint of systems and solutions. A configurator makes it possible to assess a dynamic environmental footprint that better reflects the specific situation of customers or end-users. In 2021, a web configurator was developed to leverage the environmental benefits of the ECOFIT™ service. Schneider aims at supporting the creation and use of such configurators since they allow the Group to provide better environmental inputs to customers, facilitate the discussion around the environmental footprint of offers, and therefore ease the identification of meaningful eco-designed solutions. In 2021, Schneider accelerated the digitization of the PEP process in order to encourage the use of the configurator.

PEP Ecopassport PCRed4

In 2021, Schneider Electric strongly contributed to the development of the new Product Category Rules of the PEP Ecopassport association (PCRed4 issued in September 2021), which are:

- Compliant with the EN 50693:2019 standard: Product category rules for life cycle assessments of electronic and electrical products and systems – currently being mirrored in the IEC/TC111 Working Group 15 (IEC 63366);
- Fully aligned with the EN 15804+A2 standard: Sustainability of construction works – Environmental product declarations – Core rules for the product category of construction products;
- Integrate key elements of the EU Product Environmental Footprint (PEF), such as mandatory impact indicators, end-of-life formulae, and quality ranking;
- Aligned with ISO 14067:2018: Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification, integrating the latest requirements of the French regulatory texts from RE2020.

The application of PCRed4 enables electrical and electronic equipment manufacturers to produce product environmental declarations, in accordance with the best-known international standards, thus fostering cross-region and cross-industry recognition. Schneider aims at using this new PCR document to influence and strengthen the environmental footprint practices of the sector through standardization (TC111 Working Group, ZVEI initiative) and regulations (Sustainable Product Initiative of the European Commission, Green Taxonomy).

By relying on the PEP Ecopassport PCRed4 methodology on the one hand and on the acceleration of the environmental data digitization on the other hand, Schneider strives to provide systematically and seamlessly to customers quantified environmental footprint to differentiate the green offers, and therefore, be a change agent towards a low-carbon and circular economy.

4.3.8 Substances strategy

With increasing chemical substances regulations, raising standards from a well-being perspective, especially in the building space, and a growing number of questions from B2C and B2B customers on health matters, the ability to ensure compliance of several hundreds of thousands of product references has never been so critical. When such product traceability is mastered at scale, with robust processes and systems in place, clear business opportunities emerge, as digitization of such data is more and more needed. Schneider Electric seamlessly captures underlying data from suppliers, aggregate it, and disseminate it swiftly to customers who need that information.

REACH and RoHS

In Europe, the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) directive are engaged in a refit process and Schneider actively participated in the public consultations through the professional organizations, by making some key proposals to improve efficiency and limit the administrative burden.

Substances of Concern in Products (SCIP)

In the frame of the Waste Framework Directive, the European Chemicals Agency (ECHA) was mandated by the EU commission to put in place the database for information on Substances of Concern In Products (SCIP), beginning in 2021. Since 2021, manufacturers and importers of products containing substances of very high concern (SVHC) above the 0.1% threshold, must register those products into this SCIP database. Despite the difficulties to manually register Schneider's products without any IT to IT systems, nor any easy solution provided by ECHA, the Group registered most of the relevant products by the end of 2021, being one of the top contributors, and reinforcing our transparency objective in this domain.

The environmental compliance IT system which allowed Schneider to have a competitive advantage in terms of transparency and substitution management, virtually throughout the last decade, must be replaced. 2021 was dedicated to specifying our needs in order to maintain and even improve this advantage at least for the next 10 years. This is a key element of our substance and regulation management strategy.

TSCA

In the US, the Toxic Substances Control Act (TSCA) regulation which restricts the use of chemicals was reinforced with the introduction of new substances. Schneider Electric worked hard to identify the use case of those substances and launch adequate actions. The TSCA restriction list will be fully integrated in Schneider Electric's global substances strategy soon.

IEC 62474

Substances information data sharing is key to target substitutions. Schneider is very active in the development of data exchange formats on substances through the IEC 62474 standard.

Other substances under investigation

Among the different subjects investigated in 2021, the Polyfluoroalkyl substances (PFAS) restriction proposal and Silver classification update were two points of focus. Lead substitution was also investigated in anticipation and will be promoted when possible.

4 Being efficient with Resources

4.3.9 Circular business models

The risks that Schneider Electric sees are around the perception of “one size fits all” for circularity, as well as the temptation to see it through a waste or recycling lens, and the focus on developing the related guidelines, governance, and standards based on this perception.

- **Product durability versus shorter-term waste loops:** all resources are not equal in their thermal, mechanical, or electromagnetic profiles. For the industrial sector, the biggest impact of the circular economy will come from the promotion of reparability, upgradability, “retrofitability”, extension of lifespan, and of related “product second- and third-life services”. Schneider’s products are highly technical in nature with a long lifespan and are highly unlikely to end up as ocean plastic waste, yet a risk that the emerging regulations may be too “resource/waste-centric” can be seen. To meet quality and safety expectations, and adhere to stringent electric and electronic equipment standards, recycled materials are sometimes not available in either quantity and/or quality. The Group actively advocates sector-specific approaches.
- **Ensuring the safety of people and assets through qualified and certified services.** Indeed, while promoting services to extend the products’ lifespan, Schneider grows the ranks of certified experts on its products (through thousands of Field Services Representatives). Leveraging the circular economy, there is a fantastic opportunity to enable more repair, retrofit, and recycling services, on condition that concerned product categories are adequately maintained and serviced by qualified and certified experts.

There are opportunities to leverage the circular economies, both externally with customers and internally in operations. Schneider’s value propositions have long delivered resource efficiency, enabling customers to “do more with less”.

Schneider’s deeply ingrained belief in the circular economy helps create a win-win-win ecosystem: good for the planet, good for customers (lower Total Cost of Ownership, lifespan of assets, etc.), good for the Company as a business (customer intimacy, stickiness, etc.), and good for its people (meaningful jobs, pride to take part in saving resources and energy, etc.).

Through circular capabilities such as local models of reuse, retrofit, repair, refurbish, and take-back, and by unleashing the potential of IoT, connecting and digitizing products (predictive maintenance, performance optimization, leasing, pay-per-use, performance contracting), Schneider creates shared value for its customers.

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

The first focus, before considering end-of-life, is to prolong the lifespan of products. Those solutions, using up to 60% less materials than using brand new equipment, enable pull-through and constant payback, increase customer stickiness, and long-term relationships.

Schneider’s first circular distribution center

Since 2020, the Schneider Electric site in Bourguebus, France has supported the Group’s strategy to help accelerate its transformation towards the circular economy.

Bourguebus helps deliver on 4 key aspects of Schneider’s circular economy strategy including:

- **Repack:** repackaging of new Schneider products whose packaging has been damaged.
- **Reuse:** sorting, selecting, redistributing never-energized Schneider products that are unsold and/or returned by our customers under the “Circular Certified” label.
- **Refurbish:** managing the supply chain for collecting used Schneider products and sending them to the Schneider Electric Privas, France partner site for repair and managing customer orders on our second-hand web platform.
- **Recycle:** dismantling of products to recover and resell the valuable materials.



Schneider Electric’s Bourguebus site, France

Bourguebus’s innovative circular economy transformation, along with the added value proposition of the “Circular Certified” label, has led to saving 4M€ of stock in 2021 and has avoided 950 tonnes of CO₂e.

In 2022, the site will continue to grow circular industrial capabilities to support business innovation and differentiating offers to customers. This includes capabilities such as refurbish, remanufacture and reverse logistics. One particular customer-centric project will include developing a website that will support the take-back of Schneider products at customer sites.

External engagement

Schneider Electric has been part of task forces on circular economy, playing leadership roles in multi-stakeholder dialogs. For example, the Group is active in France’s Circular Economy Roadmap and engaged in China with MIIT (Ministry of Industry and Information Technology) on circular strategy, leading AFEP, Gimélec, FIEEC, IGNES, and ORGALIM discussions for its sector on circular economy, publishing articles, and speaking at conferences (Greenbiz, Gartner, WEF, SCM World, peer-to-peer, EthicalCorp, and WindEurope, among others).

Here are some white papers and partnerships for circular economy to which Schneider contributed:

- Enabling a Circular Economy for chemicals with a mass balance approach;
- Remanufacturing: Designing new products for many lives;
- Making manufacturing sustainable by design;
- The need for sector-specific circularity;
- Partnership with Accenture for the Circularity Accelerators program.

Schneider Circular Certified label

Schneider Electric launched the “Circular Certified” label for the French market in September 2020. The label is dedicated to the sale and promotion of products from the circular economy and in line with the Group’s circular economy strategy. Currently available for the French market, it is planned to be deployed more extensively in the near future.



Quantifying impact of circular offers

Under Schneider Sustainability Essentials, Schneider quantifies its Circular Economy efforts, such as repair, reuse, refurbish and recycling and targets to avoid 420,000 metric tons of primary resource consumption through “take-back at end-of-use” by 2025, cumulatively since 2017 (SSE #10). This program enables waste, material, energy consumption, CO₂ emissions and/or water savings.

Activities in this program will enrich on the basis of the Group’s increasing focus on circularity business models, and are currently constituted of:

- Batteries take back and recycling;
- Volume of devices refurbished and repaired in our repair centers (such as UPS or Drives);
- Volume of Medium Voltage, Low Voltage and Transformers refurbished or recycled in our ECOFIT™ Centers.

Resources

SSE #10

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

Danone Evian wanted to upgrade its bottling facility to deliver natural mineral water more sustainably by reducing energy consumption at every stage of production. Among other upgrades, the LV switchgear were modernized within Schneider Electric’s ECOFIT™ solutions.

By choosing equipment modernization with ECOFIT™ instead of immediate replacement, Danone Evian saved an estimated 315 metric tons of CO₂ equivalent, 372 m³ of water and 47 tonnes of raw materials.

Baseline	2021 Progress	2025 target
157,588	203,881	420,000

4.3.10 End-of-life product management and WEEE

Schneider Electric has been engaged for a long time in a process that protects the environment and the health of people in the treatment and recycling of its products at the end of their lifecycle.

In the context of the application of the Waste Electric and Electronic Equipment (WEEE) directive, Schneider implements product identification and selection actions, establishing recycling streams and pricing the taxes to be applied in compliance with the regulations of each country where the Group’s products are sold.

For products falling within the scope of the WEEE directive, a circularity profile including detailed end-of-life instructions is systematically provided through the “Check A Product” public website.

5 Great People making Schneider Electric a great company



In this section

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“We aspire to achieve our company purpose and mission by empowering and developing our people to their fullest potential. We act with agility and trust to innovate for our customers and strive to win in the market. With the 2025 people strategy, we aim to set the bar even higher to support business growth and our culture and leadership transformation.”

Charise Le, Chief Human Resources Officer

Context and goals

Great people make Schneider Electric a great company. The Group motivates its employees and promotes involvement by making the most of diversity, supporting professional development, and ensuring safe, healthy working conditions. Its ultimate ambition is to generate higher performance and employee engagement, through world-class people practices that are supported by a global/local and scalable model.

Schneider is a people company where employees come to work for a meaningful purpose and feel empowered to have an impact, empowering all to make the most of our energy and resources. All employees are treated equally based on their skills, notably regarding employment, recruitment, talent identification, training, and remuneration, thanks to common processes and policies.

Human resources thus plays a key role in supporting the performance and talent development of Schneider Electric in the changing context of its activities. Its growth is characterized by a sustained internationalization, numerous acquisitions, an increase of headcount dedicated to selling solutions and services, while maintaining a share of blue collars close to 50%.

A lot of progress has been made on these fronts to Shape Our Future. From a new People Vision, to a unique multi-hub model and a leaner organization structure; from redefining talent management to widely acknowledged diversity, equity and inclusion initiatives; and from a global leadership development program to advancement in digital and functional learning.

By 2025, we commit to create equal opportunities and harness the power of all generations by ensuring all employees are uniquely valued in an inclusive work environment and by fostering learning, upskilling and development for each generation. In this report, we share our progress on the transformations engaged in 2021 under the Equal and Generations pillars of our Schneider Sustainability Impact and Schneider Sustainability Essentials programs.

2021 Highlights



Glassdoor rating is on a steady growth, recognizing Schneider Electric as one of the Best Place to Work for 2021.



The Financial Times awarded Schneider Electric the title of 'Diversity leader'.



Schneider Electric in Universum's Top-25 World's Most Attractive Employers.



For the fifth year in a row, recognition for our commitment to gender equality and building a culture of inclusion.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Equal 	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
Generations 	10. Double hiring opportunities for interns, apprentices and fresh graduates	4,939	x1.25	x2.00

Schneider Sustainability Essentials				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Equal 	18. Reduce pay gap for both females and males	F: -1.73% M: 1.00%	-1.61% 1.11%	<1%
Generations 	19. Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	53%	61%	60%
	20. Pay our employees at least a living wage ⁽³⁾	99%	100%	100%
	21. Multiply the number of employee-driven development interactions on the Open Talent Market	5,019	x2.1	x4
	22. Support the digital upskilling of our employees	41%	74%	90%
Generations 	23. Provide access to meaningful career development programs for employees during later stages of their career	--	In progress	90%
	24. Increase our employee engagement level	69%	71%	75%

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs.
 (2) Each year, Schneider Electric obtains a "limited" assurance on progress and methodology from an independent third party verifier for all of the SSI and SSE indicators, in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in this section.
 (3) As of 31st December 2021, 99.99% of eligible employees, i.e. all Schneider employees treated as permanent workforce, were paid the living wage. The few remaining gaps were closed early 2022 so that all in scope Schneider Electric employees are now paid the living wage. The final KPI result for 2021 was rounded to 100%.

5 Great People making Schneider Electric a great company

5.1 2025 people strategy and vision

The world is rapidly evolving and new mega-trends are emerging. Massive acceleration in the adoption of digital technologies and connectivity has changed the way we all live and work. The sense of urgency around climate change has intensified. Social aspirations, including demand for equality, have soared. New ways of organizing workforces have emerged. New capabilities are being developed to maximize the human-to-digital intersection. There has been a shift in the balance of the global versus local economies amidst geopolitical differences.

5.1.1 Schneider Electric’s People Vision – Employee Value Proposition, Core Values, and Leadership Expectations

People Vision

Great people make Schneider Electric a great company. To transform our culture and create a great place to work for, we launched our new People Vision in 2018.

The People Vision provided the impetus to change the way Schneider works and accelerate the cultural transformation at the Company. With an Employee Value Proposition (EVP), a set of Core Values and Leadership Expectations, there is a strong anchor to the people strategy.

During the pandemic, the People Vision helped us remain resilient and rebound on business performance.

The People Vision consists of the following:

- 1 Our EVP is our commitment to engage existing and future talent. It’s the reason why people join, stay, and remain engaged and shows how we differentiate ourselves as an employer.
- 2 Our Core Values determine who we are, what we do, and define the way we work together and deliver on our EVP promises. Our values guide our choices and illustrate the behaviors we expect our employees to demonstrate.
- 3 Our Leadership Expectations show how we expect leaders to drive the Company for the future. They emphasize how our leaders will transform Schneider Electric by stepping up individually and collectively.

Employee Value Proposition

The Group is also looking to establish a strong name as an employer and communicate around its Employee Value Proposition, which is our promise to current and future employees.

We believe that great people make Schneider Electric a great company. We are driven by our meaningful purpose and continuously create an inclusive environment where employees are empowered to be at their best and innovate.

Our Employee Value Proposition continues to evolve in line with the business. Making the emotional connection as to “Why Schneider Electric?” is fundamental in the ability to not only attract the best talent and be an “employer of choice”, but also to have it resonate as authentic with employees as a form of encouragement, motivation and inspiration.

Employee Value Proposition		
<p>MEANINGFUL</p> <p>We empower all to make the most of their energy and resources, ensuring Life Is On everywhere, for everyone, at every moment.</p> <p>Our mission is to provide energy and automation digital solutions for efficiency and sustainability.</p> <p>We adhere to the highest standards of governance and ethics.</p>	<p>INCLUSIVE</p> <p>We want to be the most diverse, inclusive and equitable company, globally.</p> <p>We value differences, and welcome people from all walks of life.</p> <p>We believe in equal opportunities for everyone, everywhere.</p>	<p>EMPOWERED</p> <p>Freedom breeds innovation.</p> <p>We believe that empowerment generates high performance, personal fulfillment and fun.</p> <p>We empower our people to use their judgement, do the best for our customers, and make the most of their energy.</p>

Core Values define the way we work together

Customer First. Above and beyond for our Customers. We surprise and delight customers as we would be nowhere without them. So, not only do we put ourselves in their shoes, but we also anticipate their needs and go the extra mile. We champion our sales people, because they are the face of our Company. Whatever our role, we have an impact on the customer's experience.

Dare to Disrupt. Constantly in Beta. Innovation is our middle name. Good is never good enough, and that's why we are constantly experimenting, taking risks, and disrupting the status quo. We think fast, and we act even faster. Setbacks don't hurt us. They motivate us. That's why we are not afraid to make our bets bigger and our decisions bolder to power the digital economy through energy management and automation. We, at Schneider, ensure Life Is On.

Embrace Different. Different is Beautiful. We are 100% committed to inclusion. "Exclusion" is not even in our vocabulary. We believe in equal opportunities for everyone, everywhere. This means welcoming people from all walks of life, ages, and cultures, embracing different perspectives and calling out bias when we see it, so that every person feels uniquely valued and safe to be at their best. To us, a stranger is simply a friend we haven't met yet.

Learn Every Day. #Whatdidyoulearntoday? To stop learning is to stop growing. We are genuinely curious, never done with learning. To us, there is no such thing as knowing it all or having all the answers. We believe in life-long learning. Every minute of every day brings a new chance to listen, open up our minds, and widen our horizons. We are never too experienced to learn.

Act Like Owners. All in. Together. Entrepreneurs at heart, we take responsibility and ownership of everything we do. This is not somebody else's company. It's ours! We are individually empowered and collectively driven to collaborate and beat the competition together. In the end, we do what is right for Schneider first – always with integrity and honesty.

5.1.2 2025 People Strategy

During the pandemic, we successfully pivoted to digital interactions with customers and remote working with our teams. As we move towards the post-pandemic era, the nature of work, the workplace, and the relationship between companies, customers, and employees has dramatically changed.

In January 2021, our new People Strategy was launched, with the aim to set the bar higher to support business growth and culture/ leadership transformation. To deliver on this mission and shape the workforce of the future in the "next normal", the strategy has three outcome-based themes:

Organizational agility – a growth and innovation culture, enabled by a flatter, leaner, and multi-hub/multi-local structure, customer proximity, and fast decision making, supported by new ways of working.

Future ready talent – a diverse, empowered, and digitally skilled team. All talents develop current and future skills through on-the-job learning, exposure, and education to realize their potential.

Inclusive leadership – leaders drive greater disruption and acceleration. They build human connections by coaching, caring, and collaborating across teams to achieve together and deliver impact.

5.1.3 Organization

Since 2009, the Human Resources (HR) department has been structured around three principal roles to better respond to its missions:

HR Business Partners assist managers on a day-to-day basis in setting out their business strategies and in assessing the human resource requirements needed to meet business targets. They also play a pivotal role in anticipating skill requirements and employee development, and in the management of employee relations.

HR Solutions creates and develops comprehensive solutions for the organization's strategic challenges in key areas, such as compensation, benefits, human capital development, learning, and performance management. Regional teams are leveraged to effectively support the Group's globalized operations.

HR Services handles the logistics and administrative responsibilities relating to payroll, sourcing, mobility, and training programs, mainly through shared service centers designed to optimize efficiency and costs. Since 2015, the Group has put in place an HR Excellence initiative with the objective of creating HR teams ready to make the Leadership and Culture vision a reality while supporting the growth of the business.

5.1.4 Governance

In 2020, Schneider Electric decided to further reinforce the governance of the Group, the professionalism of our processes, and our foundations for trust.

A new global organization CGO (Corporate Governance Office) was created to support this aim. Human Resources followed suit with the creation of a governance role within the function to articulate corporate governance directions within the function and to reinforce its own governance.

HR Governance acts as single point of contact to corporate organizations such as M&A, Internal Audit, Internal Control, Ethics & Compliance, and Data Privacy facilitating an agile response to corporate directions by the function. Similarly, HR Governance provides support to HR people around governance questions.

Core Values				
CUSTOMER FIRST	DARE TO DISRUPT	EMBRACE DIFFERENT	LEARN EVERY DAY	ACT LIKE OWNERS

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5.1.5 Continuous listening and employee engagement

In the context of COVID-19 and beyond, focusing on employees' engagement is fundamental. Engaged employees are key to enable the organization to be at its best and support the achievement of the Group strategy together. People who understand and connect with the company's purpose will feel more personally involved and more likely to deliver more than what is expected from them.

Key updates in 2021

- In line with Group priorities and People Strategy**, the Continuous Listening Strategy and particularly, annual employee engagement survey, OneVoice, was updated to reflect some of the key 2021-2025 ambitions and working in the next normal
- There is an increased focus on **action plans and follow-up** based on these insights
- Leaders and Managers are more involved** to drive the topic and ensure care towards employees

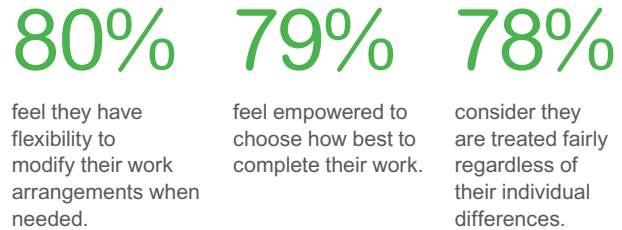
1. Refreshed questions to adapt to working in the next normal and align with Group's 2025 ambition

First set up in 2009, the OneVoice internal survey was designed to measure employee satisfaction. In 2012, the survey evolved to include employee engagement to derive a more holistic view of employee expectations, commitment, and sentiment.

As an inclusive company, all employees are asked to provide their honest feedback through a questionnaire evaluating their engagement and measuring the drivers of engagement such as diversity, learning, and new ways of working. This process helps the Group identify key avenues for improving employees' engagement and their unique life at work.

In 2021, it was important to refresh the questions to make them more relevant due to the new working environment of employees, particularly regarding the new normal, flexibility at work, empowerment of the teams and inclusion. As rated by our employees:

New ways of working empowerment and inclusion are the Top 3 drivers of employee engagement



In 2021, despite global external predictions on the impact of pandemic fatigue on employees, Schneider Electric recorded its highest employee engagement score, 71%, + 7 points compared to 2019 in the pre-COVID-19 context. This is evidence of a strong and lasting emotional bond between employees and the organization as well as confirmation that employees felt supported by the organization during challenging times. Schneider Electric tracks its own employee engagement index in relation to the industry and top-performing companies globally. The Company also has a Schneider Sustainability Essentials (SSE) ambition to achieve 75% employee engagement score by the end of 2025.

2. Reinforce action planning to ensure meaningful outcomes

As internal and external research has demonstrated that the role of the manager has a significant impact on employees to drive engagement of their teams, the Company has focused on building awareness and knowledge among managers and following up to ensure that action plans were implemented at all levels of the organization. Schneider Electric carefully follows its own action plans, making sure that they are seriously implemented, and that good practice can be spread across the organization. In 2021, the Company strengthened its efforts at three pivotal levels: global, local, and team.

Global level: one of the key learning from the crisis was that employees recognized the support provided by the company during those times. As a concrete action taken at Group level, live sessions were organized for all employees every month, aiming at learning how to better take care of their Well-Being.

Local level: the financial support provided to India through Tomorrow Rising fund had a very positive impact which was raised in the comments of our OneVoice annual survey as a delightful moment.



Team level: Managers still played a key role and the recognition they gave to their team members had a positive impact on their team members. One of the concrete actions taken in Victoria's plant in the United States is to empower collaborators to come to management team with ideas for recognition events.

Key highlights for 2021

100% of employees were surveyed in May 2021 through a consistent and continued measurement of the employee engagement index but with a refreshed set of questions to better fit our ambition:

Participation	Comments analyzed	Engagement	Managers	Action plans
85% 108,904 responses	134k	71% +2pts vs 2020 +7pts vs 2019	4,716 have access to a customized report	1,000+ recorded since July 2021

Generations
SSE #24

75% employee engagement score

Great progress was made in 2021 with 63% of employees feeling that collaboration between teams and entities is going well and that they receive fair recognition for their work achievement (+ 8 points for collaboration and + 5 points for recognition versus 2019).

Based on the feedback of its employees from both the 2021 culture and leadership and the OneVoice surveys, Schneider Electric refreshed the Leadership expectations and introduced "Achieve Together" to build a strong focus on collaboration. In 2021, collaboration was the #1 topic raised by employees as a major driver contributing to their engagement. During difficult times, employees expressed their pride to feel recognized by their managers, customers, colleagues for a successful teamwork.

Baseline	2021 Progress	2025 target
69%	71%	75%



3. More involvement of leaders and managers

Following communication of the results, and with the support of their HR Business Partner, managers organized feedback sessions with their team to foster dialog and build relevant action plans, based on both qualitative and quantitative results. Acting with trust, empathy, and humanity, communicating to teams agilely and providing sincere support to employees is key in keeping people engaged.

As actions are important to demonstrate that feedback is acted upon and the company 'walks the talk', a "nudge" approach was introduced to remind managers to follow up on their action plans with their teams, while peer to peer sessions were introduced to provide managers with opportunities to share challenges and best practices on implementing improvement actions.

This year, to enhance action plans implementation and follow up reviews, the Company created a leader-led Advisory Board composed of business and HR leaders to act as a sounding board as well as an Operating Committee, composed of employee engagement and continuous listening partners, to pair with frontline managers to promote, share, and test any new initiatives.

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5.2 Diversity, equity, inclusion, and well-being

5.2.1 Risks and opportunities

In a world where change is the new norm and innovation is critical to ongoing business success, Schneider Electric places a key emphasis on attracting and retaining diverse talents and building a high performing leadership pipeline.

The Group's diversity, equity, and inclusion ambition is to offer equal opportunities to everyone everywhere. Schneider Electric wants its employees – no matter who they are, or where in the world they live – to feel uniquely valued and safe to contribute their best. The Group believes that diversity, equity, and inclusion is a moral as well as a business imperative, as a diversity of people and an environment of inclusion leads to greater engagement, performance, and innovation.

Since 2015, Schneider Electric has also made well-being and mental health strategic priorities. The events of the last couple years have only confirmed that nurturing employees' well-being and mental health is a critical business imperative, and that leaders must develop the right skills to support their teams' well-being. Pandemic fatigue is real, as is the increase in employee burnout and mental health challenges across the globe. Companies have to accommodate these realities and strive to provide the support every individual needs. Recognizing that well-being and mental health matter is key to fostering an inclusive company culture where everyone feels safe to be their unique self.

5.2.2 Governance

The Global Diversity, Equity & Inclusion (DEI) Board is a group of top leaders from all markets, sponsored by the Executive Committee, which acts as a sounding board for the global DEI strategy as well as internal and external DEI champions. Board members are nominated by the Executive Committee to serve a two to three-year term.

All Schneider Electric entities develop action plans based on the feedback of employees while meeting local regulations and addressing country-specific situations. For DEI, leaders have been appointed in more than 30 countries/ zones and entities of the Group to lead these actions plans. This global network convenes bi-monthly to share progress and best practices.

The well-being governance model consists of a structured network of more than 50 champions worldwide converting the global vision into customized local actions responding to the diversity and local needs of more than 100 countries. The well-being champions network convenes every six weeks to share progress, internal and external trends, as well as best practices.

Beyond this governance structure, all employees at Schneider Electric are held accountable for our DEI and well-being transformation, through targets included in the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE), the Group's performance dashboards for sustainability. The SSI is factored into every employee's short-term incentive plan. This ensures a high level of awareness and accountability from both employees and leaders.

5.2.3 Group policy

Schneider Electric's overall aspiration to improve the lives of people everywhere in the world by developing sustainable energy solutions for its customers also extends to its diversity, equity, and inclusion (DEI) ambition. The DEI and Well-Being strategy focuses on engaging and impacting the individual, the organization, and society at large, via three pillars:

- **“Sustain You”**: Schneider Electric is committed to making sure all employees feel safe to be their best selves in a culture that fosters trust, respect, and flexibility. Employees are empowered to prioritize their own well-being and mental health, invest in healthy ways of working, and role-model inclusive behaviors.
- **“Activate Schneider”**: Schneider Electric is committed to reflecting the diversity of the communities in which it operates. The Company continues its efforts to hardwire equity and inclusion at all stages of its Total Employee Experience, ensure fairness in people processes and policies, and foster a culture of care and inclusion at all levels.
- **“Impact Society & Planet”**: Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modelling. The Company works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation, with the goal of addressing systemic inequities and becoming a leader in corporate citizenship. Schneider Electric also engages in coalitions and partnerships to influence policy and play its part in building a society that embraces diversity, equity, and inclusion.

While DEI is increasingly driven by local and regional regulation, with which the Group complies, other countries where Schneider Electric operates are encouraged to tackle additional DEI and well-being challenges specifically relevant to their markets and tailored to their needs.



5.2.4 A diverse workforce

5.2.4.1 Gender balance

Schneider Electric is strongly committed to building a diverse organization at every level. In that context, the Group has identified increasing the share of women in its workforce and leadership as an absolute priority.

Schneider Electric's journey to become a more gender balanced organization began more than 10 years ago. The Group stated ambitions on increasing female representation in the overall workforce and in specific segments like leadership roles, and technical and sales functions. Because they are a key internal leadership talent pool, Schneider Electric has been focusing on hiring and including more women in sales and technical roles. As of end 2021, women made up 34% of IT roles with a hiring rate of 41%, and 17% of engineering roles, with a hiring rate of 27%. Similarly, as of end of 2021, women made up 21% of the sales population, with a 31% hiring rate. Overall, women account for 20% of revenue-producing roles at Schneider Electric, with a hiring rate of 30%.

While significant progress has been made in the representation of women, especially on the Board and Executive Committee level (respectively, 42% and 44% female as of end of 2021), the Company recognizes that there is still a need to accelerate efforts at lower levels in the organization.

2025 gender diversity commitment

In 2021, Schneider Electric renewed its commitment to gender balance with the 2021 – 2025 SSI gender balance KPI, 50/40/30 – women representing 50% of all new hires, 40% of frontline managers, and 30% of senior leadership by 2025.

This new commitment is both a testament to the progress the Group has made so far and a clear signal that it intends to double-down on its efforts to achieve more gender balance across all levels of the organization.

At the leadership level, we focus on 30% representation because research has shown that 30% is the tipping point for diversity to have a real impact on teams. This approach is informed by critical mass theory, which takes its roots in physics, where a minimum 'critical mass' is needed to sustain a nuclear chain reaction. When it comes to diversity on teams, 30% has been identified as the critical mass number. To get to that level of representation in leadership, we need to build a strong pipeline for female talents to grow within the organization and access senior levels. This starts with a strong

commitment to reach gender-balance in hiring and continues with efforts to promote and develop women internally.

Schneider Electric is also committed to removing the structural and social barriers hindering women's career progression through a holistic strategy promoting gender equality in STEM and within the organization, and through targeted career development initiatives.

In 2019, the Company revitalized its commitment to gender equity in leadership roles and partnered with INSEAD to launch the Schneider Women Leaders' Program (SWLP) – a global program with a common cause, enabling more women at their mid-career point to build the skills and confidence to step up their leadership capability and impact. The SWLP program is a seven-month coaching and virtual workshop experience, culminating in a three-day virtual global summit, bringing the graduating women together with senior Schneider leaders and world-class business school faculty. Since its inception in 2019, more than 230 women have benefited from this targeted leadership development program.

In addition to SWLP, a new program called "How Women Rise" was launched for Schneider employees in several countries. Over the last couple of years, this leadership program has benefitted more than 1000 women.

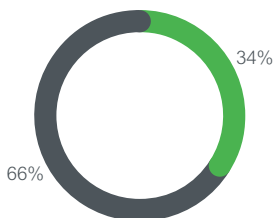
Employee Resource Networks (ERNs) also play a large role in empowering women locally and helping drive efforts to advance women in leadership. As of the end of 2021, local ERNs have contributed to the Group's efforts towards gender equality and inclusion in more than 40 countries.

Initiatives in France

In France, Schneider Electric Industries and Schneider Electric France (SEI-SEF) continue to partner with Elles Bougent (an association of women engineers), C Génial Foundation (a foundation promoting STEM jobs), and MEDEF (union of employers) to promote technical roles in schools and break gender stereotypes around specific careers. Thanks to this French Women in Tech network set-up in 2014, as of the end of 2021, more than 100 technicians and female engineers have been able to meet with over 12,000 pupils, on Schneider Electric sites or virtually.

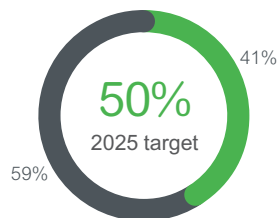
In 2019, SEI-SEF also launched an annual year-long mentoring program where high potential women are paired with senior leaders. The focus of this program is to increase both the promotion of female talents and their access to leadership positions. From 2019 to 2021, a total of 41 women have benefited from this initiative.

Overall Workforce



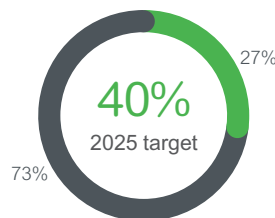
● Female
● Male

Total New Hires*



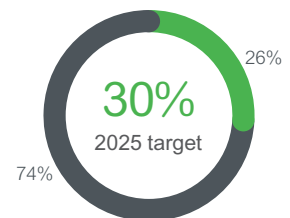
● Female
● Male

Frontline management**



● Female
● Male

Leadership***



● Female
● Male

* Total new hires – all new hires in 2021.

** Frontline management – junior and mid-level management whose direct reports are individual contributors only.

*** Leadership – Vice-Presidents and above.

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Initiatives in the US

In the United States, Schneider Electric USA is a proud member of the Society of Women Engineers (SWE) Corporate Partnership Council. This relationship provides networking and alliances with other leading organizations working to create opportunities for women engineers and technologists. This partnership with SWE provides recruitment, development, exposure, and leadership opportunities for Schneider Electric USA employees.

Initiatives in India

In India, through a program named “Her Second Innings”, Schneider Electric strives to leverage an untapped talent pool, by hiring women who are looking to re-enter the workforce after a career break. Schneider Electric Greater India also has a leadership development program, “URJA” (which translates to “Energy” in English), which is designed to harness the leadership skills of mid-career women employees identified as solid potentials. As of the end of 2021, about 600 women have participated in the program.

Equal SSI #8






Increase gender diversity in hiring (50%), front-line management (40%), and leadership teams (30%)

In line with its gender diversity goal, Schneider Electric is focused on building a robust female talent pipeline. The company has set bold 50/40/30 targets, committing to increase representation of women to reach 50% of all new hires, 40% of frontline managers, and 30% of leadership by 2025. This requires strategic planning, targeted talent development, accountability mechanisms, and most importantly, the support of everyone in the organization, starting with anyone involved in hiring or promotion decisions. This is why Schneider Electric ensures that its talent processes are fair and equitable, and the organization counts on each leader, when making a hiring or promotion decision, to help advance its overall goal to create a skilled and diverse workforce for the future.

Baseline	2021 Progress	2025 target
41/25/24	41/27/26	50/40/30

5.2.4.2 Diversity of ethnicities and nationalities

Schneider Electric wants everyone, everywhere in the Company to have the same chance of success irrespective of their nationality, ethnicity, race, or location. The Group's multi-hub model is key to deliver on this ambition. Schneider Electric believes in a multi-local world with locally tailored solutions supported by diverse teams across the globe to best meet its customers' needs with customization, quality, and speed. In the “next normal” world, with continued disruption and need for speed and agility, the multi-hub operating model is more relevant than ever. The opportunity for Schneider Electric to be the “most local of global companies” with a balanced multi-hub footprint to enable customer proximity, innovation, speed, collaboration, and diversity, is a key differentiator for Schneider's long-term success.

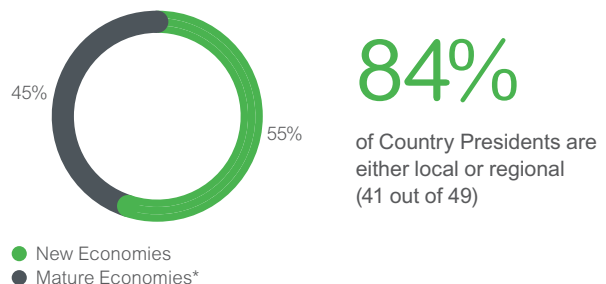
To continue to reinforce the “equity and equal opportunities” strategy and to reinforce its reputation as the most global of local companies, Schneider Electric ensures that its leadership footprint is in line with its business footprint. As of end of 2021, 34.5% of Schneider Electric' leadership team is from new economies, and 84% of country presidents are from the country or region they are leading.

Schneider also has a global commitment on ethnicity and racial equity, with countries in the lead to drive ambition and actions. The goal set for racial equity and inclusion means:

- Employee population is reflective of the communities operated by Schneider Electric, including at the leadership level;
- Employees have equal opportunity for growth and training;
- Everyone feels safe, valued, and respected for who they are, to be their authentic self.

In line with this goal, since 2021, Schneider Electric has been an active member of the Business for Inclusive Growth Partnership (B4IG) Working Group on Diversity, Equity and Inclusion, whose first order of business was to gather best practices and develop guidelines to advance ethnic diversity and inclusion in the corporate world. These “Operational Recommendations for Ethnic Diversity & Inclusion” were drafted collectively and endorsed by B4IG-participating CEOs in December 2021. They will serve as guidance while Schneider Electric continues to drive change in this area, at the global level.

Employees in New/Mature Economies



* Mature economies gather mainly Western Europe and North American countries.

Race and ethnicity in the US

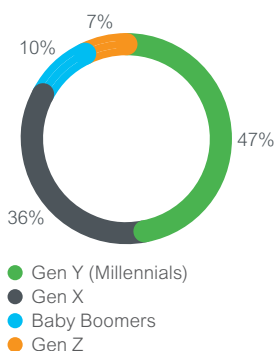
In the United States, the past couple years have driven strong visibility on racial and social injustices. Schneider Electric USA has committed to evolving the racial and ethnic diversity of its employee population, with specific representation targets in place. Schneider Electric USA continues to be a proud member of the National Society of Black Engineers (NSBE) Board of Corporate Affiliates (BCA), which provides recruitment, development, exposure, and leadership opportunities for its employees. To further accelerate progress, Schneider Electric USA launched a Racial Equity Task Force in June 2020. Under the stewardship of the Task Force, several projects have been developed in 2020/2021:

- A sounding board team was created, examining how frontline manager hiring decisions are made and whether biases exist that create barriers to advancement for Black professionals;
- The employee-led Diversity, Equity, and Inclusion task force worked on examining the current perceptions and experiences of diverse groups through quantitative and qualitative measures;
- The Psychological Safety task force team identified a need for a “Safety Zone,” a safe and confidential space to support employees on topics impacting their psychological safety (racism, microaggressions, inequities, mental health, etc.). The “Safety Zone” will be implemented into a new US benefit for all US employees in 2022.
- Schneider Electric USA debuted partnerships with two Historically Black Colleges & Universities (HBCUs), Tennessee State University and North Carolina A&T University, with the goal of hiring more diverse early-career talents.

5.2.4.3 Generational diversity

For the five generations working at Schneider, the aim is to foster life-long career development and knowledge exchange for and across all generations to boost learning and innovation. Schneider is committed to creating new opportunities for the next generation (through, among other things, apprenticeships, internships, as well as its annual global student contest, Schneider Go Green in the City) and to harnessing the power of all generations, through tailored career development opportunities offered for each career stage (career week, coaching, development plans, reverse mentoring, etc.).

Generation breakdown



5.2.4.4 Accessibility and inclusion for People with disabilities

Schneider Electric is strongly committed to the inclusion of people with disabilities. In January 2021, Schneider Electric joined the International Labour Organization (ILO) Global Business and Disability Network and signed their charter, committing to promote and include people with disabilities throughout their operations worldwide.

In October 2021, in line with its commitment to digital accessibility, the Company debuted a new, more accessible version of its official website. In December 2021, in honor of the International Day of People with Disabilities, Schneider Electric organized a week-long global awareness campaign on the topic of disability and accessibility, educating employees about the diversity of disabilities and the actions allies can take to build an inclusive environment for all.

At Schneider Electric France, overall, employees with disabilities account for 5.25% of the direct workforce (as of end of 2020). Schneider Electric France worked closely with a diverse panel of partnerships to develop the employment of disabled people, internally and externally, including targeted schools or universities in order to develop the visibility of professional opportunities to young talents with disabilities. In 2021, the Company remained committed to the recruitment of people with disabilities, with the addition of 24 new apprentices and 11 new permanent workers. Schneider Electric France keeps a strong focus on raising awareness of invisible disabilities including cognitive disabilities and chronic diseases. The awareness campaign includes webinars, educational materials as well as specific web series.

A new Agreement on People with Disabilities has been signed with unions in December, giving means and objectives for 3 years focused on more recruitments (100 in 3 years), more accessibility (physical and digital) and more collaborative actions to allow employees facing health issues to work.

To facilitate better communication in the context of the pandemic, all employees with hearing disabilities as well as their co-workers are still fitted with “inclusive masks” that allow visibility of the lower face.

5.2.4.5 LGBT+ inclusion

In March 2018, Schneider Electric committed to the United Nations Free and Equal Standards of Conduct for Business on Tackling Discrimination against Lesbian, Gay, Bi, Trans and Intersex People, standing up for equal rights and fair treatment for LGBT+ people everywhere.

By adopting these standards, the Group pledges to respect and stand up for the human rights of LGBT+ workers, customers, and members of the public; to support our LGBT+ employees and to prevent discrimination, including workplace discrimination, against LGBT+ people.

In June 2019, during Pride Month, the Company announced the launch of its global LGBT+ Employee Resource Network (ERN): Schneider LGBT+ and Allies. The Group is open to all – LGBT+ people and allies alike – with an interest to further inclusion in the workplace. In October 2020, in addition to its (virtual) celebration of Pride Month, Schneider Electric held its first global LGBT+ Awareness Month. Each week, video testimonials, podcasts, and educational materials were provided to all employees interested in learning and hearing from their LGBT+ colleagues. In June 2021, the Company celebrated Pride Month globally, with a campaign that focused on the concept of intersectionality.

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In addition to signing the United Nations Free and Equal Standards, across the globe, Schneider Electric has also made public statements of support to advance LGBT+ inclusion: Schneider Brazil, Chile, Argentina, Colombia, and France have all signed LGBT+ equality charters.

In the United States, since 2019, Schneider Electric USA proudly demonstrates allyship to the LGBT+ workforce by participating in the Human Rights Campaign's Corporate Equality Index for LGBT+-inclusive workplace policies and practices. In 2022, Schneider Electric USA scored 90/100 on the Corporate Equality Index, the nation's foremost benchmarking survey and report measuring corporate policies and practices related to LGBT+ workplace equality. Schneider Electric USA offers benefits to support LGBT+ community members including fertility and infertility care, adoption, surrogacy, gender reassignment surgeries, paid primary and secondary parental leave, and mental health support through free counseling sessions, online resources, digital therapy, coaching and more. All LGBT+ community members and allies are encouraged to present their authentic selves.

5.2.5 An equitable, inclusive, and caring environment

5.2.5.1 Being fair and equitable

Schneider Electric wants its talent processes to be fair and equitable. Talent decisions are based on skills, values, performance, and potential. The Company counts on each leader to be fair and equitable when making a hiring or promotion decision to help advance its overall goal to create a skilled and diverse workforce for the future. The Company has built in reminders to check hidden bias and mitigate them through inclusive tips into its major human resource programs, including performance and salary review processes.

Fair and equitable pay is a core component of the Group's compensation philosophy, in line with the principle of equal pay for equal work. Since 2015, the Company has adopted a Global Pay Equity Framework – a global methodology to identify gender pay gaps within comparable groups of employees and lead a country-driven approach to address gaps with appropriate corrective actions. With the help of this Framework, Schneider Electric has committed to reaching <1% pay gap for both females and males by 2025. As of end 2021, the pay gap was -1.61% for females and 1.11% for males, on track with target.

5.2.5.2 Managing our unique lives and work

New Ways of Working

Schneider Electric wants all employees to be able to manage their unique lives and work in the way that works best for them and has implemented several policies to this end.

In October 2020, Schneider Electric's Global Flexibility@Work Policy was refreshed, making it a global standard to work from home (WFH) two days a week for all eligible employees, and one day for employees working in distribution centers and plants, starting in 2021⁽¹⁾. The new global standard came in response to feedback in the Company's 2020 global employee survey in which a large proportion of employees stated that they preferred a hybrid work model (mix of WFH and "work from office"). Additionally, the policy addresses hybrid work holistically, providing employees with mental health resources and training on best practices. This new policy reflects the broader shifts of a global, digital, and ever-changing environment, and contributes to a more agile, inclusive, empowered, and trusting Company culture. As part of this new Flexibility@Work Policy, countries can explore additional measures such as flexible working hours, flexible holidays, part-time work, and volunteering. Some examples of Schneider Electric countries raising the global standards with no fixed limit on the number of WFH days are Estonia, Finland, Latvia, Lithuania, Netherlands, Australia, New Zealand, Slovakia, Russia, Germany, the United Kingdom, and the United States, operating with a fully flexible, output driven philosophy.

At the end of 2021, 99% of the countries have implemented the new Flexibility@Work policy covering 88% of Schneider Electric's workforce.

In addition to its Flexibility@Work Policy, Schneider Electric's Global Family Leave Policy supports all employees globally with personal time at critical life stages and empowers them to manage their unique life and work so that they can be at their best. While the Group's countries have flexibility to define eligibility and policy details per statutory/market requirements, the policy sets global minimum standards for paid parental leave (primary parent – 12 weeks, secondary parent – 2 weeks), care leave (for sick/elderly relatives – 1 week); and bereavement leave (1 week). In 2020, the Group expanded its care leave from one to two weeks for our employees to care for their dependents diagnosed with COVID-19.

Lastly, Schneider Electric has also implemented global benefits standards for all its employees. Schneider Electric regularly reviews compliance with its global benefit policies and principles to ensure that its inclusive global benefit standards are delivered for everyone, everywhere. These standards cover healthcare, family leave, and life cover.

5.2.5.3 Promoting well-being and mental health

Well-being in our DNA

Well-being has been a strategic priority since 2015. Schneider Electric's well-being ambition is to create an environment where employees are empowered to manage their unique life and work by making the most of their energy.

(1) Eligibility is based on employee's role and requirements for on-site work and is determined by country/territory with additional input from managers. Some essential roles, e.g., Plant & Distribution Center blue-collar workers, Field services engineers due to role specifications are excluded from this 2-day work-from-home policy. Recognizing that many critical roles need to be on site, this policy was adjusted to 1 day for the eligible Plant & Distribution Center specific roles.

The holistic view of well-being (physical, mental, emotional, and social) and the joint effort between the Company, leaders, and employees, are key for the success of the program. The current strategy tackles three areas of impact:

- Overall Well-Being
- Mental Health
- New Ways of Working

The deepening and acceleration of these key avenues is supporting the hardware recovery and care into organizational structure – for sustained high performance. 2021 has shown how the expertise in well-being, gained in the past six years, has evolved and translated into an increase of internal demand for consulting to leaders' teams to sustain and boost their performance.

Awareness and training are essentials for this transformation. Back in 2020, Schneider Electric achieved its goal to reach 90% of employees having access to a comprehensive well-being at work program (including access to medical coverage and well-being training).

Employees have access to training in different topics such as new and smarter ways of working, the upside of stress, how to work in a hybrid world, mindfulness at work, energizing our people to perform, spotting the signs of mental health challenges, and using strengths to prevent burnout.

Holistic Approach – 4 Dimensions

Physical

Physical well-being is what we do with and to our bodies: sleep, fitness, nutrition, regular rest and renewal.

Mental

Mental well-being is the ability to manage and train your mind: relax your mind, concentrate and focus, observe your mind, thoughts, beliefs, perceptions.

Emotional

Emotional well-being is about cultivating and generating positive emotions: optimistic, engaged, happy, joyful, confident, enthusiastic, present, peaceful, relaxed, comfortable, serene.

Social

Social well-being comes from connecting and supporting others, finding meaning in what you do, serving something larger than yourself, and living in alignment with your values.

Approach: Training and researched practical applications based on Emotional Intelligence, Positive Psychology, Neuroscience and Mindfulness

Mental health in the workplace

According to the World Economic Forum, the cost of mental health is projected to rise up to 230% by 2030. Beyond the economic aspect, it is imperative for corporations to tackle the mental health topics, even more so after the effects the pandemic.

Since 2019, mental health is part of the global well-being agenda of Schneider Electric, raising awareness within the organization about its importance and aligning with the World Health Organization's definition and World Mental Health Day.

First, the Company provides all employees with a playbook supported by a series of trainings in several languages to equip employees and managers with knowledge of how to deal with Mental Health challenges.

In addition, for the third year, a global mental health campaign was organized during the month of October using the tagline "Mental Health Matters":

- Internally, more than 10,000 employees worldwide participated in different activities and trainings to learn more about how to take care of their mental health and boost their resilience.
- Externally, testimonies about personal practices from the Chairman & CEO, executive team, and Senior Vice-Presidents on social media using the hashtag #MentalHealthMatters reached over 300,000 people.
- In addition, over the year, specific sessions have been held on "Spot the signs of Mental Health Challenges" for HR and Health & Safety people as the key support functions for this topic.

Mindfulness practice is an important aspect of the mental health initiative. A global mindfulness team comprised of volunteers across the organization drives various events, globally and locally, to support employees. In 2021, during the October mental health campaign, 18 global Mindfulness practice sessions were organized, in English, Spanish, French, and Italian, and four regional sessions for South Eastern Europe and Central & South America.

In 2022 the learning and awareness ambition will continue through a mandatory training for all employees "We All have Mental Health", which consists in understanding what mental health means, learning to recognize the signs of mental health challenges, and how to act upon these signs.

5.2.5.4 Building a culture of inclusion and respect

In 2018, with the launch of its Global Anti-Harassment Policy, the Group formalized its zero-tolerance stance on harassment. The policy explicitly prohibits any kind of harassment (sexual or non-sexual) in the workplace, and states that "no Schneider Electric employee shall be subjected to harassment, victimization or retaliation based on - including but not limited to - race, sex, national origin, religion, political opinion, age, medical status, disability, gender, marital status, pregnancy, sexual orientation or gender identity". The policy sets clear and consistent expectations of workplace conduct, outlines the roles and responsibilities of employees, managers, and witnesses in creating a workplace free of harassment, and highlights the different reporting channels available to all to report incidents, while maintaining confidentiality and protection against retaliation. Lastly, the policy lays out the type of corrective or disciplinary actions that can be taken in case of discriminatory behavior or harassment, or failure to report such incidents.

In alignment with its Trust Charter, and Global Anti-Harassment Policy, Schneider Electric has developed a comprehensive education approach to build inclusive teams and leaders at every level. The Company's goal to foster an environment where people feel a sense of inclusion, belonging, and psychological safety, begins with educating all employees:

5 Great People making Schneider Electric a great company

- First, the Company educates employees on hidden biases and how to overcome them. Through an e-workout on “Overcoming Hidden bias”, participants learn to understand what hidden bias means, explore clear steps to keep their decision-making objective, and learn how to proactively call out bias when they see it in others.
- Since 2021, all employees are also required to take a mandatory e-learning on “Building a Culture of Respect” (30 minutes). Through this training, participants explore the importance of building a culture of respect, learn to recognize the different forms of harassment, and understand the actions they need to take (as employees and managers) when witnessing such conduct. At the end of 2021, 98% of employees had completed this training.
- Lastly, Schneider Electric frequently reminds employees of our diversity, equity, and inclusion values through specific nudges (articles, videos, white papers, etc.). These nudges build on the content of the aforementioned e-learnings and provide employees with practical tips and real-world examples to help them build inclusion.

5.2.5.5 Impacting society and advocating for diversity, equity, and inclusion

Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modelling. The Company works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation, with the goal of addressing systemic inequities and becoming a leader in corporate citizenship. Schneider Electric USA has committed to diversifying its supply chain through its Supplier Diversity program.

Schneider Electric is also very open in its journey to progress diversity, equity, and inclusion within the Company and beyond and shares its progress both internally and externally.

Internally, this includes raising awareness by familiarizing employees with the Company’s data, commitments, and various partnerships and initiatives. In 2021, employees celebrated International Women’s Day, Pride Month, International Men’s Day, and Global Mental Health Day, and led awareness campaigns for LGBT+ inclusion and accessibility for people with disabilities.

Schneider Electric is also engaged in various partnership to be an agent of change within the private sector and beyond:

- In May 2021, Schneider Electric renewed its long-standing partnership with United Nations Women through the newly launched Generation Equality Forum (GEF). The GEF is a global multi-stakeholder initiative that brings together representatives from the private sector, Member States, United Nations Entities, and civil societies, including youth organizations and networks, to accelerate progress for gender equality around the world. As part of the GEF “Economic Justice and Rights” Coalition, the Company has committed, through the Schneider Electric Foundation, to support the training of 5,000 women in the energy trades and their self-employment or access to jobs, through specialized partnerships, and to launch two new international initiatives to train and empower women in the energy field by end 2022. As part of the “Feminist Movements and Leadership” Coalition, and in alignment with its SSI 50/40/30 target, Schneider has committed to reach 45/29/26; that is, women representing 45% of its new hires, 29% of its frontline managers, and 26% of its leaders by the end of 2022.

- In addition, Schneider Electric has also committed to the United Nations Women’s Empowerment Principles (WEPs) and in 2019, became the first multinational company to achieve 100% commitment to the WEPs across its global leadership team. All new country leaders now make this commitment as part of their onboarding process.
- In 2021, the Company officially joined the World Economic Forum’s Partnership for New Work Standards; a global, cross-industry partnership aiming to pave the way in building a healthy, resilient, and equitable future of work.
- Lastly, since 2020, Schneider Electric is a member of the Gender and Diversity KPI Alliance (GDKA), a group of DEI advocates, corporations, academics, and trade organizations that support the adoption and use of a set of KPIs to measure gender and other types of diversity in their organizations.

5.2.6 Recognitions and awards

Schneider Electric has been included in the 2021 and 2022 Bloomberg Gender-Equality Index (GEI) for the fourth and fifth year in a row. Schneider Electric scored above the GEI average overall as well as in data excellence, with the highest scores in equal pay and gender pay parity, and inclusive culture.

The Company was recognized as part of the Financial Times Diversity Leaders 2021 and 2022. The company ranked 66th overall and 5th in its industry category, out of 850 European companies included in the annual ranking. This Financial Times ranking aims to assess companies’ success in promoting all types of diversity, including gender balance, disabilities, openness to all forms of sexual orientation, and an ethnic and social mix that reflects wider society.

Schneider Electric was named one of Fortune’s 2021 and 2022 World’s Most Admired Companies for the fourth and fifth year in a row. This year, the Company ranked #3 in the electronics industry sector.

Schneider Electric ranked No. 48 on the Forbes America’s Best Employers in Diversity 2021 list and the best in our industry. The award recognizes the Company’s commitment to building a diverse and inclusive culture.

Schneider Electric’s Gulf well-being program won two awards in 2021: Best workplace wellness program and happiest workplace – private sector; based on the well-being, diversity, equity, and inclusion, and sustainability team initiatives. This brings Schneider Middle East to a total of seven awards in the well-being sector since 2017.

Schneider Electric Mexico has won, for the tenth time in a row, the national ERS (Socially Responsible Company) award, which includes the evaluation of well-being within the organization. On top of that, Schneider Electric Mexico has ranked among the Top 10 Best Employers for Young Professionals. Finally, it has obtained the certification for TOP Employers 2022.

Schneider Electric South Eastern Europe (SEE) was recognized as “HR initiative of the Year”, granted by the Bucharest Arena Magazine for implementing an Employee Assistance Program (EAP) across SEE.

Schneider Electric Poland was elected as Firma Dobrze Widziana (a Company that is well seen) by the Business Center Club in 2021.

Awards



5.3 Talent attraction and development

5.3.1 Risks and opportunities

Attracting and developing talent is crucial to the ongoing success of Schneider Electric. The growth of the Group's businesses in markets around the world, in conjunction with the rapidly evolving "next normal", requires an acceleration of skill development to prepare for greater organizational agility, develop leaders who build human connections in a digital world, and shape the workforce of the future.

The Group strives to be recognized as an employer of choice to attract the best talent and to be a market leader for talent development for people of all walks of life, ages, and cultures. Key programs are in place to invest in the attraction and development of people, creating opportunities and the environment for people to learn and grow, while 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. This mitigates the risk of skill gaps and supports overall retention of employees. Focusing on critical skills to drive results and innovation for customers helps keep the businesses ahead of the competition. The opportunity for Schneider Electric to have a balanced multi-hub footprint will be a key differentiator for talent attraction and retention, especially with regards to career development and opportunities for our local and regional talents.

5.3.2 Group policy

Schneider Electric believes that all employees are talent and empowers people to grow to their fullest potential, developing new skills and building careers for today and tomorrow, enabled by our multi-hub organization. Establishing a strong brand as an employer is communicated in the EVP (Meaningful, Inclusive, Empowered); the promise to current and future employees, driven and anchored by a meaningful purpose. In addition, the Group invests in learning and development for the wider ecosystem, including universities and schools, partners, customers, and the wider community.

The Group has a two-pronged approach to talent development, in order to prepare the workforce of the future – for all employees and for specific target groups.

- **For all employees**, the Group ensures there are tools and processes in place to set individual performance and development goals, access learning and development opportunities for their current role as well as future roles and explore diverse career paths around the world. #LearnEveryDay as one of the Core Values sets the tone for employees to be open to new challenges and continue to upskill for themselves, their teams, and their communities. In the OneVoice employee survey, 75% of employees were favorable to being able to renew their skills through learning and development opportunities at Schneider.

- **For specific groups of talent**, there is a strong focus on high potentials, early career talent, and a new pilot program for talent who are in a later stage in their professional career. An annual talent review process operates across the Company to help ensure high potential talent, including technical and digital talent, is identified, recognized, and supported with an accelerated development path. There are also targeted programs for specific skills to support our commercial, digital, and leadership transformations and equip our blue-collar workers for the supply chain of the future.

In the next normal, the role of leaders to transform culture, build great teams, and deliver impact is more critical than ever. The 2021 Culture & Leadership survey of around 2,000 Schneider leaders validated steady progress on the overall Group leadership and culture transformation started in 2017. Key strengths include strong ethics and integrity, sense of purpose, and customer focus, as well as positive spirit and willingness to go above and beyond. Moving forward, the Group has identified four resets for leaders that require a renewed focus for the next normal. In this context, the Leadership Expectations were refreshed in Q4 2021 to emphasize the collective focus for leaders to disrupt, accelerate, coach, and collaborate.

5.3.3 Governance

The Executive Committee discusses the overall health of the leadership pipeline and succession strength for top positions on an annual basis. In addition, the Executive Committee meets regularly to make critical selection and succession decisions and review specific talent attraction and development strategies, for example digital talent and global top potential talent. This is supported by integrated HR information systems and analytics platforms which provide data and analysis in the areas of workforce planning and talent management. In addition, Regional, Business, and Function People Committees also meet regularly to review talent in their perimeter.

5.3.4 Attracting talent to shape the workforce of the future

In the next normal, attracting talent at all levels is more critical than ever to enable delivery of the Group strategy and continually innovate for our customers. To support the increased focus on talent acquisition, the Group invested in a new talent acquisition tool in 2021 which is enabling digital and borderless pipelines of talent and powering a seamless digital experience to help us compete in the market for top talent. So far, this has resulted in a 1,000% increase in talent joining our talent network, and a 95% reduction in time to apply. Deployment will continue into 2022.

Our Leadership Expectations 2.0

<p>SHAPE OUR FUTURE</p> <p>Disrupt ahead of the curve</p>	<p>FREE UP ENERGY</p> <p>Accelerate and Simplify</p>	<p>BUILD THE BEST TEAM</p> <p>Coach and Care</p>	<p>ACHIEVE TOGETHER</p> <p>Collaborate to Win</p>	<p>USE YOUR JUDGEMENT</p> <p>Empower and Trust</p>
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5 Great People making Schneider Electric a great company

Providing opportunities for the next generation is a key part of the strategy to harness the power of a multi-generational workforce, having five generations working side by side. As part of SSI #10, our five-year ambition is to grow the early-career pipeline by two times. This involves leveraging traditional approaches today but migrating to more digital, borderless, and self-paced offers, ensuring the Company can de-bias practices and create a more equal playing field for those interested in Schneider and sustainability. This will be achieved through flagship global programs and partnerships, supplemented by country-specific initiatives:

- Schneider Global Virtual Student Experience: A completely digital experience designed to provide students with a way to engage with Schneider Electric through e-learning modules and on project simulations that mirror the skills and qualities that are important to our mission and when serving customers.
- Schneider Go Green: an annual global competition for business and Science Technology Engineering Mathematics (STEM) students around the world to find innovative solutions for energy management and automation. Over the past ten years, Schneider Go Green has had over 117,400 registrants and more than 21,700 students have submitted ideas from 172 countries. In 2021 alone, more than 25,400 students registered with close to 2,800 students submitted their ideas, proving that Go Green continues to be consistent in developing strong and increasing interest from students for this contest, especially from emerging economies.
- Development programs around the world that are structured to help support the acceleration of early career talent through a robust training and development path including graduate programs, internships, apprenticeships, and co-ops.
- Sponsorship initiatives, virtual Careers Fairs, office/site tours, Innovation Summit tours, digital and face-to-face speaking engagements and networking opportunities, mentoring relationships.

Generations

SSI #10

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

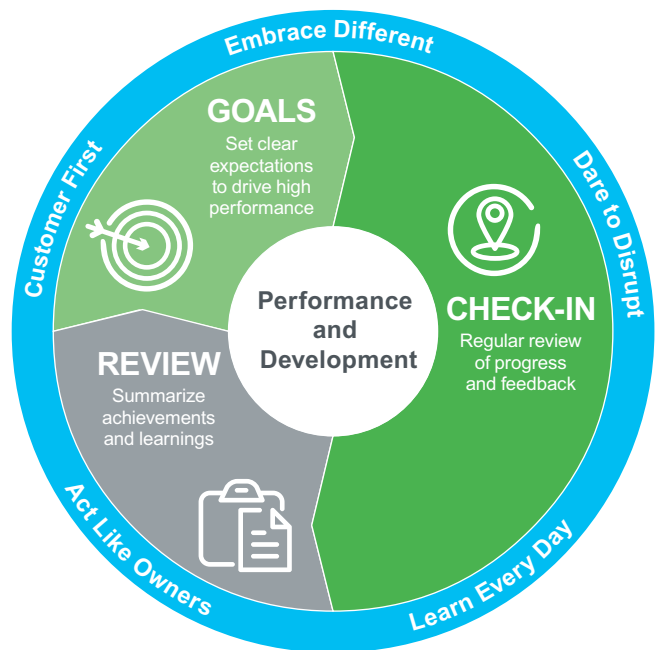
Schneider Global Virtual Student Experience

In 2021, the Company ran a digital and borderless learning experience, providing opportunities to the next generation of talent broken into three phases: skills building through professional e-learning courses, project simulation using genuine business problems, and feedback and coaching from Schneider Electric employees. This resulted in 1.6 million impressions and 5k+ registrations, growing the next generation pipeline of talent in key skill areas: digital, sustainability, services, supply chain, and electronics/R&D.

Baseline	2021 Progress	2025 target
4,939	x1.25	x2.00

5.3.5 Driving high performance

Schneider Electric's approach to performance and development is anchored by the Group's Core Values, and for leaders, by the Leadership Expectations. The approach encourages learning and growth, enabling employees to reach their full potential individually, as teams, and as a Company. The Group's robust process of setting individual performance and development goals annually with regular reviews during the year provides everyone with a clear roadmap to deliver with impact based on the "what" and the "how" to ultimately achieve collective success. Schneider Electric employees are encouraged to seek, give, and receive feedback, empowering them to take ownership for driving their individual performance, and managers are encouraged to support them with coaching and frequent conversations, driving the business forward. In 2021, 98% of eligible employees completed a performance and development review.




5.3.6 Enabling sustainable careers

Developing employees in their current role and for future roles is critical to enable growth of the Group's businesses. In line with the belief that all employees are talent, Schneider Electric believes that all employees should take ownership of their own unique career development, whatever the stage of their career, supported by their managers and enabled by digital tools. To empower and engage employees with this approach, Schneider Electric held its first Career Week for all employees in 2021. Over 250 events took place with employees participating from over 90 countries, sharing career stories, having career check-in conversations with their manager, learning about different roles and skills, and being equipped with tools and resources to develop, grow, and shape their future. 95% of employees surveyed were positive about the event, especially appreciating the time to discuss and learn about career development.

Schneider Electric have several career development programs in place for groups of talent, supporting employees at all stages of their career and ensuring a strong pipeline of talent for the future. To harness the power of all generations, in addition to career programs for early talent, pilot programs for talent in the later stages of their professional career started in four countries in 2021. The intention is to support talent in the later stages of their professional career to have meaningful and fulfilling development and recognize and leverage their unique expertise and experience to boost learning and innovation across generations. The plan is to expand the pilot programs to more countries in 2022. This ambition is reflected in SSE #23.

Generations

SSE #23





Access to meaningful career development programs for >90% employees during later stages of their career

Schneider Electric want to recognize and support talent who are near the later stages of their professional career to strengthen key skills, leverage expertise and ensure knowledge exchange. The strategy and approach has been defined in 2021 and 'personas' based on employee motivations have been established. Ten entities have been identified to pilot the program in 2022 including France, Germany, Japan, Denmark, UK & Ireland, China, India and Australia. Programs will be anchored by a robust career plan and development options that may include flexible work, upskilling, career pivots, personal planning, or workplace adjustments.

Baseline

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2021 Progress

In progress

2025 target

90%

An annual talent review process operates across the Company to discuss employee performance and potential, and their development. This process also ensures that high potential individuals are identified and supported with an accelerated development path to realize their full career potential. High potential individuals are identified by managers as demonstrating high levels of performance and career growth potential over time, with the ability to deliver transformational impact with others in a VUCA (volatile, uncertain, complex, ambiguous) world. Structured succession planning for leadership and critical roles helps to accelerate individual career development while maintaining continuity for the organization. In selecting and developing talent, an important consideration is also to foster diversity such as gender and nationalities (new economies as well as mature economies), as well as building the pipeline for leadership roles and technical expertise. Towards the end of the talent review process across the entities, there is an aggregated review with the Executive Committee to discuss the overall health of the leadership pipeline and succession strength for top positions.

The Group has an expert program to recognize individual employees who have demonstrated outstanding achievement, expertise, and leadership throughout the Company. Schneider Electric strongly believes that its position as a global technology and innovation company is driven by the innovative contributions of its creative employees. The expert program offers them a chance to continue to extend their contribution and increase their impact and exposure to the Group's strategy. Employees in this program are identified as Level 1 – Expert, Level 2 – Senior Expert, or Level 3 – Master Expert.

The Group actively promotes a learning and teaching culture by developing its internal trainer capability. There has been a strong focus on equipping internal trainers to develop and facilitate virtual classroom training, including using tools such as Klaxoon and BlendedX for additional interaction and engagement. A Global Virtual Internal Trainer Conference was organized in September with the purpose to recognize, develop, and connect internal trainers. It was a day-long conference providing sessions on facilitation skills, creating impactful presentations, and how to create impact virtually, with a Keynote speaker from MIT-Sloan. There are currently over 5,500 identified internal trainers who collectively delivered over 20,000 sessions in 2021, accounting for 71% of formal training. Additionally, the Company currently has over 250 communities of practice as part of the Communities@Work program. These communities promote a new way of working, with employees coming together to share activities on a specific professional topic, solving problems, innovating, and learning together.

5.3.7 Upskilling for today and tomorrow

The Group recognizes skills are rapidly becoming outdated, especially vital technical and digital skills required to accelerate our business growth. Roles requiring digital and human skills are growing due to the rise of AI, automation, and digitization. Purposeful renewal of skills is necessary to ensure sustainable careers and a resilient, future-ready business. To support this ambition, business, and function academies are in place to partner with the business in identifying learning needs and spotting gaps in core and future skills for relevant employee populations. They develop and promote learning and development opportunities based on the 3E model (education, exposure, and experience). Key programs include:

Consultative Selling:

The Commercial Excellence Academy has created a blended and fully digital learning curriculum to enable sales teams to build trusted advisor relationships with business decision makers. This consistent, repeatable & consultative approach drives sustainable & profitable growth, champions digitization and enables customer success. As such, this program is a key pillar in the overall customer-centric commercial transformation at Schneider Electric. At the heart of the Consultative Selling approach is understanding customers' undiscovered pain points by conducting strategic sales dialogues through effective questioning strategy and then articulating outcome-based results and benefits to those customer challenges. This sales culture transformation is a paradigm shift in the way sales teams engage with customers and requires a robust learning intervention on skillset, toolset, and mindset, all of which are stitched together in the learning journey. Additionally, the program is complemented by a robust module for sales managers, named Coaching for Consultative Selling Approach, which ensures that the managers are able to coach and develop the team members constantly as they navigate this transformation, developing best-in class consultative mindset.

5 Great People making Schneider Electric a great company

By the end of 2021, 3,700 sales employees have been certified in Consultative Selling, almost 40% of the target population. 2022 will see continued strong deployment. As a result of the program, 93% of managers say they have observed the participants using the consultative approach consistently while engaging with customers. Given the success and impact of the program in 2021, the program has been adapted and extended to other teams including tendering, customer care and customer facing roles in Global Supply Chain to ensure adoption end to end of a more consultative approach to engage and interact with customers.

Leadership for Profitable Growth:

With a fast-changing, rapidly digitizing industry and customer base, Schneider Electric faces a challenge of transformation and performance. The Executive Committee committed to the market to significantly increase both top and bottom line and set a goal to rapidly align, educate, and mobilize the top 1,000 leaders across the company to drive for this outcome. As the COVID-19 pandemic hit the world, severely disrupting supply chains, customer engagements, business continuity and sales, through the design and rapid deployment of the “Leadership for Profitable Growth” program, Schneider was able to both continue to drive its business profitably in extraordinary circumstances, whilst delivering critical business, strategic, and financial acumen learning to its executive leadership in a 100% digital solution.

The Leadership for Profitable Growth executive masterclass combines:

- Markets & Financial theory with a finance professor
- Schneider applications in the context of the company’s three core business models
- A business game simulation designed to engage leaders in competitive learning for optimizing share price performance

The result has been above competitor performance, a substantial increase in business literacy, and a more commercially capable executive leadership population prepared to deliver in the most challenging market circumstances. The program has also been recognized by the industry at the 2021 Brandon Hall Group HCM Excellence Awards with the Leadership for Profitable Growth masterclass winning Gold in the ‘Best Unique or Innovative Learning and Development Program’ category and two Silver awards.

Building on the 83% Learner Promoter Score, in 2021, the program has been progressively cascaded to other leadership levels in the Group. Almost 1,500 leaders in total have now completed the program.

Foundational digital skills for all employees:

Digital is a must to succeed in this VUCA (volatile, uncertain, complex, ambiguous) world and our employees are key to support the business transformation. The Group has set the goal to achieve >90% employees undergo digital upskilling through the Digital Citizenship program and digital transformation training by 2025 (SSE #22). This commitment to growing the digital mindset and digital skills of all employees, enabling them to become “digital citizens” was introduced in the Digital Citizenship framework in 2018. This provided an understanding of the digital baseline of all employees. A smart learning solution “Boost Your Digital Knowledge” was launched in 2020, by the Digital Academy, designed for employees to self-assess and evaluate strength and development areas, followed by learning suggestions to upskill in key digital areas based on individual results. In 2021,

20,100+ employees completed the Boost Your Digital Knowledge assessment. Specifically for Global Supply Chain, a Digital Acumen Quiz has been designed according to the digital citizen competency requirement. This quiz recommends related e-learning if results are below a certain threshold. This quiz also helps to objectively measure an employee’s digital citizenship level within the function. For workers, the SSE #22 goal is to achieve >90% completion of two hours of training per year on digital transformation.

Supporting these programs and available any time, the Digital Citizenship Learning Corner empowers employees to own their development as digital citizens by exploring and completing courses as needed by topic, persona, and/or function. In total, the Group had 171,800+ completions by over 29,700 employees on digital foundational knowledge. A special attention is given to the blue collars in the plants and distribution centers by implementing physical learning corners in each site with individual access to the learning platform with dedicated, multi-language content.



5.3.8 Digitizing access to learning and development

Schneider Electric launched a global career development platform, Open Talent Market (OTM), in 2020, available to all white collar employees globally. The tool leverages AI (Artificial Intelligence) to match the supply and demand of internal talent with a transparent, digital, and borderless approach, empowering employees to drive their own careers by discovering opportunities for mentoring, new positions, and part-time projects, as well as potential career paths. The ambition for usage is to increase 3x the number of employee-driven development interactions in the OTM by 2025 (SSE #21). At the end of 2021, 71% of eligible employees are registered on the platform and 25% of those have engaged in some type of opportunity since registration. Through OTM in 2021, 553 employees have been given visibility to over 1,100 open positions, 3,229 mentoring relationships were formed and 3,248 part-time project roles were assigned. OTM's Career Planning functionality was launched in June 2021 and almost 20,000 employees visited the feature before the end of the year.

Equal
SSE #21

4x the number of employee-driven development interactions on the Open Talent Market

Testimonial from Randy Kesel, Customer Project Specialist, North America Operations.

‘Since OTM opened a couple of years ago, it has steadily grown as a user-friendly tool to help Schneider employees realize their potential. There are abundant opportunities for anyone that wants to take their career to the next level, whether that is participating in a project, finding a new position, or taking on a mentoring role. I really think the new Career Planning feature will be a game changer for anyone that wants to map out future role suggestions and how to get there. I’ve frequently used OTM to find new projects, such as the NAM OTM Champions Community, and to stay informed of open positions within the company.’

Baseline	2021 Progress	2025 target
5,019	x2.1	x4

Schneider Electric also has an open learning ecosystem comprised of interconnected platforms at the center of which is My LearningLink (MLL). This platform integrates e-learning, webinars, social learning, classroom learning, assessments, and full certification paths. The Group continues to see an increase in usage and an increase in digital learning. In 2021 there were:

- More than 147,000 employees with access to the system;
- More than 74,000 employees visiting MLL every month;
- More than 24,000 modules of learning content available in more than one language;
- Digital learning consumption at 73% for all employees and 79% for connected employees, stable compared to 2020 and an increase of 45% on 2019.

My LearningLink was made available to all employees on mobile in 2021 (as well as on desktop) and is also now integrated with MS Teams to enable learning in the flow of work. Schneider also continues the program to connect shop floor workers to the Schneider Electric network, either from a computer or kiosk installed in our facilities called “Digital Learning Corner” or from their mobile phone.

Online training content to Schneider Electric’s partners is also delivered via My LearningLink. The mySchneider Partner Portal is deployed in 140 countries and provides a customized learning experience with targeted training content that is most relevant to the different personas in partners’ businesses. The training portal is accessible to over one million Schneider Electric partners, distributors, resellers, and customers who have completed close to 1.4 million courses since its inception in 2015.

5.3.9 Recognitions and awards

Schneider Electric achievements include:

- Brandon Hall Excellence Awards in Learning Gold and Silver for the “Leadership for Profitable Growth” program dedicated to our top leaders.
- Fortune recognized Schneider as one of the “World’s Most Admired Companies”, ranking #3 within the Electronics Industry in 2021.
- Universum, university student specialized ranking, recognized Schneider as #24 in their “World’s Most Attractive Employers 2021” ranking amongst engineering students.
- Fortune ranked Schneider #40 on their “Change the World” list in 2021.
- Great Place to Work certified Schneider Electric in the US, Colombia, Singapore, Indonesia, Malaysia, Thailand, Philippines, and Vietnam.
- Schneider Electric Chairman & CEO, Jean-Pascal Tricoire, was named as “Glassdoor Top CEOs 2021” ranking #2 in France and #8 in Canada.
- Schneider’s Glassdoor rating is on a steady growth, up to 4.2 at the end of 2021, recognizing Schneider Electric France as one of the Best Place to Work for 2021:
 - In 2016, Schneider’s rating was at 3.5 and increased to 3.7 and 4.0 in subsequent years, leading to 4.2 at the end of 2021, out of a 5 points scale. The Glassdoor average is a 3.67.
 - Contributing to the overall Glassdoor rating, Schneider is rated as 4.3 in Culture & Values, 4 in Work/Life Balance, 3.9 in Compensation & Benefits, and 4.4 in Diversity & Inclusion.

5 Great People making Schneider Electric a great company

5.4 Compensation and benefits

5.4.1 Risks and opportunities

To support Schneider Electric's mission to create a great place to work and to cater for the diverse needs of its global existing and future workforce, the Company is committed to providing a competitive, inclusive compensation and benefits offering, which attracts, motivates, and retains talent.

5.4.2 Group policy

Schneider Electric takes its responsibility as a leading employer seriously and ensures its diverse global workforce is treated in a fair and ethical way. Its inclusive reward portfolio is designed to support employees to be at their best, and it goes beyond pay and benefits. It's a meaningful mix of programs to engage employees, including recognition to celebrate great work, incentives to reward high performance, an award-winning employee share ownership plan, and benefits to suit employees and their dependents.

Schneider Electric ensures that all compensation and benefits decisions and policies are based on these above principles and follow local statutory and collective agreements.

Schneider Electric believes in rewarding, recognizing, and differentiating fairly employees who contribute to the success and live the values of the Company. By putting recognition at the center of a high-performance ambition, employees feel engaged and motivated to do more. Delivering high performance is rewarded by competitive market pay, incentive programs, employee shareholding, and opportunities to grow careers within Schneider Electric.

The Group offers a portfolio of benefits to care for employees' needs at each life stage. Its diverse and multi-generational workforce is provided with meaningful choices covering a holistic range of well-being, flexibility, and financial protections to provide peace of mind to employees and their dependents.

5.4.3 Compensation

5.4.3.1 Our job architecture and compensation process

The Company has implemented a global job architecture to support HR processes and programs and to enable Schneider Electric to engage, develop, and move talents across different businesses and geographies. The job architecture provides alignment to market practice and organizational structure to ensure the reward package offered for a role is fair and competitive. This helps working towards creating greater transparency for career development and progression.

5.4.3.2 Pay competitively and pay-for-performance

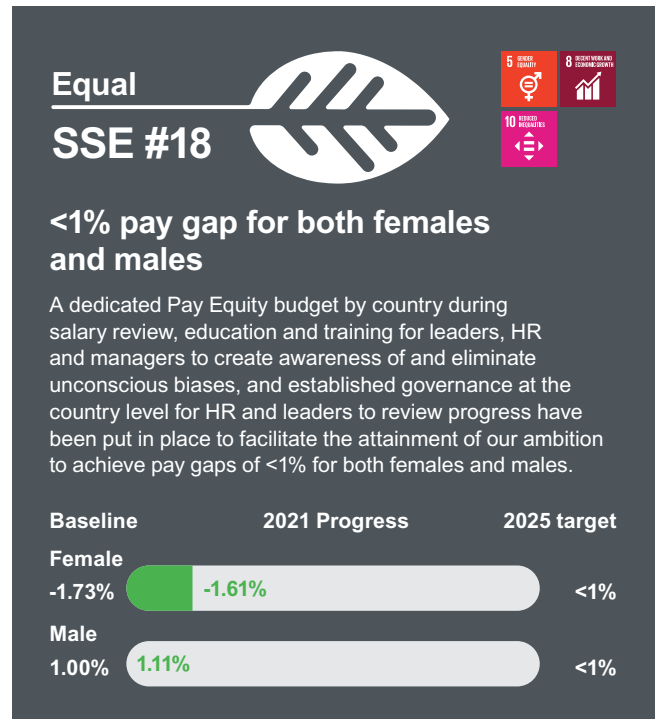
Schneider Electric employees are empowered to receive ongoing feedback, recognition, and coaching from their managers, and their individual performance is assessed in a fair manner based on their goals and behaviors. In line with the Group's pay-for-performance philosophy, the compensation structure typically includes fixed and variable (incentive) elements. Compensation programs and decisions are based on individual performance and behaviors, Company performance, and competitive market positioning.

5.4.3.3 Equal pay for equal work

At Schneider Electric, the basic foundational principles of fairness, equity, ethics, and transparency are fully embedded in our values. Through reward policies and processes, employees are compensated fairly and equitably for the skill set they possess and value contributions as a business imperative. Over the past five years, proactive actions have been taken to not only close gender pay gaps, but to prevent new gaps from being created.

To ensure accountability and transparency, Schneider Electric conducts quarterly reviews of compensation, both at country and global levels, leveraging analysis from HR data, which covers all key drivers of the employee lifecycle from hiring, performance assessment, and salary adjustment to career moves. Focusing on this Pay Equity Ecosystem allows Schneider Electric to proactively create offers for new hires and promotions that do not create pay gaps. The global pay equity framework was implemented in all countries by the end of 2020, covering 99.6% of Schneider Electric's total workforce.

Given the progress made on pay equity and to support our inclusion philosophy, starting in 2021 the focus on pay equity has gone beyond gender. The ambition to attain and maintain a pay gap below 1% by 2025 for both females and males has been included as part of the SSE #18 for 2021 – 2025. Our baseline as of the end of 2020 is -1.73% and +1.00% for females and males respectively. As of the end of 2021, the pay gap was -1.61% for females and 1.11% for males, on track with target. Note that this measurement will differ from Country figures that may be required to be reported due to statutory requirements.



5.4.3.4 Living wage


In line with its Human Rights Policy and Trust Charter, Schneider Electric believes earning a living wage is a basic human right and a key element to decent work. Schneider Electric is committed to paying all employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers food, housing, sanitation, education, healthcare, plus discretionary income for a given local standard of living.


In 2018, Schneider Electric started working with an independent advisor – Business for Social Responsibility (BSR) – to implement its living wage commitment as part of its fair and equitable policies. Schneider Electric has initiated a global process to analyze wage levels and employment practices against local living wage standards set by BSR. Moving forward into 2020, the COVID-19 crisis highlighted even more strongly the need for a safety net to guarantee a minimum income level for employees. Given the complexity to evaluate and mitigate the macroeconomic impact of the crisis, the Group did not run a gap analysis that year. In 2021, the new gap analysis covered 63 countries (representing over 99% of Schneider Electric footprint globally). As of December 31st, 99.9% of in scope employees, i.e. all Schneider employees treated as permanent workforce, were paid at least a living wage. Where living wage gaps were identified, corrective actions were taken to ensure that all employees are paid a living wage and no new gaps are created. In addition to guaranteeing that all in scope employees are paid at least a living wage, Schneider continues to comply with all applicable federal, state and local regulations regarding minimum wage requirements.

From 2021 onwards, the Group reiterated its commitment to pay 100% of employees at least a living wage as part of its SSE #20. This commitment will be audited annually with the support of an independent third party. Schneider Electric also continues to be part of leading corporate coalitions and notably became a Decent Work patron for the UN Global Compact. These global coalitions work together to implement living wage standards within their workforce and their entire ecosystem.

Equal

SSE #20





100% of employees paid at least a living wage

The UN Global Compact announced its new 2021-2023 strategy, which aims to accelerate and scale up the global collective impact of business by upholding the Global Compact Ten Principles and the SDGs through accountable companies and enabling ecosystems. Given that Schneider Electric is a leader in providing and promoting a living wage, the UN Global Compact invited Schneider Electric to become a Patron of its Decent Work portfolio. The Group's role will be key to raise the bar by advancing decent work for its ecosystem and other companies.

Baseline	2021 Progress	2025 target
99%	<div style="background-color: #27ae60; width: 100%; height: 15px; border-radius: 5px;"></div> <p>100%</p>	100%

5.4.3.5 Short-term incentive

For employees, the annual short-term incentive is linked with the overall Company performance and individual objectives. It is designed to encourage and motivate employees to deliver on collective ambitions through accountability and collaboration, driving better performance collectively and individually. With a strong sustainability component, the annual short-term incentives for the Group's executives and c. 64,000 eligible employees focus on what matters to Schneider Electric. Since 2011, sustainability performance criteria have been embedded in the incentive goals for Group executives. They are directly linked to the Schneider Sustainability Impact (SSI) targets.

From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual short-term incentive highlighting further the importance of sustainability on Schneider Electric's business agenda. In France, since 2012, the SSI has also been included in the profit-sharing incentive plan for the French entities, Schneider Electric Industries and Schneider Electric France. The reduction in the occupational accidents severity rate is also considered in the profit-sharing incentive plans of 24 other French entities.

To promote a superior sales culture where sales people go above and beyond to surprise and delight customers, Schneider Electric offers levels of differentiated reward for sales people to enhance motivation and results.

5.4.3.6 Long-term incentive

Schneider Electric's long-term incentive plan offers share ownership opportunities to the Group's key talents and critical roles to align their rewards with the interests and experience of Schneider Electric shareholders. Similar to the short-term incentive, a portion of the award under the long-term incentive plan is subject to the achievement of sustainability objectives. From 2020, the long-term sustainability performance is measured through the Schneider Sustainability External & Relative Index (SSERI), a combination of external indices which cover a range of environmental, social, and governance indicators wider than and different from the SSI criteria included in the annual incentive plan.

5.4.3.7 Recognition is in our DNA

Every day, Schneider Electric employees are making important contributions to help the organization achieve its mission and key business results. The global recognition portal "Step Up" gives employees a way to formally recognize and celebrate people who consistently demonstrate the Company's Core Values and go above and beyond. Schneider Electric creates a culture where employees receive regular feedback and coaching from their managers and colleagues and encourages the recognition of small and big achievements by simply saying "thank you".

In 2021, Schneider Electric celebrated five successful years of the Step Up program. Throughout the year, the recognition culture remained strong, with many employees continuing to utilize the dedicated platform to appreciate and recognize colleagues. In 2021, over 600,000 recognition moments were recorded, acknowledging Schneider Electric employees living the Core Values around the world.

5 Great People making Schneider Electric a great company

5.4.4 Benefits

Company provided benefits represent a considerable business commitment by Schneider Electric everywhere in the world. Schneider ensures that all employee benefits are locally and globally compliant, as well as market relevant. Because employee benefit plans vary significantly between countries due to different levels of social, tax, and legal regulations, Schneider Electric's benefits portfolio is primarily country-driven and aims at providing similar benefits within a country territory.

5.4.4.1 Global benefit standards

Schneider Electric regularly reviews compliance with its global benefit policies and principles to ensure that its inclusive global benefit standards are delivered for everyone, everywhere. These standards cover healthcare, family leave, and life cover and are audited in the SSI.

One of Schneider Electric's underlying benefit objectives is to ensure all its employees are equipped to manage their basic health and well-being and to provide adequate security to employees and their dependents. Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its sustainability mission. The Group is committed to provide its employees access to a comprehensive well-being at work program – translated into a dual standard of access to healthcare and well-being training programs. Access to an inclusive and comprehensive standard of healthcare coverage (outpatient, hospitalization, key health risks/chronic conditions, maternity, children) is defined by local regulations and employment agreements. Schneider Electric also supports its employees with personal time off at critical life stages and this is fully deployed in 100% of countries as detailed below. In addition, the Group commits to provide financial security to employee dependents, in the event of an employee's death, in the form of a minimum standard of life assurance coverage of at least a multiple equivalent to one year's salary.

Schneider Electric has reaffirmed and enhanced its existing global benefit standards outlined above for all our employees worldwide, for the duration of the COVID-19 crisis. This included a global extension of care leave from one to two weeks for our employees to care for their dependents diagnosed with COVID-19.

Global Family Leave Policy

As part of being a caring and responsible employer, Schneider Electric launched its global family leave policy along with care leave in 2017. With its industry-leading Global Family Leave Policy, Schneider Electric supports employees with personal time at critical life stages and empowers everyone to manage their "unique life and work" so that they can be at their best. While the Group's countries have flexibility to define eligibility and policy details per statutory/market requirements, the policy sets global minimum standards:

- Fully paid parental leave (primary parent – 12 weeks, secondary parent – 2 weeks);
- Care leave (for sick/elderly relatives – 1 week); and
- Bereavement leave (1 week).

All benefits eligible employees have access to this global policy.

5.4.4.2 Employee share ownership

The Worldwide Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions.

WESOP is strongly ingrained in the Group's culture, as a cultural and reward differentiator with a positive impact on engagement, attraction and retention. Schneider Electric has strongly developed and reinforced its offer over the years in order to build a sustainable group of employee shareholders reflecting the workforce diversity, to create a strong feeling of belonging, and to link employees to the performance of the Company, acting like owners of Schneider Electric. In that spirit, WESOP has become part of the Group sustainability commitments towards its 2025 roadmap (SSE #19).

In participating countries, eligible employees have the chance to participate. All eligible country teams are collaborating to deploy WESOP and they made its success possible over the years.

In 2021 the Group successfully reintroduced WESOP in 40 countries for the 25th anniversary, after cancelling the plan in 2020 due to the COVID-19 pandemic, achieving 59% subscription rate, a higher rate than in 2019 at 50%.

As of December 31, 2021, the employee shareholding represented 3.6% of Schneider Electric SE's capital and 6.3% of the voting rights. 77% of the Group employee shareholders were located outside of France, of which 13% are in China, 15% in India, and 10% in the US. This also includes employee shareholding resulting from the long-term incentives grants.



Equal
SSE #19





60% subscription in yearly Worldwide Employee Share Ownership Plan (WESOP)

Schneider Electric commits to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025, as a key program to support Schneider Sustainability Essentials. Scope concerns 29 recurring participating countries, among the 40 participating countries representing 91% of the eligible headcount.

From 53% subscription rate in the recurring countries in 2019, WESOP has reached 60.5% achieving the 2025 target four years ahead of the deadline. The Group aims to maintaining at least 60% subscription rate in the coming years in the recurring countries.

With more than 80% subscription rate, India, and China outperformed and have become part of the major contributors of the 2021 capital increase, representing together more than one-quarter of 2021 total subscription.

Baseline	2021 Progress	2025 target
53%	<div style="width: 61%; background-color: #008000; border-radius: 10px;"></div> 61%	60%

5.5 Social dialog and relations

5.5.1 Risks and opportunities

Social dialog and freedom of association must be seen within the wider context of ethics and responsibility. As a global Company, Schneider Electric is convinced that its responsibility goes beyond compliance with local and international regulations and is committed to conducting its business ethically, sustainably, and responsibly.

The Company is constantly interacting with all stakeholders throughout the world: its borders are expanding, its environment is changing ever faster, its activities are becoming globalized, and its social responsibilities are growing.

The challenge is to gain and maintain the highest confidence of its stakeholders. To support each employee in this approach, the Group emphasizes the importance of placing responsibility at the heart of its corporate governance.

The Group currently has around 128,000 employees worldwide. Following the Group's various acquisitions, it has been able to integrate this exceptional professional and cultural diversity.

5.5.2 Group policy

Schneider Electric considers freedom of association and collective bargaining as fundamental rights that must be respected everywhere and therefore in its Trust Charter commits to complying with local laws in every country where it operates.

In its Human Rights Policy, Schneider confirms that it considers freedom of association as the basis of a regular dialog between a company and its employees. To that purpose, Schneider respects the individual right of its employees to freely join, participate in, or quit labor organizations to assert and defend their interests. Subsequently, Schneider guarantees that any employee wishing to do so shall be protected against any internal measure limiting his or her freedom of association such as discrimination of any kind, pay loss, or dismissal. Schneider also recognizes the importance of dialog with freely appointed employee representatives, employee representative bodies (such as Works Councils or employee forums), or organizations (like trade unions) and supports collective bargaining.

In addition, Schneider joined the Global Deal initiative in 2017. The Group is promoting social dialog as a means to foster decent work, quality jobs, increased productivity and, by extension, greater equality and inclusive growth.

5 Great People making Schneider Electric a great company

5.5.3 Governance

Social dialog is managed at country level by the HR leaders with the employee representative bodies and unions, and at transnational level with the European Works Council (EWC) which covers most of geographical Europe. Social dialog is also taken into consideration by the Group's social reporting system, where local HR teams report on the presence of trade unions, works councils, and the Health and Safety Committee every year.

In 2014, while changing the corporate form of its parent company, Schneider Electric SA, into a European company (Société européenne), Schneider Electric negotiated an agreement with employee representatives of European countries about the involvement of these countries' employees in the Company's decision-making processes, thus reaffirming its commitment to promoting social dialog at international level.

Labor relations within Schneider Electric are based on respect and dialog. In this spirit, management, and employee representatives meet regularly to exchanges views, negotiate, sign agreements, and ensure that agreements are being implemented.

5.5.4 European Works Council (EWC)

The changes that were made in 2014 to the EWC in the framework of Schneider Electric SA's transformation into a European company significantly enhanced the intensity and the impact of social dialog at European level. This European channel for dialog aims at enabling management to make more efficient decisions by giving employee representatives the opportunity to be informed of such decisions and to understand their reasons, as well as to put forward proposals to supplement or improve them.

It has also fostered the emergence of a strong identity, combining different cultures and having the common aim of working towards social and economic progress within the companies in the Group at European level. The EWC covers all European Economic Area countries (hence all EU member states) and Switzerland, for a total of 43,000 employees.

In 2017, Schneider Electric and IndustriAll Europe signed an innovative Europe-wide agreement, the European agreement on the anticipation and development of competencies and employment with respect to the Schneider business strategy. This agreement is a great opportunity to create a governance for jobs and skills at the Company by anticipating impact and evolution in business in line with current market trends and the Company's ambition. It sets clear objectives for boosting employees' employability, and for enriching the workforce by diversity and digital generation recruitment and reinforces constructive social dialog at European and local level within the Company.

Since the beginning of COVID-19 pandemic crisis, Schneider Electric has constantly increased its interactions with its employees and its representatives in order to contribute to helping create a stimulating work environment and participate in decisions aimed at improving the way we work and the need to adapt to our environment, all of which go hand in hand. For example, a new discussion space with EWC members has been set up to propose a collective improvement of the whistleblowing process.

The digital June plenary session hosted presentations and discussions on the Company's strategy with Executive Committee members including Schneider Electric's Chairman & CEO.

5.5.5 Group Works Council, France

Schneider Electric is organized in France through more than 28 legal entities. However, with a coverage of 80% of employees, Schneider Electric Industries and Schneider Electric France SAS set the tone for social dialog in France mainly through the Group Works Council.

In 2021, we continued to limit the impact of the COVID-19 pandemic on the business through our proven practice of social dialog, such as negotiations about the flexible working hours agreement.

Several collective agreements were concluded with an objective to keep resiliency, strengthen Company performance, and at the same time maintain investments and employability of the workforce.

To anticipate and manage the consequences of the evolution of Schneider Electric's strategy over the next three years, a strategic workforce planning agreement was negotiated with the trade unions. Every year, Schneider Electric will discuss with its employee representatives the evolution of skills and workforce, including the opportunity to enhance its commitment on apprenticeship programs and others disruptive actions.

5.5.6 Social dialog in the United States

In the US, and more generally in North America, regular communication takes place with both union and non-union employees on key business topics and trends affecting their jobs. Company officials meet with key international union leaders and local union leadership on an ongoing basis, and formally on an annual basis, to advise and discuss competitive issues impacting the Company's business, and to ensure alignment with the Company's business strategies and challenges. In 2021, contract negotiations took place both locally and nationally resulting in successful contract ratification. Company officials have continued to partner with union representatives to discuss COVID-19 and ensure safety protocols are in place for employees, customers, and vendors. Recently, impact bargaining took place in November with union leaders regarding the Company's "COVID-19 US Vaccination Policy" aligned with the federal mandate, Executive Order 14042.

5.5.7 Social dialog in Mexico

In Mexico, Schneider Electric leaders conduct regular communication with employees on topics related to their jobs; this communication takes place in different ways, including large communication meetings and small group conversations. There is also continuous communication with the union leaders and delegates of four national unions which represent unionized employees. Schneider Electric informs them of internal and external issues impacting the Company's results, listens to their concerns, and looks for alignment with the Company strategy and challenges. Moreover, Schneider and the unions review the collective contract every year. Social dialog has been a critical factor reinforced during the pandemic to ensure collaboration and optimal relations between Schneider and its unionized employees. Each site is empowered to lead its social actions according to local needs.

For over the past 10 years, Schneider Electric Mexico has been certified annually by the CEMEFI (Mexican Center for Philanthropy) as a Socially Responsible Company, recognizing the Group's actions focused on labor relations, ethics and governance, human rights, community impact, and sustainability.

5.5.8 Social dialog in China

Schneider Electric China has over 30 legal entities and more than 100 sites. In 2021, the Company fostered active social dialog with joint Group efforts. The HR department, in partnership with unions, facilitate active dialog with employee representatives on topics that cover employee lifecycle:

- Mobile-enabled learning is extended to both office and plant workers, while virtual and on-site blended training with action learning is deployed in all talent programs ensuring generation and gender diversities. Employee average learning time has reached 18 hours.
- Leadership management continuously listens to employees with open communication, reflection, and action plans. Well-being bi-monthly live talks have attracted over 3,000 participants; topics cover mental health, stress management, parenting, etc.
- Sustainability practices are promoted through various events, for instance, Zero Carbon Run to increase carbon neutral knowledge and corporate commitments awareness.



5.5.9 Social dialog in India

Schneider Electric India has a strong culture of social dialog with all employees, unionized and non-unionized. In 2021, Schneider Electric India maintained engaging in equitable industrial relations across its plants and associated establishments.

Industrial harmony has been achieved through a time-tested collective bargaining process involving unions or through worker representative committees. In some of the plants where there are no recognized unions, this bargaining process is conducted with elected employees on committees such as Welfare (Works Committee). There is also strong engagement with other committees like Health & Safety, Canteen, Sports, and Transport, including a special committee for women employees and a prevention of sexual harassment committee (fully compliant with the prevention of sexual harassment governance as per local laws), duly represented by employees and external women with specialist knowledge of the subject and with legal backgrounds. These committees provide a platform for employees to represent their concerns, collective grievances, and workplace-related issues to the management. All employee engagement programs are run through these committees with the active participation of every employee.

The process of social dialog also includes monthly employee communication at plants level, as well as through Quarterly Town Hall communication on Company performance, strategy, and challenges. Special sessions were organized for employees' family members on the world standard safety procedures at the workplace which boosted confidence and encouraged employees to return to work. To drive positive mental well-being, the Company leveraged the existing Employee Assistant Program (Saathi) for employees and family members, which became a huge support system. Experienced doctors and specialists facilitated COVID-19 safety and mental health sessions. Employees regularly connected with counsellors, read articles on relevant health topics, and attended webinars to augment their health preparedness. Employees were regularly involved in social and environmental protection initiatives through large scale tree plantation drives across the factory and at nearby locations. Campaigns on virtual engagement and collaboration, and leaders connecting in formal and informal settings, further ensured that a physical and psychologically safe environment for employees was created.

5.5.10 Social dialog in Turkey

In 2021 the Company saw great benefits from the policies that were deployed in 2020. All COVID-19 actions continued to be followed systematically and more digitally by Health Safety & Environment and HR, and updated information was regularly shared with all employees.

This year, Schneider Electric successfully renewed the union agreement which covers nearly 650 employees without any dispute. With this agreement, the private health insurance scope has been extended, and not only the employees but also the families have been taken under the coverage. Digital learning, which has been a priority for many years, was further encouraged during this time. The Digital Learning Corner project has been completed so all shop-floor employees can access digital learning, with a wide range of topics available from Schneider Essentials learning offer to digital technology trends, Lean Digitization Systems, and more.

2020 also, unfortunately, saw a serious forest fire in much of Turkey, especially the Aegean region. Schneider Electric and employees came together and provided support to the region. In 2021, Schneider Electric supported the project, which was initiated under the leadership of Bogaziçi University Climate Center and United Nations Sustainable Development Solutions Networks – SDNS Turkey, for the training of teachers within the scope of Turkey's Climate Mobilization. Within the scope of the "Climate 2030: Special Education for Educators on Climate Change" project, it is aimed to inform about the basic concepts of climate change, its physical foundations, the reduction and adaptation dimension of climate change, its international processes, and sustainable climate actions. Istanbul innovation hub started to co-operate with selected universities in Turkey, giving young people the opportunity to see the digital solutions in energy management and the latest technologies applied by the Company, to expand their vision.

6 Delivering social impact for a just transition



In this section

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“Today’s young people are forward-thinking, creative and one of the largest demographics. They are committed to address the biggest challenges of our time. However, many of them lack access to education to unleash their true potential. Schneider Electric has a key role to play in supporting all young people and ensuring that they acquire the skills to build their future.”

Gilles Vermot Desroches, Senior Vice President Corporate Citizenship & Institutional Affairs

Context and goals

Schneider Electric has been building a sustainable development approach since the late 1990s thanks to the Schneider Sustainability Impact, measuring the Company’s objectives and progress every quarter. These objectives have always taken into account all dimensions of responsibility – environmental, social, territorial, and governance – encompassing all the Group’s stakeholders on a global scale.

In 2021, Schneider Electric was recognized by Corporate Knights as the World’s Most Sustainable Corporation out of 5,000 companies surveyed. All of this prompted the Group to get moving, to think about the world of tomorrow by building scenarios, both in the environmental and climate fields – but without forgetting the social and territorial dimensions. If the transition is not inclusive and fair, it will not allow people in underserved communities to build their future and create their own business. Schneider Electric Corporate Citizenship division, created in early 2021, embodies this vision. The planet has to be saved, and its inhabitants too.

Four main lines of action have been defined. The first one is to ensure that the Group’s business partners respect all human rights for everyone, everywhere, at any time and in any situation, from decent work standards to the creation of a social label for the Group’s products.

The second line of action is to ensure that everyone is supported in building their future, regardless of their generation. Schneider has always played an active role in the economic development of the communities in which it has a presence, in particular where people have no or poor access to energy through dedicated products offers and socially responsible investments for impact.

This focus is in line with the third major action, youth. There have never been so many young people on the planet, but many have no access to training. Yet it is young people who bring innovation. The Company has a role to play in supporting them and ensuring that they acquire the skills to build their future. This is the mission of the Schneider Electric Foundation, to give them the means to do so. The first of these means is training, the Foundation’s historical activity. It has already enabled more than 300,000 young people around the world to receive professional training in energy-related professions. These are essential jobs for the future in a world that is becoming increasingly electrified and digitized and where access to energy is still difficult for millions of people.

The fourth approach is to make citizenship a collective commitment to co-construct the future in a dynamic way by learning and sharing with many different initiatives.

2021 Highlights



13,000 Mobyia solar lanterns distributed in Benin, Senegal, and Cameroon in partnership with ADEME.



150,000 Young people trained in energy management through UCEP Bangladesh and Schneider Electric Foundation partnership.



Partnership with Solar Impulse Foundation on its Efficient Solutions Label initiative to identify 1,000 solutions to fight climate change.



24hr electricity to 150,000 people in 5 remote cities in Chad through a partnership with local enterprise ZIZ energy.



+9,500 Days of Volunteering in 2021 with increased participation from Schneider Electric employees.



The Schneider Electric Foundation has reached the bar of 300,000 young people trained in energy related professions.

Key targets and results

Progress against our 2021-2025 Sustainability commitments

Schneider Sustainability Impact		Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Long-term commitments aligned to UN SDGs	2021-2025 programs			
Equal	9. Provide access to green electricity to 50 million people	30M	+4.2M	50M
Generations	11. Train people in energy management	281,737	328,359	1M

Schneider Sustainability Essentials		Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Long-term commitments aligned to UN SDGs	2021-2025 programs			
Local	25. Increase the number of volunteering days since 2017	18,469	27,981	50,000

(1) Generally, the 2020 performance serves as a baseline for Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with ISAE 3000 assurance standard (for more information, please refer to the Universal Registration Document). The 2021 performance is also discussed in more details in each section of this report.

Long term roadmap

2030

Give access to green electricity to 100 million people cumulated since the beginning of the program in 2009

6 Delivering social impact for a just transition

6.1 Offering better lives through access to green electricity

6.1.1 Risks and opportunities

Today, more than two billion people have little or no access to electricity, representing 25% of the world's population.

Notable progress has been made on energy access in recent years, with the number of people living without electricity dropping to 759 million in 2019 from one billion in 2016⁽¹⁾. Nonetheless, as SEforAll⁽²⁾ puts it, "electricity access is growing, but not for everyone".

In sub-Saharan Africa, colossal additional efforts must be made to achieve universal access:

- About 600 million people in sub-Saharan Africa do not have access to electricity, i.e., more than one in two inhabitants;
- This trend is increasing, due to demographic pressure;
- The COVID-19 pandemic will have further amplified the difficulties of access to electricity in the most fragile areas; according to SEforAll, the pandemic could increase the non-electrified population by 100 million in 2020;
- By 2030, on the current trajectory, 85% of the remaining unelectrified world population will be in sub-Saharan Africa.

Asia-Pacific is approaching universal electrification with ambitious government off-grid electrification and grid extension programs:

- Between 2000 and 2018, more than 1.4 billion people gained access to electricity worldwide, mainly in developing countries in Asia;
- Nevertheless, the grid can be unreliable in remote areas, where it must be supplemented with solar-powered backup solutions;
- The growing need for equipment and electrical appliances for productive use in rural areas must be met with renewable energy solutions.

In addition to the 759 million people without electricity access, an estimated one billion people have access to intermittent, unreliable, or dangerous electricity.

To achieve United Nations Sustainable Development Goal 7 (SDG 7), access to affordable, reliable, sustainable, and modern energy must be a major objective, as the lack of energy affects the poorest: among the energy poor, three quarters are also multidimensionally poor in terms of human development².

Access to green electricity offers a chance to live a better life, as it can have a positive multiplier effect on all socio-economic dimensions of the individual or community: livelihood, health, education, security, and empowerment of women, while fighting against climate change by replacing fossil solutions.

6.1.2 Group policy

Schneider Electric launched its Access to Energy program in 2009, with a unique approach combining three dimensions that enrich each other:

- **A training and entrepreneurship program** aimed at developing skills in the electricity trades and supporting entrepreneurs in this area, in particular women, in order to promote sustainable and inclusive local development.
- **A social and inclusive business**, with products and solutions for rural electrification (collective and individual, such as solar lanterns, solar home systems including Pay-As-You-Go features, solar water pumping systems, microgrids including plug and play containerized solutions, etc.), creating local jobs in distribution, energy services, electricity powered industries, etc.
- **Impact investment funds** to support local economies in gaining access to modern energy and reducing energy poverty.

The purpose of the Access to Energy social business is to bring clean electricity to populations in emerging markets both as a fundamental right and a means for social and economic development, with a safe, affordable, reliable, and sustainable energy offer. At Schneider, we call this Electricity for Life and Electricity for Livelihood.

The ambition of the Access to Energy social business is to connect an additional 20 million people between 2021 and 2025, and 70 million by 2030. 34 million people have already benefited from the Schneider energy access solutions between 2009 and 2021.

The impact investment funds will contribute to these targets, within the scope of the invested companies contributing to the mission of providing access to green electricity. More broadly, Schneider's vision of impact investing is to fund high social impact initiatives, such as energy and digital services that enable all generations to contribute to a better future.

6.1.3 Access to energy social business

Schneider Electric develops products and solutions to meet a range of both individual and community needs across the energy chain, from solar lanterns and solar home systems to decentralized small power plants, water pumping systems, and street lighting. These offerings also make it possible to maintain a sustainable economic and social activity as well as include and involve local communities in projects.

6.1.3.1 Governance

A new governance of the Access to Energy business was put in place from 2021. It is placed under the responsibility of the Access to Energy Business Vice-President, reporting to the Sustainability Senior Vice-President.

An advisory board dedicated to the subject has been set up, made up of the Chief Strategy & Sustainability Officer, the Energy Management Executive Vice-President, the International Operations Executive Vice-President, as well as the Sustainability Senior Vice-President and the Access to Energy Business Vice-President, and, once a year, the Chairman & CEO. The subject was also one of those reviewed in 2021 by the Schneider Electric Stakeholder Committee.

(1) Source: Tracking SDG 7: The Energy Progress Report, produced by the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the United Nations Statistics Division (UNSD), the World Bank, and the World Health Organization (WHO).

(2) Using the Global Multidimensional Poverty Index.

6.1.3.2 Electricity for Life

Actions towards “Electricity for Life” focus on delivering access to green electricity for off-grid households and small businesses, and the humanitarian sector. Almost 800 million people live in off-grid areas, and our world has no less than 80 million people forcibly displaced. These people are in need for energy as a fundamental right answering to essential needs in homes (lighting, cooking, social connection, education, etc.).

Whether due to the geopolitical context, natural disasters, or climate change, emergency situations continue to rise in an increasingly uncertain world. With nearly 80 million people displaced in 2019, the United Nations High Commissioner for Refugees (UNHCR) has seen an unprecedented number of people uprooted by war, violence, or persecution worldwide. According to the NGO Oxfam, an estimated 23.5 million people were forced to leave their homes in 2016 due to extreme natural disasters. Since 2016, Schneider Electric has committed to offering energy access solutions in emergency situations and has been working closely with the UNHCR to find solutions that are suited to the specific needs of refugees or displaced persons. In 2018, Schneider and the UNHCR signed a memorandum of agreement to seal their commitment with the deployment of Mobiya lamps in refugee camps over a three-year period. This agreement has been extended to 2022. Schneider has provided camps around the globe with modern energy systems and services. Such systems and services range from Mobiya lamps to microgrids – including with connection to EcoStruxure™ for Energy Access – energy dispensers, solar streetlights, and training in electricity trades.



6.1.3.3 Electricity for Livelihood

Actions towards “Electricity for Livelihood” focus on delivering access to green electricity for households and small businesses connected to an unreliable grid, and for productive businesses. Around one billion people depend on an unreliable, intermittent grid, and are in need for quality energy with solar backup equipment. Micro-businesses and micro-industries in rural areas need solar power generation and storage equipment; for example, in agriculture where solar systems can power water pumping and processing activities. “Electricity for Livelihood” proves that energy is a driver of economic development and poverty reduction.

Electricity can make a real difference to the lives of farmers and ensure food security through irrigation, food storage, and processing, or linking to the market to ensure better prices, while allowing people to be the agents of their own transformation.

In India, the “Energy for Livelihood” Schneider initiative is transforming the lives of farmers, in particular women, through the innovative Villaya Agri-business solution. This project promotes sustainable livelihood activities in the farming, agri-enterprises, food processing, livestock, handicraft, and other micro-enterprises.

Sustainable and reliable electricity is also a prerequisite for enabling effective health services, especially in the fight against pandemics such as COVID-19. Providing local infrastructures with modern energy also contributes to socio-economic recovery through better health and a greater capacity to work and enhances rural appeal.

In Nigeria, the COVID-19 isolation facility of the Eleme General Hospital in Rivers State needed a reliable system to provide uninterrupted power supply to its medical equipment. Schneider Electric supplied a solar mini-grid and power storage.

Equal

SSI #9

Provide access to green electricity to 50 million people

Schneider Electric is equipping five remote cities with solar hybrid microgrids in Chad, providing electrical distribution and monitoring software. The five sites are currently grid-connected but with only two hours of power per day on average and with priority given to productive hubs – homes are not connected. Thanks to this project, hybridization and batteries will make it possible to provide 24-hour energy to all 150,000 inhabitants.

Baseline	2021 Progress	2025 target
30M	+4.2M	50M

6 Delivering social impact for a just transition

A full range of products and solutions to provide green electricity

Mobiya

Portable, robust, and affordable solution for individual lighting and charging a cell phone



3 products

Mobiya Original: solar powered LED lamp with mobile charge, offering 48 hours of lighting without recharging

Mobiya Lite: lighter solar powered portable LED lamp with mobile charger

Mobiya Front: head lamp

Case Study: Schneider Electric, its Foundation and ADEME, the French Agency for Ecological Transition, partner to provide 45,000 solar lanterns to vulnerable women in Africa.

Objective: Distribute solar lanterns to women entrepreneurs in order to extend hours of activities and livelihood, as well as underprivileged women and families in order to enjoy lighting for nighttime home activities and limit the use of kerosene lamps.

Solution: Mobiya Original. An impact study will be conducted, measuring the benefits of the solution across the five African countries of the project: Kenya, Nigeria, Cameroon, Benin, and Senegal.

Homaya

Domestic electrification for access to quality, affordable, and uninterrupted power



3 products

Homaya Family: solar home system including a solar panel and lamps

Homaya Family PAYG: solar home system including a solar panel and lamps, and Pay-As-You-Go function fully compatible with all mobile payment platforms

Homaya Hybrid: AC and DC, solar and grid home system

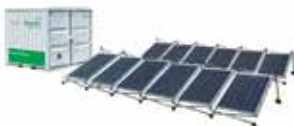
Case Study: 300,000+ people living in remote and rural areas of Cambodia have been provided access to clean and reliable electricity through Schneider Electric's solar home systems, supplied under the government funded rural electrification program.

Objective: Provide access to energy for basic lighting for domestic needs, mobile charging, and rice cookers.

Solution: Homaya Family and other customized solar home systems.

Villaya

Collective electrification solutions in remote sites, either 100% solar or hybrid



6 solutions

Villaya Community: solar or hybrid microgrid to power rural communities

Villaya Agri-Business: solar power plant to provide electricity and/or hot water to agriculture

Villaya Emergency: containerized solar or hybrid microgrid to provide electricity in emergencies

Villaya Water: solar water pumping system

Villaya Lighting: solar street lighting

Villaya Recharge: USB charging station Including EcoStruxure™ for Energy Access, an affordable, flexible, and open platform using analytics to improve the profitability and efficiency of electricity microgrid.

Case Study: Schneider Electric and *Entrepreneur du Monde* (NGO) launched a project to bring reliable power for onion storage in Senegal.

Objective: Develop a low cost, decentralized generation of refreshed storage buildings that can conserve onions for several months as 30% to 60% of Senegalese onions' production rot due to lack of storage.

Solution: Villaya Community 25 kW with sodium-nickel batteries and Villaya Edge Control software in order to ensure reliable power supplying cooling system and some income generating activities.

Didactic

Educational tools for the vocational and higher education fields

Offer

Didactical benches for training electricians, installers, facility managers, entrepreneurs, and trainers, covering the management of high and low voltage, electrical distribution, building management, global energy management, and process and machine management.

Case Study: Schneider Electric and *La Salle Solidarieta Internazionale ONLUS* (NGO) join forces to empower local communities with competencies in energy management in Chad.

Objective: Train 250 students per year in electrical distribution, industrial control, and renewable energies focused on practical experience.

Solution: Didactic benches to equip electrical labs in training centers in N'djaména and Kélo in Chad.

6.2 Investing for high social impact

A pioneer in the corporate social investor space, Schneider Electric has been investing for impact since 2009:

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

Schneider Electric Impact Investing activities catalyze and facilitate multiple coalitions with different stakeholders (Schneider Electric Foundation, employees, DFIs, NGOs, social businesses, impact investors, asset management companies) to leverage Schneider Electric competencies towards a fair and inclusive transition.

6.2.1 Risks and opportunities

Schneider Electric's Impact Investing strategy aims to address the fundamental needs of underserved communities and minorities around the world.

By investing in and supporting companies with high social and environmental impact, Schneider Electric contributes to bridging the energy gap, supporting local economies to get access to green energy and to reduce energy poverty. It also promotes digital and financial inclusion and the transition to a decarbonized world.

6.2.2 Group policy

The goal of Schneider Electric's Impact Investing is to generate high social impact while protecting the assets under management. Accordingly, it has adopted strict management rules, such as:

- Always invest in partnerships with recognized players;
- Never take a majority stake;
- Always provide efficient company support (help develop a business plan, provide technical advice, etc.) to deliver the optimum social impact while minimizing risk; and
- Ensure that ethical business practices and rules are respected.

6.2.3 Governance

Each investment vehicle has its own governance structure generally composed of at least two bodies.

The first one is a Board of Directors or a Supervisory Board in charge of ensuring compliance with all legal and ethical regulations. In most cases investors are represented in this board.

The second one is a Management Investment Committee which can be either totally independent or composed by investors according to the legal structure. All Management Investment Committee members bring specific competencies and knowledge to assess investment decisions. In some cases, they can also rely on external experts. They are responsible for ensuring compliance with investment policies and are regularly updated on investment performance, both in terms of impact and finance.

In some cases, an investment vehicle can also rely on Advisory Committee or Strategic Committee to help them setting up and managing their investment strategies and policies.

All investment vehicles are supervised by independent auditors.

6.2.4 Tackling energy poverty in Europe with Schneider Electric Energy Access (SEEA)

In July 2009, Schneider Electric created an Impact Investing structure in the form of a variable-capital SAS (simplified joint-stock company), Schneider Electric Energy Access (SEEA), certified as a social and solidarity investment company (ESUS certification) and open to French employee savings through the Group's Employee Savings Plan (*Schneider Energie Solidaire Fund*).

With a dedicated Schneider management team based in Rueil-Malmaison (France), SEEA invests primarily in equity and quasi-equity in start-ups that:

- Fight against energy poverty by promoting efficient affordable housing and energy efficiency solutions:
 - Six invested companies for a total of EUR 2.3 million (*Foncière Chênelet, Foncière du Possible, LVD Energie/ HomeBlok, Soliha BLI, Dorémi, Réseau Eco-Habitat*)
- Promote digital and financial inclusion:
 - Two invested companies for a total of EUR 644,000 (*Sunfunder, SIDI*)
- Provide access to affordable, clean and sustainable energy:
 - Two invested companies for a total of EUR 940,000 (*Okra Solar, Amped Innovations*)
- Promote job creation and income generation:
 - Three invested companies for a total of EUR 400,000 (*Bretagne Ateliers, Incubethic, Ernie Rhône Alpes*)

SEEA has invested in 21 companies and has exited eight. As of December 2021, SEEA had 13 companies in its portfolio: 10 in France, two operating in sub-Saharan Africa, and one operating in South-East Asia, and managed the following amounts:

- EUR 3,000,000 in capital invested by Schneider Electric;
- EUR 3,200,000 invested by *Schneider Energie SICAV Solidaire* (including EUR 500,000 in capital), a mutual fund managing the employee savings scheme for Schneider Electric employees in France;
- EUR 200,000 of capital invested by Phitrust Impact Investors;
- EUR 500,000 of capital invested by *Mutuelle d'Entreprises Schneider Electric* (MESE).

SEEA brings together different stakeholders by encouraging Schneider Electric's employees and business partners around the world to play an active role in this commitment. At the end of August 2021, 6,576 (past or present) Group employees in France have invested EUR 57 million in the *Schneider Energie SICAV Solidaire* fund.



6 Delivering social impact for a just transition

6.2.5 Bringing access to green energy in Africa with Energy Access Ventures impact fund (EAV)

Schneider Electric initiated and supported Energy Access Ventures (EAV), a fund which manages EUR 75 million to be invested in companies transforming communities across Africa and stimulating economic development through energy access solutions. The fund is jointly backed by Schneider Electric, CDC group (on behalf of the UK Department for International Development, DFID), the European Investment Bank, FMO (Dutch development Bank), FISEA-PROPARCO, OFID, and AFD-FFEM.

At the end of 2021, EAV has invested in 15 companies and has exited one. EAV is now entering the seventh year and the independent management team based in Nairobi (Kenya) is now focusing on actuating on value creation in the portfolio, follow-on investments, and driving liquidity events.

EAV invests primarily in equity and quasi-equity in start-ups that:

- Provide access to affordable, clean, and sustainable energy solutions:
 - Five invested companies for a total of EUR 15.1 million (Zola Electric in Tanzania, PEGAfrica in Ghana, Nuru in DRC, Zonful Solar Energy in Zimbabwe, ZIZ Energy in Chad)
- Provide access to clean productive use energy:
 - Six invested companies for a total of EUR 22.2 million (ManoCap Energy in Ghana, Candi Solar in South Africa, SolarX in Mali, PayGo Energy, SunCulture, and InspiraFarms in Kenya)
- Promote digital and financial inclusion:
 - Three invested companies for a total of EUR 8.9 million (Mawingu, Solarise Africa, Palgo in Kenya)

6.2.6 Bringing access to green energy in South and South East Asia with Schneider Electric Energy Access Asia (SEEAA)

In recent years, electrification rates in Asia have improved due to strong government policies supporting national electrification. As Asian countries are now approaching universal access to electricity, the focus has been shifting to integrating renewable energy into the energy mix. However, at the micro level, there are still a considerable number of rural areas without access to electricity. Even when access is available, electricity is often not reliable as power grids struggle with load and connectivity issues.

Schneider Electric recognizes the gap and opportunities in this region and envisioned the SEEAA impact investing vehicle in 2018 to help the region advance towards SDG 7 “Affordable and Clean Energy”. The vision convinced three other investors to join forces and the SEEAA was officially established in December 2019 with four founding partners investing EUR 20.9 million: Schneider Electric (SEI SAS), the European Development Finance Institution Management Company (EDFI MC), Norwegian Investment Fund for Developing Countries (Norfund), and *Amundi Finance et Solidarité* (Amundi).

With a dedicated Schneider management team based in Singapore, SEEAA invests primarily in equity in start-ups that work toward increasing quality of life and boosting economic development in Asia, thanks to access to affordable, clean, and sustainable energy. The goals of SEEAA are twofold:

- 1 Increasing access to affordable and reliable energy primarily targets unprivileged communities where last mile energy access is not, or poorly, available. SEEAA aims at creating to social impact for these rural communities especially leveraging productive use of energy.
- 2 Accelerating the transition of economies to clean and renewable sources and increasing the mix of renewables in total energy consumption. For instance, this can be achieved by investing in companies developing renewable energy assets.

As of December 2021, SEEAA had invested in four start-up companies for a total of EUR 2.5 million. Two companies are contributing to Goal 1, both operating in India: Frontier Markets and Oorja Development Solutions, and two are contributing to Goal 2, Freyr Energy and Xurya operating in India and Indonesia respectively.



India: a farmer irrigates his crop using water from a solar-powered pump operated by Oorja in Bahraich district, Uttar Pradesh.
© Oorja Development Solutions India Private Limited

6.2.7 Contributing to decarbonize the world with the Livelihoods Funds

Schneider Electric is a founder member of the Livelihoods Carbon Fund: the first sustainable carbon fund with high social impact created 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 the EUR 10 million invested in Livelihoods Carbon Funds #1 and #2 (EUR 5 million each).

A total of EUR 250 million, invested by private companies and financial investors, is dedicated to investing in high potential carbon clusters to generate positive impact for people and the planet. As at the end of 2021, three million tons of CO₂ have been avoided or sequestered and 1.5 million people have been positively impacted.

The Livelihoods Funds support three types of projects: reforestation, agroforestry, and agricultural practices, and rural energy (improved cookstoves).

The Livelihoods Carbon Funds #1 and #2 have contributed to three mangrove reforestation projects in Senegal, India, and Indonesia. These projects have enabled local communities to improve their living conditions thanks to the restoration of the ecosystem (fish, crabs, etc.). Furthermore, the mangrove has provided efficient protection to the villages and crops during the last tornadoes that struck Asia recently.

Livelihoods Agroforestry projects enable farming communities to increase their revenues thanks to improved conditions for cash crops such as coffee or cocoa and the plantation of fruit trees such as mangoes. Furthermore, Livelihoods Funds contributes to the creation of new downstream activities such as food processing and commercialization.

Rural energy projects contribute strongly to improving women's lives and create jobs thanks to the construction and the distribution of the cookstoves. The carbon credits from the Hifadi project in Kenya, supported by Schneider Electric, are used to offset all the carbon emissions generated by the Schneider Electric Marathon de Paris; the race has been carbon-neutral since 2019.

All these projects are an integral part of Schneider Electric's Carbon Pledge, ensuring that the compensation part has a real effect both on climate and on social development.



Senegal: the largest mangrove restoration program in the world – Artisanal fishing

© Hellio & Van Ingen/Livelihoods Funds

6.3 Empowering new generations with the Schneider Electric Foundation

6.3.1 Risks and opportunities

Today's young people are forward-thinking, creative and one of the largest demographics. They need to be empowered with the necessary skills and supported to build a life aligned with their dreams and aspirations.

New social and environmental challenges have weakened social cohesion and blurred opportunities for the future, especially for the youth. They are going to be the first generation to feel the sting of issues such as climate change, and the last generation that can do something about it. Skilling and empowering the youth enables them to actively define their future and find their place in a complex and fast-paced world.

6.3.2 Group policy

In a world where ecological and social challenges are more widespread and more urgent than ever, the [Schneider Electric Foundation](#), under the aegis of *Fondation de France*, supports innovative and forward-looking initiatives to empower youth with the energy they need to succeed.

Optimistically, the Foundation's aim is to help build a fairer, lower-carbon society to give future generations the keys to transform our world.

6.3.3 Governance

6.3.3.1 The Foundation fully in line with the Sustainable Development Goals

For more than 20 years, the Schneider Electric Foundation has been deploying the Group's philanthropic activities in coherence with its sustainability commitments. It contributes directly to the achievement of the United Nations Sustainable Development Goals (SDGs), and more specifically SDGs 1, 4, 7, 8, 10, 11, 13, and 17.

In 2021, there were more than 100 projects, 46,817 young people receiving support, through 9,512 days of volunteering. With an annual budget of EUR 4 million, the Schneider Electric Foundation contributes to the partnerships that are completed by more than EUR 15 million in support from Schneider Electric's entities. Group employees are also involved in these partnerships. In total, more than EUR 19.5 million has been invested to help local communities worldwide.

6.3.3.2 A foundation under the aegis of *Fondation de France*

Fondation de France is a non-profit organization that, since its creation in 1969, has been the bridge between donors, founders, and field structures in order to support projects in a range of general interest areas. It supports other foundations (916 in 2021) whose operations are governed separately, but who are legally part of *Fondation de France*. It is responsible for ensuring that their actions comply with its by-laws and the legal framework of the sponsorship. The Schneider Electric Foundation's Executive Committee determines the major focuses of its actions and the projects it supports. It then informs *Fondation de France* of its decisions, and the latter verifies the projects' compliance and implements them.

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6.3.3.3 A governance that combines internal and external expertise

Since 2019, the composition of the Schneider Electric Foundation's Executive Committee is as follows:

- Chairman: Jean-Pascal Tricoire;
- Members: Monique Barbut (external expert), Agnès Bouffard (employee representative, Schneider Electric), Bénédicte Faivre-Tavignot (external expert), Christel Heydemann (Schneider Electric), Yoann Kassi-Vivier (external expert), David Lechat (employee representative, Schneider Electric), Pierre-François Mourier (external expert), Philippe Pelletier (external expert), and Luc Rémond (Schneider Electric).

Its missions are the following:

- Define the strategic directions of the Foundation;
- Validate the activity report and financial report;
- Decide on the allocation of budgets by program;
- Validate commitments exceeding EUR 200,000.

One to two Executive Committee meetings are organized each year.

The Schneider Electric Foundation organization has been reinforced with the creation of the zone/cluster foundation committees in 2019. These committees are made up of zone /cluster Presidents and aims to:

- Share a quarterly activity report;
- Validate the commitments/partners to join;
- Specify the respective contribution levels (financial or in-kind donations, skills);
- Follow up on projects.

These committees meet two to three times a year.

The members of the operational team are:

- Gilles Vermot Desroches, General Delegate;
- Patricia Benchenna, Corporate Philanthropy Director;
- Brigitte Antoine, Employee Engagement Leader;
- Morgane Lasserre, Administrative Assistant.

Lastly, the Foundation's Selection Committee is composed of:

- Gilles Vermot Desroches, General Delegate;
- Patricia Benchenna, Corporate Philanthropy Director;
- François Milioni, Program Director, Training & Entrepreneurship.

6.3.4 Give all young people the means to build solutions for a better life

The Schneider Electric Foundation supports innovative initiatives all over the world that enable the most vulnerable, especially young people, to access the energy needed to succeed and build the world of tomorrow. To be relevant and effective, i.e., to have the greatest possible impact and respond specifically to the needs of the people concerned, it is essential that these initiatives combine education, technological innovation, social innovation, and entrepreneurship. These initiatives cover three main areas.

6.3.4.1 Vocational training for the youth, underprivileged persons, and entrepreneurship support

Training is the historical mission of the Schneider Electric Foundation. The energy sector, and more particularly electricity and renewable energies, offers a lot of potential, especially in areas where access to energy is difficult and growing. Passing

on skills to young people and giving them the means to support their families could, in the long term, boost the local electricity and electrotechnical sectors. This will improve their quality of life and create sustainable jobs. That is what the Training & Entrepreneurship program set up in 2009 is all about.

The Schneider Electric Foundation encourages and provides long-term support for vocational and entrepreneurial training organizations. These include associations and electrical profession educational institutions. The vocational training and entrepreneurship program capture 67% of the funding allocated by the Foundation. All of these actions are monitored and measured on a quarterly basis within the scope of the Schneider Sustainability Impact (SSI #11): "1 million people trained in energy management by 2025".

Since 2009, 328,359 underprivileged people have been trained in more than 45 countries.

6.3.4.2 Raising awareness of sustainability and the use of reliable, affordable, and clean energy

Contributing to meeting the United Nations SDGs also involves, amongst other things, raising awareness among as many people as possible, especially young people, about the challenges of the fight against climate change and of sustainability.

The Schneider Electric Foundation therefore invests in emblematic and international programs by making available its knowledge of energy systems management, through donations in resources and/or knowledge. It has made a four-year commitment to the Solar Impulse Foundation, which selects 1,000 solutions that contribute to the achievement of at least five SDGs:

- Clean, Accessible Water for All (SDG 6);
- Affordable and Clean Energy (SDG 7);
- Industry, Innovation and Infrastructure (SDG 9);
- Sustainable Cities and Communities (SDG 11); and
- Responsible Consumption and Production (SDG 12).

The selected solutions must meet the following criteria: technical feasibility, environmental benefits, and economic viability. Schneider Electric employees are mobilizing their skills to analyze the various solutions within their field of expertise.

The Solar Sound System project by Atelier 21, a Foundation partner, obtained two Solar Impulse Efficient labels:

- Solar sound systems for events powered by renewable energies (solar or bike-powered). With seven systems in place in France and Switzerland, Solar Sound System has set up solidarity projects in Haiti, Brazil, India, Taiwan, and Cameroon and has projects in Reunion, the United States, and South Africa.
- Regenbox, the first do-it-yourself "non-rechargeable" alkaline battery charger. Regenbox aims to be ecological and anti-planned obsolescence. This project is also an educational tool and a mean to raising awareness about a different use of batteries in order to reduce the amount of electronic waste so present in our daily lives.

Bertrand Piccard, Chairman of the Solar Impulse Foundation, will then promote this portfolio of solutions to corporate and political leaders worldwide. At the end of 2021, 1,000+ solutions had already received the Solar Impulse Efficient Solution label. These included insulating blocks made from hempcrete, wind turbine floats, and a web-based pallet exchange platform.

6.3.5 Responding to the COVID-19 and post-COVID-19 emergency

In April 2020, the Schneider Electric Foundation set up the Tomorrow Rising fund in response to the COVID-19 health crisis. The purpose of this global initiative is to provide local responses to meet the challenges of the emergency, to promote the recovery of education and training of the most vulnerable young people and to boost resilience.

1 Response: an initial response to the emergency. Food bank, first aid, COVID-19 health kits, maintenance of access to education, etc. For example, a project in China to help low-income students in technical schools to cope better with the crisis (SDG 1 and SDG 4);

2 Recovery: support to the Foundation’s partners in resuming their activities and helping them to roll-out new ones, in particular, the establishment of new partnerships to provide training in energy trades to young people. For example, a project in Brazil to provide young people with tablets and internet access (SDG 4 and SDG 10);

3 Resilience: the ability to continue to train and awareness-raising actions using digital technologies.

KIMSO conducted an assessment of the Tomorrow Rising initiative, based on a three-stakeholders approach, covering all the regions where the initiative has been deployed. Interviews and online surveys took place between July and October 2020.

Tomorrow Rising Impact study*

Project owners	Support	Impact on beneficiaries	Impact on project owners and NGOs
<p>74 projects in 65 countries 70% new partners of the Foundation</p>	<p>€5.5K to €65.5K In a context where funding became scarce More than 25% of the budget for 1/3 project</p>	<p>1.5 million of beneficiaries of which 78% below the poverty line</p>	<p>Strong effects on their confidence and credibility in a context of uncertainty</p>
Study findings	Study findings	Study findings	Study findings
<p>89% answering to an emergency situation</p> <p>68% Specific projects created to face the COVID-19 health crisis</p> <p>75% addressing existing needs that have increased due to the COVID-19 crisis** (food, education, housing...)</p>	<p>Crucial for 35% of the NGOs</p> <p>Quick and flexible 87% were able to fill in the funding request form easily</p>	<ol style="list-style-type: none"> 1. Access emergency food aids 2. Get digital tools for school/studies 3. Keep hope about the future 4. Access protective medical equipment or hygiene kits 	<ol style="list-style-type: none"> 1. Meet beneficiaries needs for all 2. Teams confidence and motivation 3. New relationships with partners 4. Greater visibility

* This qualitative and quantitative study was conducted in 2020 by KIMSO, Research & Consulting in social impact assessment. The online survey covered all affected areas and resulted in a 60% response rate (37 answers). Scores "quite agree/completely agree" are bundled in % figures.

** Many project owners also mentioned emerging needs to due the crisis, such as employment and health.

Priorities for project owners (Emergency aid should not replace long-term support)

- 54% more budget
- 51% unrestricted financial support (for project and running costs)
- 49% over-time fundings
- 46% to be put in contact with other funders

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6.3.6 Foundation actions worldwide

The Schneider Electric Foundation has actions in 100 countries on all continents, in particular Asia, the Americas, Africa, and Europe.

6.3.6.1 Initiatives in North America

The Schneider Electric North America Foundation provides monetary support, product, expertise, and volunteers to non-profit organizations that align with business priorities, values and geographies.

The Schneider Electric Foundation North America offers employee programs to support efforts in their communities:

- Matching Gift provides a dollar match on employee donations to the non-profit of their choice
- Dollars for Doers provides financial grants to organizations where employees volunteer their time
- Sponsorship Grants offer financial and product donations to sponsor events, capital projects and employee missions
- New Hire Program welcomes new employees with a gift to donate to a non-profit of their choice
- Service Days and Volunteer events enables employees to donate time during their working hours

The Schneider Electric North America Foundation has strategic partnerships focusing to support the Schneider Electric Foundation areas:

- Disaster Relief – Provide support to those impacted by disasters through American Red Cross and the Footprint Project
- Habitat For Humanity – Support sustainable and transformative housing with product donations, financial support, and more than 2,500 hours of work done by volunteer employees
- FIRST Robotics –Inspiring future leaders through STEM education with employee mentors and financial support
- National Merit Society –Support the future with scholarships for children of employees

In 2021, the North America Foundation contributed over 5.3 million dollars in cash and product donations to over 1,619 charitable organizations.

6.3.6.2 Initiatives in India

In 2021, Schneider Electric India Foundation has been instrumental in supporting vocational training of 14,888 unemployed youth out of which 514 are women. 294 trainers were trained and recruited in the program to enhance the quality of training.

In the education field, 57 new electricity and renewable energy training centers were established. Upskilling of 1,232 electricians was done through solar training to enhance their employability in the current markets. 10 alumni meetings were conducted in 2021 enabling 280 alumni from vocational skill development centers to share their professional journey and experiences as well as meet and recommend new trainees to their current organizations and businesses for placements. 85 aspiring entrepreneurs have been incubated this year to establish their own businesses.

Other key programs include:

- Under the Energy for Sustainable Livelihoods program, 120 irrigation pumps powered by green energy were installed, thus supporting 2,400 farmers to switch from monocropping to multi-cropping.
- Through Conserve My Planet, 50 schools have been registered across five cities taking the program forward with 100 Change Maker Teachers and sensitization of 5,035 Green Ambassadors towards environment and energy conservation, digitally.
- Taking another step forward towards a cleaner and greener tomorrow, SEIF has planted 30,060 saplings across 10 cities in India.
- Facing COVID-19, through Healthcare initiatives, SEIF has reached 4,758 beneficiaries through free medical consultations and basic medicines. Also, to ensure preparedness towards the third wave of COVID-19, SEIF is supporting 12 hospitals across 10 states by strengthening their infrastructure to save more lives.

Volunteers from Schneider Electric India Foundation came forward to support of the Foundation causes like youth coaching through teachers' missions, tree plantation, and donations, dedicating 413 volunteering days, including 264 Teachers Missions where they shared their knowledge and skills with young people training as electricians. Most of these Teachers Missions were carried out remotely via a digital platform due to COVID-19 restrictions.

6.3.6.3 Initiatives in Australia

The Schneider Electric Pacific Fund was established as a sub-fund of the Australian Communities Foundation in July 2021 to help facilitate Schneider Electric's philanthropic giving in the region. Its purpose is to promote sustainability, enable access to energy, and tackle fuel poverty by forming engaged, long-term partnerships with organizations in Australia.

In 2021, the Fund has contributed AU\$ 315,000 to four major charity partners – Australian Wildlife Conservancy, Kokoda Track Foundation, Brotherhood of St Laurence, and the Centre for Appropriate Technology. Funds donated through the Schneider Electric Pacific Fund are supplemented by other programs run directly by Schneider Electric in the zone including matched donations for employees (up to AU\$ 5,000/employee/year); 21 hours of volunteering leave and charity funding in New Zealand continue to be funded directly.

6.3.7 Support grassroots initiatives: a network structure that acts locally

The Schneider Electric Foundation's network structure is an original and very powerful means for engaging local, human, and lasting sponsorship. This network includes Schneider Electric employees, non-profit associations, public institutions such as the Education ministries of the countries concerned, and government agencies such as ADEME in France.

The Schneider Electric Foundation:

- Has established partnerships with 90 NGOs and associations in 38 countries, such as Solar Impulse Foundation, Don Bosco Tech in India, etc.;
- Works with ministries of education in 13 countries including France, Cambodia, and South Africa.

The Schneider Electric Foundation works almost exclusively with local structures. It is a guarantee of reliability and efficiency because only organizations that work most closely with the communities to be supported know their specific needs and constraints and can provide the appropriate solutions. The creation of the zone/cluster committees, since 2019, made up of Schneider Electric zone directors is a step in that direction.

Over and above financial, material, or logistics support for projects, the actions of the Schneider Electric Foundation aim to create bonds among partners, encourage structures to work together, and build relevant and innovative solutions with all stakeholders to raise the challenges of sustainability.

6.3.8 Group employees, spearheading the Schneider Electric Foundation's actions

The Schneider Electric Foundation strongly focuses on the involvement of Group employees in all the actions it implements. Whether they are Foundation delegates or employee volunteers, they are the link between the Company, the Foundation, and the supported organizations. In 2012, the Schneider Electric VolunteerIn NGO was created to organize volunteer missions benefiting the Foundation's partners. Wherever the Company is based, Schneider Electric VolunteerIn empowers people to be actors and ambassadors of societal commitments in the fields of education, access to energy, and the fight against energy poverty. In particular:

- Employees volunteer their time and make their skills available;
- Partners look for skills to support their activities, specify their needs, and support volunteers in carrying out their mission;
- The Schneider VolunteerIn association as well as the Foundation delegates co-ordinate, connect, and organize the process and cover costs related to carrying out missions, in particular abroad;
- The Schneider Electric entities host the volunteers when the mission takes place outside their country of habitual residence.

6.3.8.1 Governance

The Schneider Electric VolunteerIn Executive Board is composed of Schneider Electric leaders:

- Charise Le (Chairman, Chief Human Resources Officer);
- Michel Crochon (Vice-President),
- François Milioni (Secretary, in charge of the Training & Entrepreneurship program);
- Christophe Poline (Treasurer, in charge of the SEEA solidarity investment fund);
- Emir Boumediene (Member, volunteer representative);
- Gilles Vermot Desroches (Member, Senior Vice-President Corporate Citizenship).

One to two Executive Board meetings are organized each year.

6.3.8.2 100 delegates in 80 countries to catalyze the Schneider Electric Foundation's actions

The Schneider Electric Foundation draws on a network of around 100 volunteer employees, also known as delegates, covering 80 countries. Their role is to select local partners in the fields of vocational training in the energy sector, entrepreneurship, and raising sustainability awareness. They inform the employees of their entity, as well as the Foundation. They follow the progress of the projects after they have been launched. Each proposed project is subject to a review process based on administrative and financial data by the Schneider Electric Foundation and by *Fondation de France* before funds are released.

The delegates manage a digital platform, VolunteerIn, that groups together all the missions proposed by the Foundation locally and internationally. Available in eight languages, the platform can be accessed from anywhere in the world and enables employees to apply for volunteer assignments for the benefit of the Foundation's partners and their beneficiaries.

Finally, the delegates co-ordinate the organization of the Schneider Electric Foundation's campaigns for international mobilization such as the Tomorrow Rising fund. This showcases local initiatives to a global audience. They also engage in campaigns organized following natural disasters.

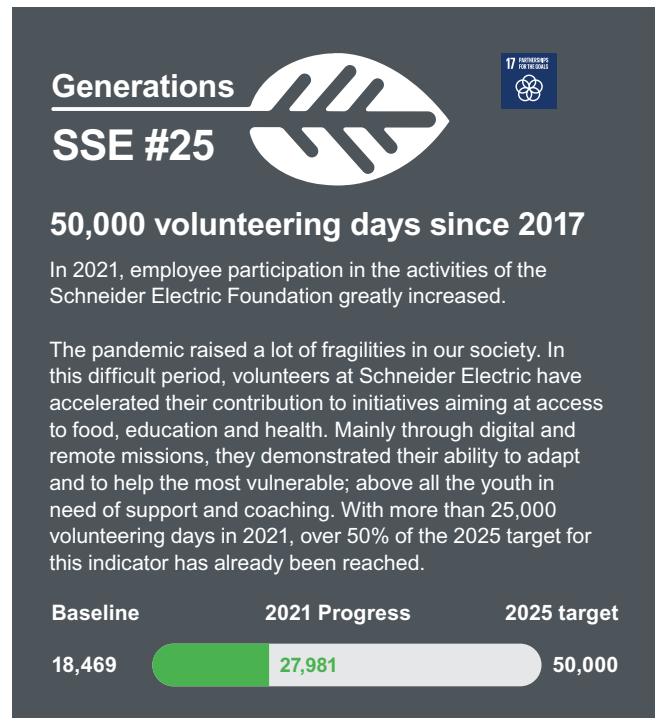
An assignment campaign will be conducted in 2022 to renew the Foundation delegates' mandates.

Each year, around 35,000 employees in 50 countries take part in these campaigns.

6.3.8.3 Standardize measurement to improve the impact and coherence of actions in favor of sustainability

The Schneider Electric Foundation is a groundbreaker in the measurement of the social impact of the actions that it supports. The idea is to enable its partners to better fulfill their missions by identifying areas for improvement.

The Schneider Electric Foundation is assisted in particular by KiMSO, a social impact assessment consulting firm. A first study was conducted in 2018, as part of the fight against energy poverty, to draw up an innovative methodology to assess the social impact of missions. This methodology is placed at the disposal of project sponsors. CLER, the Energy Transition Network, has used this methodology.



6 Delivering social impact for a just transition

6.4 Developing access to education and employment all over the world

6.4.1 Risks and opportunities

Education is an essential catalyst for the youth inclusion in the social and environmental challenges. In 2021, for the second year in a row the COVID-19 pandemic has heavily impacted education systems and left millions of children and youth out of school. The youth unemployment rate is growing worldwide and there is an urgent need to create a better transition between education and access to employment, and to develop the tools to provide continuous education even in time of crisis.

Technical and Vocational Education and Training (TVET) play a vital role in national sustainable development for countries, it fosters employment and entrepreneurship, and promotes economic development. In order to have better impact and ensure life-long competencies, the TVET systems need partnership between the private and public sectors, and higher investments.

6.4.2 Group policy

Schneider Electric and the Schneider Electric Foundation are committed to include all generations in the energy transition. For more than 10 years the Training & Entrepreneurship program has been supporting the development of TVET. Training in the energy field is a key that offers an inclusive answer to several challenges of the United Nations Sustainable Development Goals (SDGs). TVET plays two major roles regarding social and economic development. The first role is to provide training and career opportunities for people, in particular, those who are not in education, employment or training. The second role is to help build a generation of skilled manpower, which are needed at all levels of the economies. Furthermore, TVET can also be a valuable tool for sustainable development, as it allows the development of environmentally sound skills, critical for shifting toward a more sustainable economic model.

The program has a specific focus on impacting people not in education, employment, or training, the youth, refugees, women in vulnerable situations, and marginalized groups of people. The actions are always implemented in partnership with local players and/or national or international non-profit organizations (NGOs, governments, etc.) and with Schneider Electric's local subsidiary.

Thanks to the ecosystem of partners, the program has supported the training of more than 300,000 people across Asia, South America, Africa, and Middle East since 2010. More than 5,000 trainers and 4,000 entrepreneurs have also been supported. The COVID-19 pandemic has heavily impacted education and increased inequalities. We are committed to go further and faster by reaching one million people trained by 2025, 10,000 entrepreneurs supported, and 10,000 trainers trained. From now on, the program will also operate in OECD countries.

6.4.3 Governance

The Training & Entrepreneurship program follows the rules and governance of the Schneider Electric Foundation and *Fondation de France*.

To increase effectiveness in following up the partnerships and achieve the 2025 ambition, the program organizes every six months zone meetings with the zone President, the Foundation representatives, and the Training & Entrepreneurship program leaders. Each zone has a defined ambition up to 2025 and a pipeline of projects that is reviewed. Corrective actions are implemented if necessary.

The program is led by zone representatives and in-country leaders that exchange on a daily basis. One global co-ordinator sets regular meetings to support the zone representatives and guarantee the progress of the program in each zone.

The program is part of the Schneider Sustainability Impact. Every quarter, the zone representatives report on a central tool the impact of the program, and data are reviewed by an external auditor. With rare exceptions, all projects-initiated benefit from monitoring by employees of Schneider Electric entities operating in the countries concerned.

6.4.4 Actions supporting trainees and trainers' skills development

The key challenge of training in the energy sector is to provide the youth with the knowledge and skills to be able to carry out a trade in a safe and responsible way, providing them and their families with the means for satisfactory subsistence. It will also give them the ability, should they wish, to sell and maintain energy solutions and to create their own small business in time. Furthermore, they are a vital and indispensable element for all responsible and sustainable rural electrification policies.

Schneider Electric's strategy, backed by its Foundation, under the aegis of *Fondation de France*, for training people in the energy sector, includes three key priorities:

- Basic training over a few months, which is free and accessible to many people and adapted as much as possible to the local situation. These training courses lead to the issuing of a certificate of competence by Schneider Electric;
- Single or multi-year trainings leading to qualifications, in partnership with local Ministries of Education, or even under bilateral agreements; and
- The training of trainers to support the effective and quality roll-out of training down the line.

The Training & Entrepreneurship program also provides valuable support to trainers involved in projects at its partners training centers. The aim is to help trainers thoroughly grasp the training approach and materials, enabling them to efficiently convey full and relevant knowledge to the students in short and long-term courses. Training of trainers ensures effective long-term transmission of quality, up-to-date knowledge finely tuned to the characteristics of today's energy markets in the host country.

Training of trainers is supported by the VolunteerIn association via missions at the partners training centers:

"I helped to create an entire training module using a pragmatic and realistic approach. I feel like I've contributed to a better future for a lot of young people in Vietnam." Nathalie Nguyen, Manager, Customer Digital Experience Mission in 2019 as part of the IECD Seeds of Hope Program in VietnamIn 2021. Due to the COVID-19 pandemic on sites missions were stopped, but via digital tools contact was kept with the training centers.

6.4.5 Actions supporting women integration in the energy trades

Since the beginning of the Training & Entrepreneurship program, female participation in the energy trainings has remained low. Indeed, the energy sector is still a male dominated environment, and young women are sometimes discouraged by social norms and even by their family to venture down this path. Moreover, for Schneider Electric and its Foundation, it is essential to include women in all stage of the energy value chain. Most programs today only include women in non-technical, such as selling solar products, and non-essential activities.

Schneider Electric Foundation's Training & Entrepreneurship Program supports local organizations specializing in skills development and women empowerment, which are two critical factors in achieving a sustainable change. These organizations create inclusive ecosystems offering training, mentoring, and funding to enable women to work in the energy sector and become entrepreneurs. Schneider Electric and its partners also raise awareness among local communities, promoting best practices and encouraging a bottom-up approach to gender equality. Through these initiatives, the Training & Entrepreneurship Program seeks to play a dual role, championing economic inclusion and gender equality.

In 2017, in Ivory Coast, Schneider Electric and the Foundation, Mastercard Foundation, and International Rescue Committee have partnered to support 1,250 unemployed youth to acquire long-term competencies and start their own activity in electricity and solar energy; 60% of the total beneficiaries are women. In 2021, USAID joined force through their "Women's Global Development and Prosperity Initiative" with the three existing partners, to expand the program targeting women and support two new training centers in Abidjan and Ferké.

In 2021, during the Generation Equality Forum, Schneider Electric and its Foundation took commitments under the Economic Justice and Rights Coalition. On one hand, to support the training of 5,000 women in the energy trades and their self-employment or access to jobs by the end of 2022. On the other hand, to launch two new international initiatives around women training and empowerment in the energy field.

6.4.6 Actions towards entrepreneurs

Encouraged by the achievements of its training courses, the Training & Entrepreneurship program is going further by providing informal entrepreneurs and those trained in the electricity sector with support in setting up their own businesses. Employment markets in emerging economies are characterized by high proportions of informal sectors, underemployment and people holding multiple jobs to make ends meet. In addition to specific skills training, entrepreneurs need business startup support and access to funding, both being key factors in the creation of long-lasting businesses.

Since 2017, 52 technical laboratories in electricity and energy management have been upgraded in Pakistan's Punjab province. 6,200 youths have been trained and 1,890 have become entrepreneurs. This project was financed by Schneider Electric and implemented in Pakistan by Muslim Hands Pakistan (as the lead agency) in partnership with the Technical Education and Vocational Training Authority (TEVTA) Punjab, and Punjab Vocational Training Council (PVTC), to improve and expand vocational training in Pakistan's dynamic energy sector.

6.4.7 Actions towards digital trainings

The digitization program strategy is to provide the current partners with online tools to deliver their training programs while also supporting new online programs. The online programs will allow to both study theory and practice related to the energy content and will deliver a certificate.

Schneider Electric and its Foundation have the objective to develop digital training to complement the training offer in energy and automation. Theoretical courses but also practical courses will be covered to deliver comprehensive training curriculum, that can be followed online only or through blended learning (a mix of in-class and online training).

To start this journey, in 2021 Schneider has collaborated with SENAR, an Augmented Reality platform development company, to develop digital twins of Schneider's didactic equipment. Until now, three practical simulator exercises are ready and are being tested in Indonesia.

The three simulators are about:

- Study bench for grounding schemes
- Motor starting
- Microgrid for isolated areas

Schneider Electric also has an in-house simulator-based training tool, the Augmented Operator Advisor (AOA), which is typically used to train customers in Industry 4.0. It has a builder feature which allows teams to build their own exercises and disperse them among learners. It is currently being tested with trainers in France to create practical exercises for vocational training.

6.4.8 Testimonies of people trained

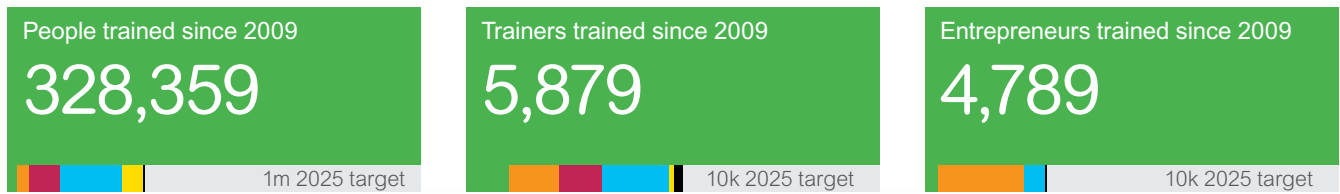
In 2021, Schneider Electric continued to promote Tomorrow Rising, a five-episode docuseries made up of concrete testimonies. It presented the stories of four students who are building tomorrow's energy world each in their own way:

- Yéyé is the narrator and her ambition is to become a respected engineer. The documentary follows her from the beginning of her training in Lagos, Nigeria, to her diploma;
- Pierre, in Senegal, has been trained to be a teacher and is now fighting to improve the future of youth in his country;
- For Vitor, in Brazil, Schneider's training has been a genuine lifeline helping him build a career in electricity;
- Lastly, in India, Gurdeep, an ambitious young entrepreneur installs solar panels and employs young people, like him, benefiting from Schneider Electric training.

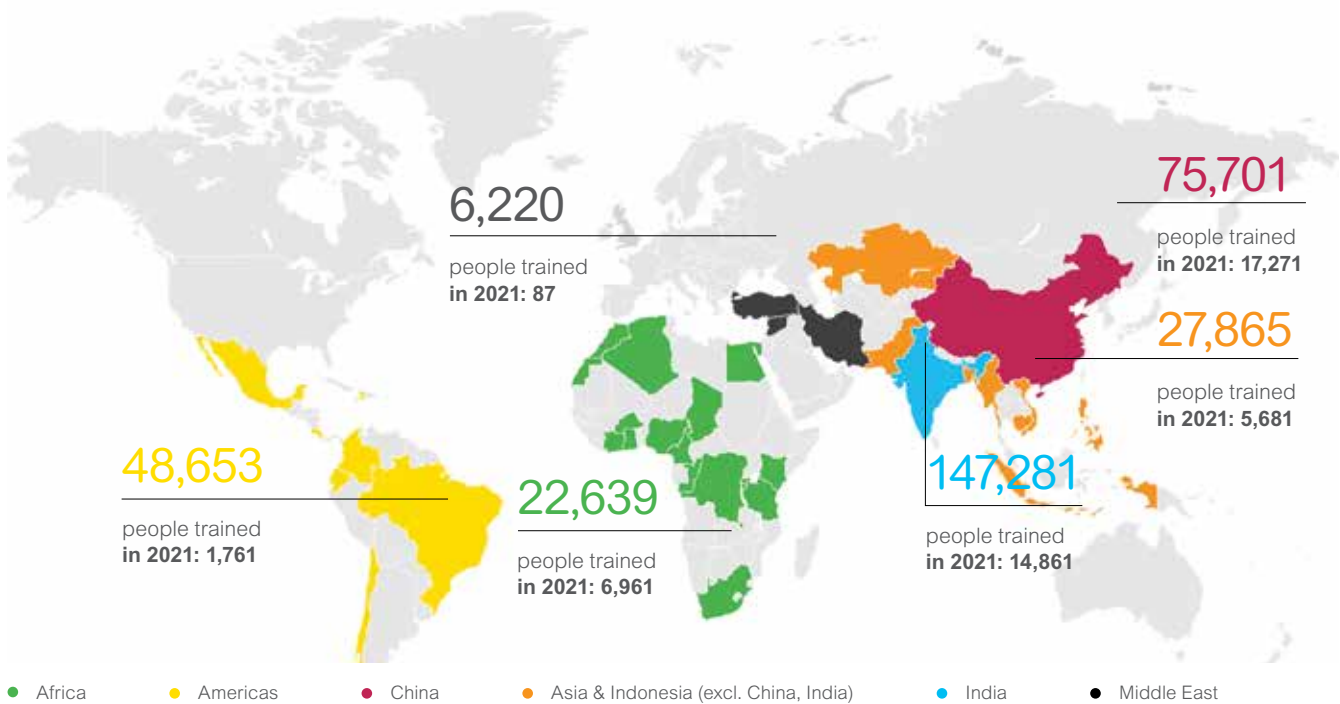


6 Delivering social impact for a just transition

Training & Entrepreneurship program key figures and 2025 targets



Breakdown of people trained by geography since 2009



6.4.9 Impact assessment of training actions

In 2019, the Schneider Electric Foundation launched a global initiative to assess the social impact of training actions in the energy sector. With its partner KIMSO, the Group built a guidebook intended to support its local partners in assessing, in a standardized way, the social impact of their training activities. The pilot phase was carried in several centers. The roll-out program was shelved because of the health crisis, leading to the temporary closure of many centers. KIMSO is a social impact assessment consulting firm that helps charities, NGOs, and Foundations to understand, measure and value their impact on key stakeholders.

The project covers both social impact assessment and results chain analysis.

Social impact consists of the direct or indirect, intended or unintended, effects of an organization's actions on its stakeholders (i.e., beneficiaries, users, volunteers, partners) and on society in general.

Social impact assessment refers to the process of monitoring, analyzing, and managing those social consequences, which can be both positive and negative. This is an evaluative process aiming at answering the following key question: what changes thanks to us?

Results chain analysis establishes causal relationships from the resources used to conduct a program to the long-term effects following the end of the program. It sets out a logical and plausible outline of how a sequence of inputs and outputs interacts with individuals' behavior and conditions to generate outcomes.

6.4.10 Action towards employability in France

Wherever it operates, Schneider Electric makes a strong commitment to community partners and civil society through positioning itself in a way that is indispensable for a global enterprise that wants to keep in touch with the labor markets of its industrial locations. In France, numerous projects, broken down into four challenges: youth, planet, poverty, and territory, demonstrate Schneider Electric's desire to be engaged, notably in the area of employability, and to contribute fully to local economic development. Based on their successes, some of them are planned to be deployed broadly in the frame of the long-term commitments in the Schneider Sustainability Impact; called "Empower local communities".

6.4.10.1 Schneider Electric School

In 1929, Schneider Electric founded its own school – Paul-Louis Merlin – in Grenoble, to address the difficulty of recruiting skilled labor in the energy industry and help young people in precarious situations to access promising jobs. Today, it still focuses on vocational training in Schneider Electric areas of expertise, with innovative training approaches and close alignment with actual industry practices.

Students leave with qualifications enabling them to continue in higher education or take employment in innovation-rich energy-sector fields such as renewable energies, home automation, and smart buildings, as well as energy management.

In 2019, to reinforce the link with the Group, the school changed its name to École Schneider Electric and a new vocational training has been added in the frame of the creation of its CFA (*Centre de Formation d'Apprentis*).

In July 2021, to meet the ever-increasing need for skills in the energy and electrical sectors, and in a context where there is growing concern about the professional future of young people, the CFA has taken a new step forward and expanded its range of training courses both geographically and in terms of content by forging new partnerships. In addition to the current BTS "Fluids Energies Home Automation" and the *Licence professionnelle* "Connected Buildings and Intelligent Energy Management" courses, which are currently offered by the CFA, there are:

- The BTS CRSA (Design and Production of Automatic Systems) with the Vaucanson High School in Grenoble (France);
- The vocational baccalaureate MELEC (Electrical Trades and Connected Environments) with the Lycée Pablo Neruda in Saint-Martin-d'Hères (France);
- The BTS FED Home Automation and Communicating Buildings, extended to a new geographical area, with the Lycée Maximilien-Perret in Alfortville (France).



6 Delivering social impact for a just transition

6.4.10.2 Social integration of disadvantaged young adults

Diversity of backgrounds, cultures, profiles, and experience is always a source of wealth, sharing new ideas and innovation. In priority urban areas, there is a huge amount of talent that is eager to grow. Recognizing this, Schneider Electric believes that companies have a role to play. It is their duty to act, particularly in the heart of the markets in which they operate.

Convinced of the need to better support young people entering the workforce, Schneider Electric is involved in different ways: training, work/study programs for young adults from underprivileged backgrounds entering the workforce, partnerships with schools and associations, financial support for young students, and participation in technical or general training courses. Such is the scope of the initiatives implemented by Schneider Electric. These actions complement the partnerships established within the framework of the Schneider Electric Foundation.

The unemployment of young people, especially those living in priority employment neighborhoods, is unacceptable and efficient actions have been put in place to reduce this scourge, regardless of the economic, social, or industrial situation.

Schneider Electric is involved in three major programs. Two of them are sponsored by the French Government: paQte (priority neighborhoods under the City Policy, QPV) and the “*La France, une chance. Les Entreprises s’engagent*” program. The third program, “*Le Collectif pour une Économie plus Inclusive,*” is sponsored by companies.

This group was initiated by the CEO of Danone at the end of 2018. Schneider Electric joined the group and has developed the “inclusion focus” in France in 10 cities (Aubervilliers, Strasbourg, Rouen, Marseille, Lyon, Bordeaux, Nantes, Lille, Toulouse, and Grenoble). Within this framework and in conjunction with state employment stakeholders (the French Public Employment Service, Youth Employment Centers, and Maison de l’Emploi), it organized neighborhood-oriented forums, e-forums during the pandemic, and coaching sessions for the youth.

Lastly, there is the “100 opportunities – 100 jobs” system, which takes in more than 1,000 young people primarily from priority neighborhoods (as defined in the City Policy/QPV) and helps them to find long-term employment or training. Today it represents a collective of 1,500 companies located in 45 territorial areas. The relationship between all the local companies builds a melting pot that becomes the network for young people who have no network, in order to support them and structure their future project. It is a real public/private partnership that brings two worlds together for work.

The “100 opportunities – 100 jobs” system was implemented for the first time in Chalon-sur-Saône in 2005, and by the end of 2021 more than 8,600 young people had been involved, with 68% achieving positive exits, fixed-term contracts or interim contracts longer than six months, permanent contracts, or a qualification or diploma training.

Schneider Electric works to help inhabitants of the disadvantaged neighborhoods identified in the City Policy (QPV) and is naturally in line with the PaQte (Pact with Neighborhoods for all Companies) with respect to the four pillars of Raise Awareness, Train, Recruit, and Buy.

Schneider Electric in France includes integration clauses in contracts to encourage suppliers to become committed to an approach of vocational integration of persons who are outside the job circuit. Schneider Electric in France challenges employment agencies to put in place temporary occupational integration contracts (CIPI) and interim open-ended employment contracts (CDI-I), which accompany the unemployed toward long-term employment and encourage temporary work that integrates people.

Finally, Schneider Electric has partnered with many other structures or associations: *École de la Deuxième Chance, les Entreprises pour la Cité, FACE, Télémaque, Fondation de la 2^{ème} Chance, EPA, La Cravate Solidaire, Emmaüs Connect la Varappe*, etc., and has made a commitment to double the number of its apprentices, interns, and doctoral students.

6.4.10.3 Spirit of entrepreneurship for collaborators

For more than 27 years, Schneider Electric in France has supported employee projects to create businesses or business takeovers through *Schneider Initiatives Entrepreneurs* (SIE), through a dedicated structure (*Pass Créations*) demonstrating the Group’s commitment to its local labor markets: promoting actions to support local economic development and proposing and supporting volunteer employees in reliable career paths that are external to the Group. It comes resolutely within the development of a spirit of entrepreneurship.

SIE provides support for Schneider Electric employees at all stages of business creation, as well as afterward, with a follow-up period of three years. Sustainability rates at three years remain above 85%.

SIE’s dedicated team of seasoned managers and young work/study participants are responsible for reviewing the financial, legal, technical, and commercial aspects of business creation or company purchase projects to ensure they are viable and sustainable.

Since 2010, 1,009 projects have been supported, and 537 of them have resulted in the creation or takeover of a business: these include electricians, bakers, organic trades, consultants, asset managers, and florists, creating more than 637 jobs (employees recruited by the founders to support company growth).

The SIE structure is represented directly or indirectly in local business networks and enhances the quality of services offered through partnerships with associations such as *Réseaux Entreprendre, France Initiative*, and other local structures.

Thanks to SIE's expertise in entrepreneurship, it is regularly called upon to develop training courses in this field. SIE is highly active in the promotion of spin-offs (business creation and takeover support for employees), in particular through the *DIESE* association made up of other major groups.

Since 2008, SEI teams have showcased and rewarded the six most creative projects for company creation or takeover by employees of the Group through the *Vivez l'Aventure* competition. This competition and the prize-giving bring together many managers from the Group as well as political and economic figures. This event is an opportunity to reaffirm the important role this scheme plays in the Group's values and strategy.

The SIE teams manage many actions to contribute to local economic development, for example:

- Specific missions within the fabric of the local SMEs (small and medium enterprises) carried out by Schneider Electric senior experts or missions in the framework of skills-based sponsorship (*Alizé system*);
- *Pass Compétences*, which allows experienced managers to take long-term assignments with SMEs. These experts invest in structuring and strategic development projects for SMEs;
- Support for organizations dedicated to the creation of activities and companies (*Réseau Entreprendre, France Initiative, etc.*);
- Supports employees who want a career path external to the Group within the framework of a skills-based sponsorship system called Pass Associations. It enables employees to work on defining projects with partner associations or NGOs for one or two years. It encompasses all types of professions, and there are some 30 effective assignments each year. These specific systems are valued and taken into account in human resources processes and management in France.



7 Methodology and audit of indicators

In this section

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7.1 Methodology elements on the published indicators

Schneider Electric has drawn up a frame of reference with reporting methods for Schneider Sustainability Impact (SSI), Schneider Sustainability Essentials (SSE) indicators and for Human Resources, safety and environmental data.

This frame of reference includes the scope, collection and consolidation procedures and definitions of this information. As it is engaged in a process of constant improvement, Schneider Electric is gradually supplementing this work to adapt its frame of reference for sustainable development indicators to changes in the Group. This document is updated every year.

In keeping with its commitment to continuous improvement, Schneider Electric asked Ernst & Young to conduct a review in order to obtain a "limited" level of assurance for certain Human Resources, safety and environmental data indicators, and all of the key performance indicators from the SSI and SSE (see Independent verifier's report on page 168). The audit work builds on that conducted since 2006.

As a general rule and subject to any particular exception to be set out in the universal registered document:

- (i) Schneider Electric reports extra-financial data at Group level for all entities over which it has operational control, within 2 years of acquisition;
- (ii) Data is consolidated over all fully integrated companies within the scope of financial consolidation;
- (iii) Companies accounted for by the equity method are not included in the reporting.
- (iv) Within the above scope, small entities may exceptionally be excluded if their collective exclusion does not exceed 5% of consolidated revenues or total number of employees, in agreement with external auditors.

Notable exclusions in 2021 (except for SSI #1):

- AVEVA and OSIssoft. AVEVA remains a listed company and publishes its financial and extra-financial statements on regular basis. It acquired OSIssoft in March 2021.
- Companies acquired in 2020 and 2021: Larsen & Toubro; RIB software; ETAP.

7.1.1 Human Resources, safety and environment indicators

The Human Resources (HR), safety and environmental data come from our HR Analytics for the HR data, Resource Advisor for Environmental data and GlobES (Global Environment and Safety) for the safety data. Its consolidation is placed respectively under the Global Human Resources, the Global Environment and the Global Supply Chain functions. Data reliability checks are conducted at the time of consolidation (review of variations, inter-site comparison, etc.). Details for data coverage are specified in tables page 176 for each topic and are generally well above 80%.

The safety data of the sites are included in the Group metrics after one complete calendar year following their creation or acquisition. A site joining the Group in year n will be included in the metrics on January 1, n+2, except in exceptional circumstances when an agreement stipulates that the safety data will not be included for two years.

The scope of environmental reporting is that of ISO 14001-certified sites, and certain non-certified sites on a voluntary basis and without interruption in time. All production and logistics sites with 50 or more FTE employees must obtain ISO 14001 certification before the end of the third full calendar year of operation or membership of the Group. Administrative, R&D and sales sites with 500 FTE employees or more also have to obtain ISO 14001 certification. Other sites may seek certification and/or report on a voluntary basis. A difference can be thus recorded with respect to the scope of financial consolidation.

7.1.2 Indicators from the Schneider Sustainability Impact

SSI #1: Grow Schneider Impact revenues to 80%

Schneider Impact revenues are defined as offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. Schneider Impact revenues are split into four categories described thereafter. Activities included are:

- 1) **Energy efficiency architectures bringing energy and/or resource efficiency to customers.** Offers include building management systems, power management systems, lighting and room control, thermal control, variable speed drives, Sustainability Business (SB), and industry automation. Neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.
- 2) **Grid reinforcement and smart grid architectures contributing to electrification and decarbonization.** This includes all technologies and architectures contributing to a New Electric World, helping grid and electrification come to life: smart grid and microgrid technologies, EV charging infrastructures, medium voltage systems to upgrade electricity distribution networks, low voltage connectable offers enabling smart grid management and energy efficiency, secure power and switches that enable security, and security of supply;
- 3) **Products with differentiating green performance, flagged thanks to our Green Premium program.** Green Premium products offer environmental transparency (with digital life cycle analysis and circular end-of-life instructions), superior compliance to stringent environmental regulations, and differentiating environmental performance through specific environmental attributes (note: double-accounting with categories 1 or 2 is removed);
- 4) **Services that bring benefits for circularity** (prolonged asset lifetime and uptime, optimized maintenance operations, repair, and refurbish) **and energy efficiency** (maintenance to maintain the operational performance of equipment and avoid a decrease of energy efficiency over time).

Additionally, revenues derived from activities with fossil sectors and others are systematically excluded, including Oil & Gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, even though Schneider Electric's technologies deliver resource and carbon efficiency in such sectors as well. In line with Schneider Electric's strategy to phase out SF₆ from offers by 2025, SF₆-containing switchgear for medium voltage applications are also excluded. In addition, neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

All revenues consolidated in financial accounts are taken into account. Calculation is based on revenues per line of business. Exclusion of fossil revenues is based on orders per customers' end-segment, with extrapolation to estimate destination of transactional sales.

This indicator was audited by Ernst & Young.

SSI #2: Deliver 800 million tonnes of saved and avoided CO₂ emissions to our customers

This indicator measures CO₂ savings and avoidances delivered by Schneider Electric offers to customers.

CO₂ savings and avoidances are calculated for global sales of the reporting year and cumulated over the offers' lifetime. Net emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation. The ambition for this indicator has been increased in 2021 with the definition of the new sustainability strategy: Schneider is committed to save and avoid 800 million metric tons of CO₂ thanks to EcoStruxure™ for its customers.

The difference between "saved" and "avoided" emissions is key: saved CO₂ emissions correspond to brownfield sales that enable reduction of global CO₂ emissions compared to previous years, and avoided CO₂ emissions correspond to greenfield sales that enable a limitation of the increase of global emissions.

- **Brownfield sales** correspond to the situation where the offer sold replaces or upgrades an existing system, leading to a change of GHG emissions of installed infrastructure versus the previous year. For "saved" emissions, the "brownfield reference situation" is defined as the situation before the new solution is sold and installed at the customer's site.
- **Greenfield sales** correspond to the situation where the solution is installed into a new system, allowing a better performance with respect to the market alternative.

The calculation of CO₂ impact of offers over their lifetime is based on sales data per product range. The electricity emission factors are forward looking, integrating the decarbonization of the global energy mix as per scenario of the IEA. Market data and expert assumptions are used to determine the use-case scenario of offers and the associated CO₂ impact. This methodology is associated to typical uncertainties of CO₂ corporate accounting methodologies, and conservative assumptions are preferred.

More methodological details can be found in our website that has been made public in 2019.

This indicator was audited by Ernst & Young.

SSI #3: Reduce CO₂ emissions from top 1,000 suppliers' operations by 50%

Under this program, also called Zero Carbon Project, the Group partners with 1,000 of its suppliers, who commit to reduce their company's CO₂ emissions (mandatory Scope 1 & 2; Scope 3 is optional) and not just on the proportion of sales to Schneider Electric. The active participation of upstream supply chain is critical because it represents multiple times GHG emission compared to Schneider Electric's own operations. The top 1,000 suppliers come from 64 categories across direct material, indirect material and project procurement and have been nominated by the respective procurement teams.

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To ensure suppliers get adequate handholding during the implementation, several capacity building and engagement modules have been deployed. These initiatives sensitize the suppliers on various approaches and technical levers for decarbonization, including training on basic requirements and calculations. Moreover, Schneider attempts to support and drive collaborations with suppliers through services and EcoStruxure™ solutions.

As a first step in the long-term journey to decarbonize, top 1,000 suppliers are required to quantify their carbon emissions and take ambitious reduction targets and deploy roadmap to achieve them. Suppliers are required to share the carbon emission performance via the dedicated Schneider Supplier Portal-Supplier Relationship Management (SSPSRM). To measure the carbon emission reduction achieved, we calculate the average carbon intensity reduction achieved by responding suppliers, multiplied by the percentage of suppliers reporting carbon emission data. Carbon intensity is calculated as Scope 1 & 2 CO₂ emission divided by financial turnover.

This indicator was audited by Ernst & Young.

SSI #4: Increase green material content in our products to 50%

A Green Material is defined as either of the following:

- a material with a lower environment footprint;
- a material that is the output of an industrial technology which is a key enabler for a 1.5°C climate scenario and/or a more circular economy.

For 2021, the scope of this KPI covers commodities identified as relevant in terms of volume (circa 29% of total products volume in 2019), environmental impact (carbon footprint and biodiversity assessment) and industry readiness, meaning:

- Steel and aluminum direct purchases;
- Thermoplastic direct and indirect purchases.

Overall, the materials in scope represent approximately 400,000 metric tons.

Cross-functional experts at Schneider Electric (Procurement, R&D, Environment) have worked in close relationship with suppliers to define the Green attributes for each commodity in scope, based on existing international schemes and standards.

Thermoplastics are qualified as “Green” when the supplier is bringing evidence of a minimum recycled content, biobased content (minimum threshold depends on whether the compound is halogenated or not) or is using a green flame retardant.

Steel is qualified as “Green” when the supplier is bringing evidence that the mill of origin is an Electric Arc Furnace (EAF) or has a Green certificate such as the ones delivered by Responsible Steel.

Aluminum is qualified as “Green” when the supplier is bringing evidence that the product carbon footprint is below 8 tons of CO₂ per ton of Aluminum, is using a minimum of 90% of recycled content in its product or that the mill of origin has a Green certificate such as the ones delivered by the Aluminium Stewardship Initiative.

The scope will be yearly reassessed as the program maturity and the transparency of supply chains improve.

To consolidate the KPI, several sources of data are used. The volumes of green materials are identified using Prism extract for metals and Puma extract for thermoplastic, both tools are providing budgeted volumes. The total volume in scope (the denominator

of the KPI) is determined using RMI extracts for thermoplastic, steel and aluminum providing purchased volumes in metric tons. For silicon steel there is no consolidation in RMI since silicon steel is not a market index, thus the volume is estimated based on a negotiation file RCM. Schneider Electric decided to identify reported and tracked Green Materials using 'budgeted' volume since the precision of the reporting tool is better compared to RMI extract. Actually, Prism and Puma allowed to track suppliers and material grade that make the two levers mentioned above possible to activate.

This indicator was audited by Ernst & Young.

SSI #5: 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

This program has been designed to:

- Ensure legal compliance through the selection of our packaging materials and the availability of adequate take-back, collection and sustainable options for our customers.
- Support the achievement of our 2025 Green packaging commitment:
 - 100% of our primary and secondary packaging uses recycled cardboard.
 - 100% of our primary and secondary packaging is free from single-use plastic.
 - Define the best practices to offer differentiating green packaging solutions to our customers.

The scope includes tier-one strategic suppliers with a direct purchase of cardboard and plastics in the Schneider Electric procurement system. Geographically, all regions under the global supply chain will be covered, as well as Equipment & Transformers.

Cardboard is considered as recycled when it includes at least 70% of recycled fiber by weight. Temporary exemption is made for NAM, where an average of 50% of recycled fiber by weight is required to be considered recycled.

Every reporting period, the spend on cardboard and plastics is extracted from the system and each element is classified as sustainable or none based on criteria mentioned above. Verification is done for sustainable declarations on the definitions already provided as well as certificates and other documentary evidence from suppliers. The list of eligible certificates/documents is continually updated to make it exhaustive and to cover countries specificities.

A global campaign is being run in all global supply chain regions to progressively move the spend to sustainable sources and remove single use plastic usage with sponsorship from top management.

This indicator was audited by Ernst & Young.

SSI #6: 100% of our strategic suppliers provide decent work to their employees

Schneider Electric has deployed a series of engagement on the topic of working conditions to correct mal practices, but also proactively work to implement measures which will prevent such violations in future. This philosophy is the foundation of the Decent Work program.

Taking inspiration from the pioneering work of ILO, Schneider has defined **10 pillars of Decent Work**:

1. Employment opportunities;
2. Adequate earnings and productive work;
3. Decent working hours;
4. Stability and security of work;
5. Social dialogue and workplace relations;
6. Fair treatment in employment;
7. Safe work;
8. Social protection;
9. Purchasing practices; and
10. Balancing work and family life.

The program requires strategic suppliers to develop a pro-active policy and provide a safe, attractive, inclusive workplace to their employees, and treat all workers as we treat our own workforce. Criteria defined for each Decent Work pillar may overlap with ISO26000 standard and are validated by Global Procurement, Human Resources, Supply Chain and Sustainability teams.

The suppliers will be assessed through remote questionnaires supported by relevant documentation as well as onsite visits, spot audits and their performance will be monitored by experts. All questions have a minimum acceptable answer defined. Suppliers responses will be evaluated against the minimum acceptable criteria to qualify as Decent Work compliant. Program deployment is ensured by Global Procurement Services to onboard, train and assess suppliers.

Through Decent Work standard setting and compliance, Schneider employment aims to enhance social integration, equity, security, dignity, satisfaction and overall improvement in the quality of life for the workers, and their family. For each Decent Work issue identified, the Global Procurement team will ask for corrective actions to be undertaken and supported by documentation. If the supplier effectively deploys corrective actions, it can be counted in the KPI calculation. Otherwise, it is still counted as non-compliant regarding the requirements of the program.

A pilot for this indicator will be launched early 2022. As such, this KPI is excluded from the 2021 SSI score computation, and will be integrated in 2022.

The methodology for this indicator was reviewed by Ernst & Young.

SSI #7: Measure the level of confidence of our employees to report behaviors against our principles of Trust

Speak-Up helps to maintain high standards, a strong reputation, and a healthy and productive working environment, and protects Schneider Electric and its employees from multiple risks. Misconduct situations will be less likely to occur if people, employees and stakeholders feel safe to speak up about concerns, dilemmas or issues in good faith, respectfully and without fear of retaliation.

Our Trust Charter and Ethics & Compliance program participate to transform this belief into practical actions, notably offering multiple fair, neutral and confidential reporting channels to our employees to make them feel confident to report an unethical conduct.

In order to assess this KPI, the question "I can report an instance of unethical conduct without fear" is annually asked to all Schneider Electric employees included in the OneVoice survey scope. The percentage of "Agree" and "Strongly Agree" amongst the answers determines the level of confidence of Schneider Employees to report unethical conduct. Responses are anonymized and aggregated for compliance purposes.

This indicator was calculated for the first time in 2021 and reached an 81/100 performance. As such, this KPI is excluded from the 2021 SSI score computation, and will be integrated in 2022.

The methodology for this indicator was reviewed by Ernst & Young.

SSI #8: Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%)

Schneider Electric is strongly committed to building a diverse organization at every level, with a workforce that reflects the diverse markets in which we operate. This indicator measures female representation within Schneider, at the hiring, frontline manager, and leadership level.

It covers all new hires within the company, including both non direct variable costs (NDVC i.e. white-collar) and direct variable costs (DVC i.e. blue-collar) positions; managers who are in NDVC positions, at the junior and mid-management level and whose direct reports are individual contributors only; and all leaders in Senior Vice Presidents & Vice Presidents positions.

This is a composite indicator: the progress of each metric (new hires, frontline managers, leaders) is being evenly weighted (1/3) to calculate the achievement of this commitment.

At the end of each quarter,

- **Percentage of female new hires:** Count number of new hires that are women divided by total new hires in the current year *100.
- **Percentage of female frontline managers:** Count number of frontline managers that are women divided by total frontline manager population *100
- **Percentage of female leaders:** Count of women leaders divided by count total leaders *100
- **Blended achievement percentage:** Weighted 1/3, based on annual % progression from Base Year to total 5-year achievement.
 - 50% new hires progression: Subtract current period % of women who are new hires from 2020 base line and divide by targeted 5-year progression target (9%).
 - 40% frontline managers progression: Subtract current period % of women who are frontline managers from 2020 base line and divide by targeted 5-year progression target (15%).
 - 30% leaders progression: Subtract current period % of women who are leaders from 2020 base line and divide by targeted 5-year progression target (6%).
 - Calculate blended progression achievement %: 1/3 of each KPI current period progression

This indicator was audited by Ernst & Young.

SSI #9: Provide access to green electricity to 50 million people

Schneider aims to provide access to electricity from renewable sources to 50 million people, thanks to the products and solutions that are developed and/or commercialized under the Access to Energy (A2E) program, from 2009 to end-2025.

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Geographical scope are countries where the A2E program is operating, in APAC, Africa, Middle East, and South America. Within these A2E countries, the impact is calculated based on:

- **Individual and domestic electrification:** the number of units sold is counted out of the defined list of references providing access to green electricity, and a coefficient is applied to translate into an estimated number of people impacted.
- **Collective electrification:** the total power sold is counted out of the defined list of references giving access to green electricity; it is translated into a number of people impacted from an average energy consumption of a household in the targeted areas, estimated from external databases and studies.
- **Large A2E projects or electrification of public services:** as an alternative to the above method, actual or statistical number of people connected can be taken into account. In this case, the technologies sold by Schneider can go beyond the strict A2E references, but their value must be at least equal to the estimated price of the project's inverters.
- **Impact funds (SEEA, SEEA Asia and EAV):** 100% of the impact of companies that contribute directly to the Schneider A2E mission of providing green and reliable electricity in Africa and in Asia are taken into account, as well as 50% of the impact of companies that contribute indirectly. To this result, we apply the percentage of participation of SE in the fund.

An exhaustive list of products and solutions considered with reference codes is available and maintained. Considered products and solutions are those already available at the end of 2020, and the forthcoming products and solutions providing access to electricity. Products and solutions that are out of scope: A2E products and solutions that are sold out of A2E countries; other A2E products and solutions, not directly providing access to electricity (e.g. MPPT, EcoStruxure™ for Energy Access, batteries, etc.).

This indicator was audited by Ernst & Young. The methodology and 2021 performance was audited, not values cumulated before 2021.

SSI #10: Create 2x opportunities for the next generation

The purpose of this initiative is to ensure Schneider Electric has a sustainable talent strategy to develop a Next Generation (Next Gen) pipeline of talent through full-time, temporary, and self-paced opportunities. Our goal is to provide access to professional opportunities for young adults, educating them about sustainability and how Schneider Electric plays a part in this endeavor.

To achieve this ambition to double opportunities, the Group accounts for the various ways it interacts with talent considered to be part of the next generation pipeline, including Student Opportunities and Recent Graduate Hires:

- **Student opportunities** are defined as the workforce on the cusp of entering the job market, engaged in a temporary relationship with Schneider Electric with a defined start and end date at the onset (i.e.: Intern, learning event about Schneider and sustainability).
- **Recent Graduate Hires** are recent graduates or early career professionals hires from a formal education program whose relationship with Schneider has a defined start date but open-ended end date (i.e.: Contract type: open ended contract, fixed term contract).

Calculations are based on actual external requisition positions filled in the Global Applicant Tracking System and opportunities tracked via connect Candidate Relationship Management.

This indicator was audited by Ernst & Young.

SSI #11: Train 1 million people in energy management

The deployment of professional training programs in energy management enable people to acquire skills to pursue a career that offers them, as well as their families, the means for a decent standard of living. These courses must benefit to disadvantaged people. They are defined according to a local reference and justifiable by the partner who must be able to justify the BoP nature of the people trained, related to the defined local benchmark.

In partnership with local and international NGOs and local authorities, the Schneider Electric Foundation and the Company's local entities provide direct and indirect contributions to professional training centers. The objective is to help them improve the level of vocational training courses with diploma or certification in energy management. As a technical partner, Schneider Electric does not pay operating expenses.

The minimum duration of these courses is three months (or totaling 100 hours). Schneider's Contributions may be (cumulative possible):

- funding of electrical and didactic equipment, donation of request equipment, first generation, for practical work;
- knowledge transfer through trainer training, and support for future entrepreneur training.

The KPI score is calculated with the number of students enrolled in trainings courses, supported by Schneider Electric through partnership agreement (supporting documents (list of young people) required)."

This indicator was audited by Ernst & Young.

SSI #+1: 100% of Country and Zone Presidents define 3 local commitments that impact their communities in line with our sustainability transformation

Since its creation in 2005, the former Planet & Society barometer (now Schneider Sustainability Impact), has focused on measuring progress against key sustainability performance indicators at worldwide level.

In SSI 2021-2025 Schneider Electric introduces a new component to measure local impact because:

- There is a high internal demand for local communication on progress, as well as to locally empower collaborators to contribute to our meaningful purpose;
- Sustainability priorities are highly dependent on local context therefore it makes sense to not only deploy worldwide programs, but also local actions close to local context and needs.

In order to boost local impact towards communities close to Schneider Electric, Countries with at least 100 employees have set 3 commitments aligned with the Group's sustainability strategy, on different pillars: Climate, Resources, Trust, Equal, Generations and Local.

Progress against these commitments is measured by precise Key Performance Indicators (KPI). The assessment of this objective

goes as follow: KPIs are validated by zone/ country presidents, and a local SSI lead is designated and communicated to the Sustainability Team. This local Lead is in charge of consolidating KPI performance on an annual basis.

This indicator was not audited by Ernst & Young and is not included in the SSI score.

7.1.3 Indicators from the Schneider Sustainability Essentials

SSE #1: 150 Zero-CO₂ sites

A site achieves Zero CO₂ site status if it emits zero greenhouse gas emissions related to energy consumption and has in place Digital Energy Monitoring. Additionally, the site must have no SF₆ leaks. Exclusions for energy-related greenhouse gas emissions are considered for small sources (<3%) of a site's total energy where no feasible fossil-free solution exists today. Digital Energy Monitoring is defined as having energy data connected to a Schneider Electric solution (such as Power Monitoring Expert, EcoStruxure™ Building Operation, Resource Advisor, etc.). For larger sites, this requires a significant proportion of the site's energy to be measured and monitored through real-time connected meters. For smaller sites, this requires energy invoices to be available in Schneider Electric's Resource Advisor solution. This indicator relates to all sites within the Group's full real estate footprint.

This indicator was audited by Ernst & Young.

SSE #2: 100% substitution with SF₆-Free medium voltage technologies

This indicator measures the ability of Schneider Electric to offer to the market (i.e. SELL gate of our Offer Creation Process) industrialized SF₆-Free solutions for all geographies.

The range considered for the calculation of this KPI are Primary & Secondary switchgears up to 40.5 kV, Indoor only:

- A** SF₆ free ranges ready in 2020: Vacuum components, Premset, primary AIS with vacuum CB, HVL, Masterclad...
- B** SF₆ ranges in 2020: RM6, FBX, Ringmaster, DVCAS, Flusarc, SM6, RN2C, GMA, GMAe GHA, WS, WSG, CGBS-0, CGBS-1, HVL-CC, Mcset, F400
- C** SF₆ free offers to be launched from 2021-2025: SM AirSeT, Air PacT, RM AirSeT, RingmasterX, GM AirSeT, HVLCCX, ...

Products above 40.5kV (WI, CBGS-2, Kite), Outdoor Equipment such as Pole mounted, Reclosers, Sectionalizers, Instrument transformers, as well as ranges manufactured by JVs and local offers adaptation are excluded.

The performance is measured as the percentage of the quantity of SF₆ free offer range available for order (**A+C** above) compared to the total quantity of the current ranges sold in the 2019 reference base (for both MV switchgears and components). The current range for 2019 reference base is defined as the sum of the current SF₆ and non-SF₆ (Air, Vacuum) ranges sold in quantities (**A+B** above).

For the calculation, as an example, 1 RMairSet = 1 RM6.
Calculation: KPI % = (A + C) / (A + B). Reference Base: total quantities by range sold in 2019.

This indicator was audited by Ernst & Young.

SSE #3: 90% of electricity sourced from renewables

This program measures the share of renewable electricity in Schneider Electric electricity supply, on the scope of environmental reporting (industrial sites >50 employees and tertiary sites >500 employees certified ISO 14001).

Four different types of renewable sourcing are taken into account:

- Renewable electricity produced onsite and consumed onsite;
- Renewable power purchase agreements (PPAs);
- Green tariffs; and
- Renewable certificates (depending on the country: REC, iREC, GO, EAC, etc.).

Electricity purchased with no specific renewable electricity claim is not taken into account, even if the electricity mix of the supplier includes a share of renewable power.

This indicator was audited by Ernst & Young.

SSE #4: 15% CO₂ efficiency in transportation

Transport within Schneider Electric is a significant generator of CO₂ due to dependence on fossil-fuels. To achieve its net-zero target, the Group must engage with its transport providers on both efficiency opportunities as well as technical advancements in transport assets.

This KPI measures the Group progress against an annual 3% CO₂ emissions for its paid transportation footprint for each of the next 5 years, or 15% total reduction from 2020 to 2025. The scope of the program covers all shipments globally with all transportation providers and modes where the freight is paid by the Group. This equates to approximately two-thirds of the total freight CO₂ impact to the Group. The base calculation for CO₂ efficiency uses an activity-based method of weight multiplied by distance and by mode/equipment CO₂ factors. Progress is measured using CO₂ emissions per tonne shipped as unit.

This indicator was audited by Ernst & Young.

SSE #5: 15% energy efficiency in our sites

This program measures the normalized energy reduction of the Group's largest energy-consuming sites against a baseline. The objective is to reduce energy consumption by ~3% each year, for a total reduction of 15% over the whole duration of the company program (2021-2025) using Schneider Electric solutions and services. The program focuses on Schneider sites within the scope of environmental reporting that consume >3 GWh of total energy, along with other sites the Group considers strategic (213 sites in 2021). Energy savings are calculated versus a baseline year (2019) for the whole duration of the company program. In order to ensure a fair calculation of the savings, the actual consumption of a site is normalized versus the baseline year. This normalization is based upon a site-specific linear regression model enabling climate and changes in production levels to be taken into account. All energy consumption that can be modelled is taken into account and converted into MWh.

This indicator was audited by Ernst & Young.

SSE #6: 80% of product revenues covered by Green Premium™

Schneider Electric provides environmentally conscious products to customers that support their sustainability goals and ambitions. The

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2025 target is a transformation of the existing program, for products focused on green materials, low CO₂, circularity and digitization of data.

Green Premium products provide detailed information on their regulatory compliance, material content, environmental impact and circularity attributes. They deliver market driven value propositions through third-party labels, such a Green Building and product certifications, that support our customers' sustainability ambitions. All globally sold products are within the scope of Green Premium. The product must be identifiable by an individual commercial reference number sold under a recognized brand of Schneider Electric. The Group provides resources efficient products (energy at usage, low CO₂, material efficiency) whose footprints are fully available through the 'Product Environmental Profile' relying on Life Cycle Assessment; Green Premium offers also come with 'Circularity profiles', providing information on a product's Circularity through product end-of-life instructions and take-back services. Green Premium offers are regulatory compliant. Schneider is going beyond regulatory compliance with step-by-step substitution of certain materials and substances from our products. All this information is provided digitally to our customers.

This indicator was audited by Ernst & Young.

SSE #7: One-third of corporate vehicle fleet comprised of electric vehicles

Schneider Electric has joined the EV100 initiative of Climate Group to reduce its carbon emissions by committing to electrify 100% of its fleet by 2030. The fleet reporting structures the fleet carbon emissions calculations, the calculation of EVs share in the fleet and allows to support countries in the transition. As a mid-term objective, by 2025, Schneider commits to switch a third (1/3) of its fleet to electric vehicles (EV).

Schneider Electric uses the definition by the Climate Group for electric vehicles, including:

- Battery Electric Vehicle (BEV),
- Plug-in hybrids (PHEV): Extended Range vehicle (EREV) and Fuel Cell Electric Vehicle (FCEV) - with at least 50km of electrical autonomy

Vehicles' count is a picture at 31/12. The share of electric vehicle in fleet is calculated by dividing EV count by total vehicle count

Fleet leasers are the source of information; global leasers operate the largest share of Schneider Electric's fleet and provide data on multiple countries by region. A detailed reporting is asked to all countries to eventually correct, complete or complement the information (considering for instance vehicles under local leasers).

This indicator was audited by Ernst & Young.

SSE #8: 100% of sites with local biodiversity conservation and restoration programs

This program measures, for each site in scope, the percentage completion of a set of biodiversity-related actions. The scope is Schneider Electric sites within full real estate footprint that have >50 people.

Initiatives are defined as "eliminate single-use plastic", and "local biodiversity action" (2 required for large ISO14001 sites, 1 for small sites).

Each site reports initiatives at completion. At Group level, performance is calculated by dividing completed initiatives by total required initiatives.

This indicator is audited annually by Ernst & Young.

SSE #9: 200 'Waste-to-Resource' sites

A site achieves 'Waste-to-Resource' status if it recovers more than 99% (by weight) of its non-hazardous waste while leveraging waste-to-energy solutions for less than 10% of its non-hazardous waste. Additionally, if a site generates hazardous waste, it must ensure 100% proper handling and treatment of that waste. Proper handling and treatment of hazardous waste means that hazardous waste shall be handled as per Schneider Electric's requirements and local regulations, whichever is the most restrictive. Waste is considered as recovered if it is reduced, reused, or sent to a waste provider for recycling or disposal in any manner except landfill and incineration without energy recovery. Waste composting and energy recovery systems qualify as recovered. This indicator relates to all sites within the Group's full real estate footprint.

This indicator was audited by Ernst & Young.

SSE #10: 420,000 metric tons of avoided primary resource consumption through 'take-back at end-of-use' since 2017

The aim of this KPI is to measure Schneider Electric's Circular Economy efforts, meaning all the industrial activities that contribute to the Circular Economy model, such as repair, reuse, refurbish and recycling, thus avoiding waste, material & energy consumption, CO₂ emissions and/or water depletion.

Activities in this KPI will enrich on the basis of SE increasing focus on circularity business models, and are currently constituted of

- Batteries take back and recycling;
- Volume of devices refurbished and repaired in our repair centers (eg UPS, Drives);
- Volume of MV, LV and Transformers refurbished or recycled in our Ecofit Centers.

This indicator was audited by Ernst & Young.

SSE #11: 100% of sites in water-stressed areas have a water conservation strategy and related action plan

This program measures the percentage completion of a set of water conservation actions that sites in water-stressed areas must complete. The scope is Schneider Electric sites within the scope of environmental reporting that are classified as 'high' or 'extremely high' baseline water stress, as defined by World Resources Institute (WRI) Aqueduct Water Risk Atlas. Actions are defined based on the amount of water that a site consumes along with the application(s) that the site uses water for. At the Group level, performance is calculated by totaling all completed site actions and dividing by the total required actions.

This indicator was audited by Ernst & Young.

SSE #12: Deploy a ‘Social Excellence’ program through multiple tiers of suppliers

This indicator has not yet been deployed by Schneider Electric.

SSE #13: 100% of employees trained every year on Cybersecurity and Ethics

As per to our Ethics & Compliance and Cybersecurity programs, training of employees on ethics, corruption risks (for eligible employees) and cybersecurity is mandatory. To do so, Schneider Electric launched 3 new trainings as part of the Global Schneider Essentials training campaign reconducted every year with new content:

- Since 2018: Training on the Principles of Responsibility (PoR) document replaced in September 2021 by Trust Charter Schneider’s Electric Code of Conduct) and Anticorruption.
- Since 2020: Training on Cybersecurity.

The scope of this KPI is all employees registered in TalentLink (legal entities integrated in Talent Link, Core HR data system) as of November 15:

- **Principle of Responsibility and Cybersecurity e-learnings:** all active employees with Open Ended Contracts (OEC) (exception: Chinese and Bulgarian Fix Term Contracts – FTC – are included), present in the Group on December 31st and hired before December 1st
- **Anticorruption e-learning:** exposed employees identified based on the job description (Schneider Electric System of Reference – description of functions), active, with connectivity type online-corporate credentials, with OEC (exception: Chinese and Bulgarian FTC) present in the Group on December 31st and hired before December 1st

This KPI is calculated as followed: the number of employees who completed all required e-learnings assigned based on defined criteria (2 or 3) divided by the number of employees x 100.

This indicator was audited by Ernst & Young.

SSE #14: 0.38 or below Medical Incident rate

Safety is one of the 5 pillars of Schneider Trust Charter, which emphasizes the importance Schneider Electric is placing on its employees, customers, and contractors. Schneider works with many VIP global customers, and they demand the highest standards of Health & Safety management and performance before they engage and continue to do business with Schneider Electric.

Moreover, at Schneider Electric our mission is to protect Occupational Health and Safety of employees, customers, contractors, and visitors to our locations. The Group also strives to provide employees safe, pleasant, and efficient workplaces for enhanced wellbeing and effectiveness. As such, we aim to reduce the Medical Incident Rate (MIR) to 0.38 by 2025.

The MIR is the number of work incidents requiring medical treatment per million hours worked (i.e. average hours of 500 employees working for one calendar year). Work related injuries and occupational illnesses requiring medical treatment are included. Work incidents may or may not have resulted in time off work.

All work-related incidents reported on Schneider Electric sites are counted (including therefore incidents affecting Schneider employees and other employees working under the supervision of Schneider, i.e. temporary workers). All Schneider sites within scope are considered. Medical incidents do not include: visits to a physician or other licensed healthcare professional solely for

observation or counselling; the conduct of diagnostic procedures, such as x-rays and blood tests, including the administration of prescription medications used solely for diagnostic purposes (e.g. eye drops to dilate pupils); or first aid.

This indicator was audited by Ernst & Young.

SSE #15: Reduce by 50% scrap from safety units recalled

Schneider Electric’s priority is to delight its customers with an outstanding end-to-end experience. The Group strives to ensure our products’ reliability, safety and cybersecurity to secure customers’ business continuity and protect their people, assets and data. Quality is every customer’s right and every employee’s responsibility. By rationale, with an enhanced emphasis on quality, Schneider products henceforth should have minimal recall. In addition, safety in using Schneider products is of utmost priority and therefore we set this target with the mindset to ensure that our products remain safe for use for our customers.

In the unfortunate event of a recall, the Group aims to encourage a circular economy by reusing any parts from the recalled product as possible instead of scrapping it.

This KPI is based on all Problem (PRB) opened with Go decision from the Offer Safety Alert Committee (OSAC). Target of weight of scrap need to be included in the OSAC presentation and decision.

The used definition of ‘recall’ is a product recalled from Customer sites to Schneider’s premises. Products remediated at customer’s site without physical recall to SE’s premises is excluded. The scope of this KPI includes all physical products sold by Schneider. Software are by definition excluded. Also, safety recalls bound by Non-Disclosure Agreement is excluded.

The weight of scrapped materials (in kilograms) is estimated by multiplying the number of physical products scrapped following a safety recall multiplied by the weight of product. The % reduction is calculated by comparing the weight of scrapped materials in the reporting year to that of the baseline (4,202 kilograms in 2020).

This indicator was audited by Ernst & Young.

SSE #16: In the Top 25% in external ratings for Cybersecurity performance

Schneider Electric is continuously and consistently monitoring the security of its digital footprint with the support of cyber scoring agencies and this discipline is applied across the extended ecosystem* (e.g. integrated and non-integrated entities).

Our primary scoring agency is BitSight which rates company security maturity between 300 to 820. This rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data:

- configuration information, which represents how diligent a company is in implementing best practices to mitigate risk.
- observed security events, which are evidences of cyber events like system compromises or data breaches etc.

Security incidents or identified vulnerabilities can negatively impact the company’s rating. They are addressed in a timely manner and the Group strives to maintain the score above 800.

*Bitsight scores for non-integrated entities (e.g. Aveva) are not included and are monitored separately.

This indicator was audited by Ernst & Young.

7 Methodology and audit of indicators

SSE #17: 4,000 suppliers assessed under our 'Vigilance Program'

Schneider Electric seeks to be a role model in its interactions with customers, partners, suppliers, and communities, when it comes to ethics and the respect and promotion of human rights. The Group's vigilance plan reflects this ambition. It also complies with the provisions of 2017 French law on Corporate duty of vigilance: Duty of Vigilance introduced a new legal framework by which French authorities could hold corporations accountable.

Risks within our Supply Chain are multiple: potential violations of human rights and fundamental freedoms, serious bodily injury, Environmental damage, Health and Safety risks, etc. Impact are therefore quite various: reputation impacts, legal impacts, people health & safety, environmental pollution...

To mitigate these risks with suppliers, the 2021-2025 plan is to deploy on site and remote audits for 4,000 suppliers:

- 1,000 identified in "high risk" level (by a 3rd party methodology, RBA or other) with one site audits; and
- 3,000 others through remote self-declarative assessment. Suppliers answering are counted, removing, if any, suppliers that have been audited in the current year or in past.

The KPI adds the total number of audits performed. The baseline takes into account on site audits performed between 2018 and 2020 (i.e. 374 audits); this value has been audited and validated by Ernst & Young in the previous years.

This indicator was audited by Ernst & Young.

SSE #18: <1% pay gap for both females and males

Over the last five years, Schneider Electric has proactively worked to identify and address female pay gaps with appropriate corrective actions through a country driven approach. Given the progress made on Pay Equity and to support its inclusion philosophy, starting in 2021, Schneider Electric has engaged in best practices to maintain a pay gap below 1% by 2025 for both females and males.

Measurement of the individual pay gap is achieved by comparing each employee to a universal median total target salary "TTC" (base salary + target short term incentive) for all genders. In other words, an individual's TTC is assessed against the median TTC of their comparator group (individual TTC/median of comparator group TTC - 1). The comparator group is defined by the drivers of job level (grade) and salary structure within a country.

This indicator was audited by Ernst & Young.

SSE #19: 60% subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)

The World Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions. Schneider Electric commits to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025.

The scope concerns 29 recurring participating countries, representing 91% of the eligible headcount, which are all long-term employees of countries participating in WESOP with seniority of 3 month in the company. The KPI is calculated by collecting the number of subscribers from the subscription tool, divided by the

number of eligible employees in the 29 countries as per data from our global HRIS system.

This indicator was audited by Ernst & Young.

SSE #20: 100% of employees paid at least a living wage

In line with its Human Rights Policy and Trust Charter, Schneider Electric believes earning a living wage is a basic human right. Schneider Electric is committed to paying 100% of employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers basic household expenditures (food, housing, clothing, sanitation, education, healthcare, transport), plus discretionary income for a given local standard of living.

There is no universal benchmark or methodology on how to calculate a living wage, which is why Schneider Electric has been working with an external consultant since 2018 to calculate living wages for all its locations worldwide. To calculate a living wage, the external consultant estimates the basic household expenditures of employees, as well as the number of persons earning a wage in a "typical" household based on various sources of cost of living and macroeconomic data (national statistics, OECD, United Nations agencies, etc.).

To measure compliance with the living wage, a gap analysis is conducted every year post salary review for all our Schneider Electric employees treated as permanent workforce (employee scope coverage was 99% in 2021 and will be extended to 100% in 2022). The Reward team centrally compiles and analyses total employee remuneration data (base salary, bonus, and allowances) to compare it with agreed living wage. Employees are benchmarked to their work location living wage. To calculate employee remuneration, the Reward team uses data available in its global HRIS system, as well as local payroll. For final reporting of the year end results, Schneider Electric can disclose a final score that considers living wage gaps closed by countries until the end of the year after they have been identified.

This indicator was audited by Ernst & Young.

SSE #21: 4x the number of employee-driven development interactions on the Open Talent Market

The purpose of this initiative is to create an integrated and digital Open Talent Market (OTM) that enables employees to drive their own career development. The platform is borderless, neutral, and uses AI to help achieve best matches. The ambition is to multiply the number of employee-driven interactions within OTM by 4 in the next 5 years.

Interactions are tracked in the tool for each feature of OTM. At the start of 2021, current features available to employees are:

- Positions;
- Projects; and
- Mentorships.

These 3 features work best when employee profiles are robust and rate a 3/4 for completeness. The scope of this initiative extends to the connected population of Schneider Electric as defined in January 2021, thus excluding non-connected workers (ie: plant), as well as contractors, and interns/apprentices.

This indicator was audited by Ernst & Young.

SSE #22: >90% of employees undergo digital upskilling

The Group is committed to growing employee digital citizenship and aims to achieve digital upskilling for >90% employees by 2025. The progress combines white collars and workers populations KPIs.

- **For white collars**, the Group aims to achieve >90% eligible employees reaching Intermediate, Advanced or Expert Digital Citizenship level by 2025. The Digital Citizenship level of all employees will be assessed by their managers each year. Eligible employees in 2021 are active employees hired before January 31 2021, Open-ended and fixed-term contracts, and excludes employees in non-integrated entities & further exclusion defined by country.
- **For workers**, the Group aims to achieve >90% workers complete 2 hours of training per year offered by the GSC Academy on digital transformation, such as Smart factory program, Cybersecurity, Digital knowledge. The scope covers active workers populations and plant team leaders defined by specific job codes and hired before January 31 2021, Open-ended and fixed-term contracts (China only) in relevant operating units, and excludes workers on extended leave of more than 6 months during the year and factories which planned to be closed before Q2 of the following year.

The scope and exclusions of this indicator will be reviewed at the beginning of each year.

The KPI is an aggregated % based on the % of employees meeting the target defined for white collars and workers to the total employee population in scope (white collars & workers).

This indicator was audited by Ernst & Young.

SSE #23: 90% of employees have access to a program that supports meaningful development in the later stages of their professional career

This indicator aims to support and recognize talent who are near or at the later stages of their professional career through a robust career plan and development options, in order to strengthen key skills, leverage expertise and ensure knowledge exchange.

In 2021, the strategy and approach were defined. Pilot programs will start fully in 2022. As such, this indicator was not measured in 2021.

From 2022, the indicator will be calculated as total headcount in the countries which meet the global minimum standard for a program, compared with overall Schneider Electric headcount. All countries with >250 employees are in scope. The minimum standard for a program include:

- **Training, coaching or one to one** support available for employees (and their managers) in the later stages of their professional career enabling them to have a career check-in/ next-step conversation that results in a meaningful career development plan.
- **A selection of support options** available in the employees' country that may include flexible work, upskilling and career growth options, career pivot options, personal planning options or workplace adjustments.

The methodology for this indicator was reviewed by Ernst & Young.

SSE #24: 75% employee engagement score

A high Employee Engagement index is linked to higher sales growth, higher operating income and ultimately higher customer satisfaction and loyalty toward the company. This index is calculated once a year through a survey called OneVoice, sent to 100% of Group employees, and serves a starting point to adapt the Group's people strategy, and action plans.

The computation of this KPI includes all Schneider employees treated as permanent workforce (i.e. open ended and fixed term contracts over 3 months), thus excluding interns or third party contractors.

The Kincentric employee engagement model is used, composed of 6 questions, 2 per item (SAY, STAY, STRIVE), scored on a 6 points scale by employees:

- Employee Engagement Index: is the percentage of people for which the average of the 6 questions is equal or higher than 4.5
- Employee Disengagement: percentage of people for which the average of the 6 questions is equal or lower than 3.5
- Neutral: is the percentage of people for which the average of the 6 questions is scored between 3.5 and 4.5

This indicator was audited by Ernst & Young.

SSE #25: 50,000 volunteering days since 2017

Schneider Electric employees' volunteering activities mainly take place in vocational or educational NGOs (vocational and technical training, schools, universities, etc.), and companies supported by the Schneider Electric Access to Energy Fund and more globally in all organizations referenced by the Schneider Electric Foundation delegates in their countries. They principally fall into actions benefiting young people, underprivileged families, the environment and are organized depending on the personal or professional skills of the volunteers as well as the needs identified by the supported organizations (specialized or non-specialized needs). Missions are posted on a dedicated digital and multilingual platform called VolunteerIn enabling Group employees to apply for volunteer missions among the Foundation's partners. Local and spontaneous initiatives organized by the Schneider Electric Foundation delegates and their partners in which employees engage are also taken into account.

In 2021, the Schneider Electric Foundation and partner NGOs increased the number of digital missions offered to employees, enabling employees to continue on engaging even under restrictions due to the pandemic. One day of volunteering is counted when a staff member dedicates five hours of his or her time to one of these partner organizations. The indicator also includes the training missions organized abroad for a period of five days minimum. However, due to the pandemic this type of mission has not been organized in 2021 for safety reasons. Only missions lasting a minimum of 0.5 days are considered.

This indicator was audited by Ernst & Young.

7 Methodology and audit of indicators

7.2 Methodology elements on EU taxonomy indicators

Regarding the calculation of the proportion of activities considered eligible in accordance with Article 1(5) of the Disclosure Delegated Act in turnover, capital (CapEx) and operational expenditures (OpEx), Schneider Electric provides the following additional details:

Calculation of Taxonomy-eligible turnover

As detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy eligible turnover is equal to the net turnover recognized pursuant to IAS 1.82(a) after removal of intra-group transactions. At Schneider Electric, this represents EUR 28,905 million, as disclosed in the first line of the consolidated statement of income in the Universal Registration Document (URD, page 344).

For 86% of revenues (excluding entities having their own reporting framework), eligibility calculation combines two approaches:

- An offer-based (by nature of technology) approach, whereby workshops are conducted with offer management teams for each line of business to define whether products are in line with the definition of economic activities included in the EU Climate Delegated Act. The analysis is performed at the level of each product category, which enables a granular segmentation between Taxonomy-eligible and Taxonomy-non-eligible revenues. For example, Building Management Systems (BMS) generally include energy efficiency systems, which are Taxonomy-eligible, and fire safety and access control systems, which are not. In this example, the analysis enables to account only for energy efficiency systems installed as part of a BMS. An eligibility ratio is then consolidated for each product line (which includes multiple product categories).
- An end-segment-based approach, whereby commercial teams indicate for each product line the amount of revenues generated from Taxonomy-eligible end-segments (Green Transport and Renewables mainly).

Double-counting between offer-based approach and end-segment-based approaches are removed before consolidation.

The following assumptions are made:

- At the granularity level of product categories, data is based on orders instead of revenues. Therefore, the eligibility ratio is calculated by dividing the amount of eligible orders by the total amount of orders, and then applied to the net turnover.
- At the granularity level of product categories, a non-significant share of orders (<5%) is not allocated per product category. These are not considered in the calculation of Taxonomy alignment per product line (the product line's average eligibility ratio is applied).
- End-segment sales data is based on orders. A correction factor is applied to assess the value of net revenues per end-segment.

For the remaining 14% of revenues (related to entities having their own reporting frameworks), analysis is conducted separately following a review of each entity's product line reporting.

Calculation of Taxonomy-eligible Capital Expenditure (CapEx)

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy-eligible CapEx KPI is equal to additions to tangible and intangible assets of the financial year 2021 (including IFRS 16 rights of use), considered before depreciation, amortization and any re-measurement and including those resulting from revaluations and impairments for the financial year 2021 and excluding fair value changes. The denominator also covers additions to tangible and intangible assets resulting from business combinations that occurred during the financial year 2021.

At Schneider Electric, total tangible assets resulting from the above definition represents EUR 581 million, including EUR 536 million from additions, as disclosed in the note 11 of the Group financial statements in the URD, and EUR 45 million from business combinations.

The total covered IFRS 16 rights of use over 2021 represents EUR 402 million, as disclosed in the note 11 of the Group financial statements (page 369 of the URD), including EUR 349 million from additions and EUR 53 million from business combinations.

The total intangible assets resulting from the above definition represents EUR 1,782 million. This amount is split as follows: EUR 333 million from additions, as disclosed in the note 10 of the Group financial statements (page 367 of the URD) – this includes EUR 307 millions of capitalized Research and Development (R&D) projects, as disclosed in the note 10 of the Group financial statements, and EUR 1,449 million from business combinations.

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, all costs based on IFRS 16 related to long-term leasing of buildings are eligible. CapEx related to assets or processes associated with Taxonomy-eligible activities, including R&D CapEx, were calculated using allocation keys of eligible turnover per business and operations. In 2021, CapEx for eligible individual measures was not evaluated, however the Group is working to implement the reporting process to do so next year.

Calculation of Taxonomy-eligible Operational Expenditure (OpEx)

Only non-capitalized costs related to Research and Development (R&D) are reported. OpEx related to building renovation measures, short-term leases, maintenance and repair and other expenditures relating to the day-to-day servicing of assets represent less than EUR 116 million and are therefore considered as non-material for Schneider Electric business, and therefore excluded from the KPI calculation.

The denominator of Taxonomy eligible OpEx KPI represents EUR 1,276 million, corresponding to non-capitalized Research and Development costs of the Group for EUR 1,232 million presented before offsetting with the R&D Tax Credit for EUR 44 million, as disclosed in the note 4 of the Group financial statements in the URD (page 365).

Taxonomy eligible OpEx KPI numerator corresponds to R&D OpEx related to assets or processes associated with Taxonomy-eligible activities. R&D OpEx dedicated to Taxonomy-eligible activities were calculated using allocation key of eligible turnover per business and operations.

Double-counting between offer approach (by nature of technology) and segment approach (by nature of customers and infrastructure built such as renewable and low-carbon transport) are removed before consolidation.

The Group provides below a mapping of Schneider activities eligible under the current EU Taxonomy in order to provide a better understanding for its stakeholders.

Activity name as specified in Annex 1 of the EU Climate Delegated Act	Activity definition as specified in Annex 1 of the EU Climate Delegated Act	Corresponding business activities of Schneider Electric
3.1 Manufacture of renewable energy technologies	Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001.	<ul style="list-style-type: none"> Manufacture of renewable energy technologies, equipping wind and solar power generation capacities
3.5 Manufacture of energy efficiency equipment for buildings	Manufacture of energy efficiency equipment for buildings.	<ul style="list-style-type: none"> Building management systems (except fire safety and access control) Power metering systems for buildings Smart monitoring and regulation of electricity or heat in buildings, such as thermostats and controls for lighting systems Cooling systems
3.6 Manufacture of low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in activities 3.1 to 3.5 of the Annex.	<ul style="list-style-type: none"> Manufacture of variable speed drives Manufacture of medium voltage switchgear SF₆-free technology
4.15 District heating/cooling distribution	Construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling, ending at the sub-station or heat exchanger.	<ul style="list-style-type: none"> Control, measurement and supervision systems for heat and cold networks
4.9 Transmission and distribution of electricity	Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system. Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.	<ul style="list-style-type: none"> Equipment and projects for the construction of transmission and distribution infrastructure Services for the operation of transmission and distribution infrastructure Communication and control technologies for the controllability and observability of the electricity system, such as advanced automation software
6.15 Infrastructure enabling low-carbon road transport and public transport	Construction, modernization, maintenance and operation of infrastructure that is required for zero tailpipe CO ₂ operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport.	<ul style="list-style-type: none"> Electric vehicles charging stations and supporting grid reinforcement technologies Electrical infrastructure for urban and suburban public transport
6.16 Infrastructure enabling low-carbon water transport	Construction, modernization, operation and maintenance of infrastructure that is required for zero tailpipe CO ₂ operation of vessels or the port's own operations, as well as infrastructure dedicated to transshipment.	<ul style="list-style-type: none"> Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	<ul style="list-style-type: none"> Service plans related to building management and power metering systems in buildings
9.3 Professional services related to energy performance of buildings	Professional services related to energy performance of buildings.	<ul style="list-style-type: none"> Technical consultations such as energy audits, simulations and trainings Energy management services Energy performance contracts

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7.3 Sustainability Accounting Standard (SASB) Correspondence table

Topic	Accounting metric	Category	Unit of measure	Code
Energy Management	(1) Total energy consumed	Quantitative	Gigajoules (GJ)	RT-EE-130a.1
	(2) percentage grid electricity		Percentage (%)	
	(3) percentage renewable			
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	RT-EE-150a.1
	Number and aggregate quantity of reportable spills, quantity recovered		Number, Kilograms (kg)	RT-EE-150a.2
Product Safety	Number of recalls issued, total units recalled	Quantitative	Number	RT-EE-250a.1
	Total amount of monetary losses as a result of legal proceedings associated with product safety		Reporting currency	RT-EE-250a.2
	Percentage of products by revenue that contain IEC 62474 declarable substances		Percentage (%) by revenue	RT-EE-410a.1
	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria		Quantitative	RT-EE-410a.2
Product Life cycle Management	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Reporting currency	RT-EE-410a.3
	Description of the management of risks associated with the use of critical materials		Discussion and Analysis	n/a
Materials Sourcing				
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	n/a	RT-EE-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	RT-EE-510a.2
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative		RT-EE-510a.3
Activity metrics	Number of units produced by product category	Quantitative	Number	RT-EE-000.A
	Number of employees			RT-EE-000.B

Response/ Data/ References in the Universal Registration Document 2021	Topic
<p>The following KPIs covers our measured energy consumption (about 81% of Group energy consumption):</p> <p>(1) 3,889,318 GJ (1,080,366 MWh)</p> <p>(2) 37.0% (399,564 MWh)</p> <p>(3) 58.3% (629,844 MWh)</p>	Energy Management
<p>Hazardous waste generated: 8,549 tons.</p> <p>Hazardous waste channeled according to Schneider Electric expectations: 8,549 tons.</p>	Hazardous Waste Management
<p>Zero reportable spills in 2021, therefore no recovered quantity to report.</p>	
<p>14 product recalls have been issued in 2021. Schneider Electric has an Offer Safety Alert (OSA) process to alert the relevant Line of Business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects. The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in our customers' best interest.</p>	Product Safety
<p>No material loss at the Group level.</p>	
<p>Around 60 to 70% of our products (by turnover) contain IEC 62474 substances (which covers 37 worldwide regulations and about 160 substance families). With the current information collected from our supply chain, we manage to cover nearly all substances and regulations. Information disclosed for our Green Premium products covers these substances. More details on Green Premium in section 2.4.3 "Green offers" page 156.</p>	
<p>This metric is not relevant at global level as it is only applicable in US and Canada. Revenues derived from ENERGY STAR UPS are included in our Impact Revenues measure (see below).</p>	Product Life cycle Management
<p>Schneider Electric measures "Impact revenues" (previously "Green revenues"), ie revenues coming from offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. In 2021, 71% of Group revenues qualify as Impact revenues. The Group aims to grow its Impact revenues to 80% by 2025 as part of SSI 2021-2025.</p>	
<p>Details regarding our sustainable procurement practices are provided in section 2.2.11 "Sustainable relations with suppliers" page 117, in particular our Vigilance plan, Conflict Minerals and cobalt programs. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, 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.</p> <p>The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. The Group has implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.</p>	Materials Sourcing
<p>As stated in its Trust Charter and Anti-Corruption Code of Conduct, Schneider Electric is committed to comply with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and the French Sapin II law. Schneider Electric applies a zero-tolerance policy towards corruption and other unethical business practices and considers that "doing things right" is a key value-creation driver for all its stakeholders. We count on our employees and third parties to promote business integrity. A thorough description of our policies and practices is provided in sections "Prohibit any Form of Corruption" and "Require Third-Party Integrity" of the Trust Charter.</p>	Business Ethics
<p>No material losses.</p>	
<p>No material losses.</p>	
<p>A breakdown of revenues by activity is provided in business model page 20 and page 404.</p>	
<p>128,384 (spot 2021 year-end headcount, excluding supplementary workforce).</p> <p>More workforce statistics in section 2.7.2 "Social Indicators" page 232.</p>	Activity metrics

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7.4 Task-force for Climate Related Financial Disclosure (TCFD) correspondance table

Climate Change has been clearly identified as crucial to both Schneider Electric’s internal and external stakeholders during the various materiality assessments that took place in 2014, 2017 and 2020. It is also one of the pillars of the Group’s Code of Conduct (Trust Charter). Overall, transformations linked to climate change are a source of opportunities for Schneider Electric, the main risk being to fail leading by example and thereby lose traction with customers, investors, new talents and collaborators in the company. Concrete climate-related programs to either grab opportunities, or mitigate risks are deployed every 3 to 5 years in our Schneider Sustainability Impact (SSI) and complement the Group’s Climate Pledge – our short-term (2025), mid-term (2030) and long-term (2040, 2050) objectives, aligned with a 1.5°C trajectory. We present below our main climate-related disclosures in line with TCFD recommendations.

Recommended Disclosure	CDP Climate Change & URD 2021 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
1. Governance: Disclose the organization’s governance around climate-related risks and opportunities.		
1. a) Describe the board’s oversight of climate-related risks and opportunities.	CDP – C1.1b URD – chapter 2 (2.1.4; 2.3.1); chapter 3 (3.1.4)	The process for designing a new Schneider Sustainability Impact program (SSI) includes a sustainability risks and opportunities assessment (including climate), which leads to the design of concrete transformation initiatives to align the company on the challenges identified. The risks and opportunities are then monitored and managed on a continuous basis. Several governance bodies are involved in this process:
1. b) Describe management’s role in assessing and managing climate-related risks and opportunities.	CDP – C1.2, C1.2a URD – chapter 2 (2.1.6, 2.3.1)	<ul style="list-style-type: none"> • The Board of Directors has oversight of climate-related issues notably through its Human Resources & CSR Committee. This Committee has 6 Director members who report to the Board of Directors, and reviews Schneider’s CSR strategy, SSI performance and the Group’s positioning vs. its peers. • The Executive Committee has a dedicated Group Sustainability Committee, which gathers 6 Executive Committee members (1 level below the Chairman & CEO) and is chaired by the Chief Strategy & Sustainability (Chairman of the Committee). This Committee meets two to three times a year and decides on the sustainability strategy and validates the SSI and carbon pledge. • The SSI Steering Committee was formed in 2020 to propose precise and measurable transformation programs for the 2021 – 2025 SSI, which were then submitted to the Group Sustainability Committee for approval. • The Sustainability Department coordinates the overall sustainability strategy of the Group and rollout of action plans. • A Carbon Committee is in charge of continuously assessing climate-related risks and opportunities, steering the Group carbon pledge and proposing a strategy and management plan to the Group Sustainability Committee. <p>Additionally, environmental transformations are driven by a network of leading experts in various environmental fields such as eco-design, energy efficiency, circular economy, or CO₂. Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design and marketing.</p> <p>Read more in section 2.3.1 “Climate governance” page 128.</p>
2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities in the organization’s businesses, strategy and financial planning where such information is material.		
2. a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	CDP – C2.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a URD – chapter 2 (2.1.6, 2.3.1)	The growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider Electric. The Group is uniquely positioned to grab these opportunities because it acts on both sides of the equation:
2. b) Describe the impact of climate-related risks and opportunities on the organization’s business, strategy, and financial planning.	CDP – C2.3a, C2.4a, C3.1, C3.2, C3.2a, C3.3, C3.4, C3.4a URD – Chapter 2 (2.3)	<ul style="list-style-type: none"> • The solutions Schneider Electric brings to the market are directly linked to activities to mitigate, adapt, and improve humanity’s resilience to climate change; • At the same time, Schneider Electric acts to reduce its end-to-end CO₂ footprint, aiming for a net-zero CO₂ supply chain by 2050, with precise steps for 2025, 2030 and 2040. <p>In 2021, 71% of the Group revenues qualify as Impact revenues, following Schneider Electric’s definition, meaning revenues from offers that bring energy, climate, or resource efficiency to customers, while not generating any significant harmful impacts to the environment. The Group aims to grow its Impact revenues to 80% by 2025. Additionally, maintaining the best offers on the market for greener, more efficient products and services that support the transition to a low-carbon economy needs adapted investments in Research and Development in the short term. Schneider Electric invest about 5% of its annual revenues in R&D each year. It is estimated that more than 90% of its innovation projects contribute to solutions contributing to climate change mitigation.</p>

Recommended Disclosure	CDP Climate Change & URD 2021 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
2. a) and 2. b) (continued)		<p>Schneider Electric has identified the following main climate-related risks:</p> <ul style="list-style-type: none"> • Failure to meet 1.5°-aligned GHG reduction emissions targets: missing its decarbonization commitments could trigger greater financial costs than anticipated for Schneider due for instance to locked-in emissions of assets with long operating lifetime or long-term leases, or reputational impacts and loss of trust from customers investors and employees. • Inadequate evolution of the supply chain footprint: volatility of energy and commodity prices as well as regulation strengthening will generate increasing and volatile operating and investment costs along Schneider's value chain, impacting both Schneider's expenditures and those of its suppliers. This can translate into an increase of the cost of goods sold and reduced margins. • Transition risks: given the relatively low level of the Group's Scope 1 and 2 carbon emissions, future carbon pricing regulations would have rather indirect impacts, resulting in increased supply chain costs, especially regarding the purchase of raw materials and manufactured components containing metals and plastics. • Workplace disruptions: extreme weather events, floods, droughts, and other climate impacts will increasingly put pressure onto supply chains. Shortages of all kinds can translate directly into revenue loss (missed orders), increased costs (urgent shipping), and increased working capital requirements (stock management). Extreme events can also cause damage to property and assets. <p>To further tie climate-related issues to financial planning, Schneider Electric successfully launched the first-ever sustainability-linked convertible bonds, linked to 3 SSI targets including the objective to save and avoid 800 million tons CO₂ on customers' end by 2025, since 2018.</p> <p>Read more in section 2.3.1 "Climate governance" page 128 and 2.3.2 "Roadmap towards a 1.5°C climate trajectory" page 130..</p>
2. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP – C3.2, C3.2a URD – chapter 2 (2.3)	<p>Schneider Electric has a dedicated Strategy Prospective & External Affairs SVP attached to the Chief Strategy & Sustainability Officer, in charge of climate and environment scenario analysis. Several scenarios to 2050 were developed in 2019, which included critical reviews of the geopolitical landscape, commodity and resources availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways and technology developments, among others, with consequences quantified, looking at ten regions and a number of sectors individually, framing the business landscape in which Schneider operates.</p> <p>In 2021, Schneider Electric published a set of scenarios exploring the feasibility of a 1.5°C trajectory in a report called "Back to 2050", demonstrating that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible, and the Group is uniquely positioned to embark its ecosystem onto an inclusive, zero-carbon transition.</p> <p>Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, the IRENA, among others.</p> <p>Governance is well in place, under the leadership of the Chief Strategy & Sustainability Officer, and both short- and long-term analysis are shared internally and used to inform strategic priorities across business and operations.</p> <p>As part of the analysis, the Group identified that a growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider Electric. Key takeaways from the analysis is the dominant role of:</p> <ul style="list-style-type: none"> • Electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050; • Digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity, notably around efficiency in energy and resource use and circularity, as well as increased resiliency and security. <p>All these findings, and their potential financial impact on its business have helped the Group to fine-tune key development areas that will allow its active contribution to the low-carbon transition, enabling notably the development of its sustainability portfolio of offers.</p>

7 Methodology and audit of indicators

Recommended Disclosure	CDP Climate Change & URD 2021 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
3. Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.		
3. a) Describe the organization's processes for identifying and assessing climate-related risks.	CDP – C2.1, C2.1a, C2.1b, C2.2, C2.2a URD – chapter 2 (2.1, 2.3)	Environment and climate-related risks are included in Schneider's unique risk taxonomy (more details in section 2.3.1.3 Risk management, page 129). Risks are identified and assessed at Group level through interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department each year. In 2021, around 40 of the Group's top managers were interviewed in addition to board members. In addition, a materiality analysis is conducted by the Sustainability department every 3 years to identify and prioritize material ESG issues through engagement with various stakeholders.
3. b) Describe the organization's processes for managing climate-related risks.	CDP – C2.1, C2.2 URD – chapter 1 (1.7), chapter 2 (2.1, 2.3)	The different governance bodies involved in the definition and monitoring of Schneider's Sustainability roadmap and programs (SSI), and in particular the Carbon committee, are in charge of defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at Group level are then cascaded into business divisions down to the sites for implementation and are monitored through our digital platform EcoStruxure™ Resource Advisor. Performance against those programs is tracked and published quarterly in the Schneider Sustainability Impact (SSI), and annually in the Schneider Sustainability Essentials (SSE) and URD. Each program of the SSI has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice President and Executive Committee level to ensure management control and oversight.
3. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	CDP – C2.1, C2.2 URD – chapter 1 (1.7), chapter 2 (2.1, 2.3)	Climate adaptation risks are also studied and mitigated at site level for our industrial sites. Our Property Damage and Business Interruption program, inspired from ISO 22301 standard, maps substantive risks of financial impact on the business, including asset destruction (buildings, equipment, inventories) and profit loss due to business interruption. An example of a risk analyzed at site level is flooding risks. Risk analysis of industrial sites includes an analysis of interdependencies, study of alternative supply, and estimation of time to recover in case of damage, etc. Typically, all critical industrial sites are externally audited onsite at least every two years.
		In addition, an Integrated Management System (IMS) covers the Group's main plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OSHAS 18000/ISO 45001 – management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally.
		With suppliers, sustainability risks (including natural and climate-related hazards), are embedded into Supplier Risk Assessment. This process enables to define risk mitigation action plans with suppliers, as well as prioritize double sourcing strategies. Leveraging external data providers, the Group monitors events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time when events occur and minimize business impact.
		At present, the impact of climate-related matters is not material to the Group's financial statements.

Recommended Disclosure	CDP Climate Change & URD 2021 references	Brief description (please refer to CDP Climate Change response and other sections of this Universal Registration Document for further details)
4. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
4. a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	CDP – C4.2, C4.2a, C4.2b, C9.1 URD – chapter 2 (2.1, 2.3, 2.6, 2.7, 2.8)	Each year, Schneider Electric measures and discloses transparently its end-to-end carbon footprint (Scope 1, 2 and 3) and obtains a “limited assurance” from an independent third party verifier on all figures. The carbon footprint of the Group helps to pinpoint and understand the magnitude of climate-related risks and opportunities, and is also used to monitor progress. Scope 3 emissions represent more than 99% of the Group’s carbon footprint, of which 87% are due to the use phase and the products’ end of life, and around 11% come from the purchase of raw materials, equipment, and services. Emissions induced, saved, and avoided by Schneider’s products and services during their use phase and end-of-life are also quantified. Key metrics over the last four years (from publication year) on GHG emissions are published page 230 of the URD.
4. b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	CDP – C6.1, C6.2, C6.3, C6.5 URD – chapter 2 (2.3, 2.7, 2.8)	Emissions calculations are done with GHG Protocol methodology. The carbon footprint methodology is compliant with ISO 14069 principles. The results are calculated in tons of CO ₂ equivalent, taking into account all greenhouse gases included in the Kyoto Protocol.
4. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	CDP – C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b URD – chapter 2 (2.1, 2.3, 2.6, 2.7)	<p>The Group has launched several concrete programs aiming at either directly or indirectly reducing GHG emissions, under the Climate and Resources pillars of its 2025 strategy. These programs are presented under Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) 2021-2025 programs in pages 63 to 65 of the URD. These programs cover the performance of the Group’s operations (such as energy efficiency, renewable electricity procurement, fleet electrification), suppliers (such as The Zero Carbon Project, green materials or sustainable packaging) and customers (Green Premium offers, SF₆-free alternative offers, CO₂ savings and avoidance quantification on customer’s end thanks to EcoStruxure™).</p> <p>The overall performance of the SSI represents 20% in the short-term incentives for 64,000+ employees worldwide (collective share). The Schneider Sustainability External and Relative Index (SSERI), which measures Schneider’s performance in 4 major ESG external ratings (CDP Climate Change, Vigeo Eiris, DJSI and EcoVadis), also impacts 25% of the long-term incentives (LTI) for 2,300+ top leaders.</p> <p>In addition, Schneider is committed to embed a carbon pricing of EUR 30-130 /metric ton (depending on time horizons) in strategic supply chain and R&D decisions, to assess the performance and resiliency of operations as well as to assess whether the investment and reduction efforts are in line with the cost of CO₂ externality.</p> <p>Schneider Electric is a signatory of the Business Ambition for 1.5°C initiative aimed at setting Greenhouse Gas (GHG) emissions reduction targets in line with the global effort to limit warming to 1.5°C.</p> <p>Group short to medium-term targets:</p> <ul style="list-style-type: none"> • Before 2025, demonstrate that Schneider Electric is carbon positive together with its customers and partners, thanks to CO₂ savings delivered by EcoStruxure™; • On the Group’s operations (scope 1 and 2): be carbon neutral by 2025 (allowing CO₂ offsets) and net-zero CO₂ emissions by 2030; • On indirect emissions (scope 3) in its supply chain and with customers: reduce emissions by -35% by 2030 (versus 2017), by actively engaging suppliers to accelerate their climate strategy, by sourcing greener materials and by proposing more efficient solutions to its customers. <p>The Group’s 2030 targets (net-zero CO₂ emissions on scope 1 and 2, and -35% on scope 3) have been validated 1.5°C-aligned by the Science-Based Target initiative in 2019.</p> <p>Group long-term targets</p> <ul style="list-style-type: none"> • Become carbon neutral on the Group’s full end-to-end footprint by 2040 (scope 1, 2, and 3), 10 years ahead of 1.5 °C trajectory. This means that all Schneider Electric’s products will be carbon neutral in 2040; • Engage with suppliers to move towards a net-zero CO₂ supply chain by 2050.

7 Methodology and audit of indicators

7.5 Independent third party's report on consolidated non-financial statement presented in the management report

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31st December, 2021 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators;
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement (or which are available on request at the entity's head office).

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on :

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation;
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000⁽¹⁾.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our verification work mobilized the skills of eight people and took place between October 2021 and March 2022 on a total duration of intervention of about twenty-three weeks.

We conducted several interviews with the people responsible for the preparation of the Statement.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (anti-corruption policy, cybersecurity, products safety, raw materials scarcity), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Uniflair (Italy), Execution Stezzano (Italy), SEII Stezzano Galileo M&L V (Italy), Transfo Services Chateaubourg (France), Master TECH (France), Schneider Electric France, Schneider Electric Mexico;
 - concerning the indicators of the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE), tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents, except for indicators SSI 6, SSI 12, SSE 12, SSE 23. Depending on the indicators, the selected sample ranges between 15 % and 100 % of the consolidated data;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 14% and 49% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (18% of worked hours, 21% of headcount, 28% of energy consumption, 32% of total waste generated, 49% of hazardous waste generated, 14% of water consumption);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 11 March 2022

French original signed by:

Independent third party

EY & Associés

Eric Mugnier

Partner, Sustainable Development

Appendix 1: The most important information

Quantitative Information (including key performance indicators)

Qualitative Information (actions or results)

Social Information

Five Schneider Sustainability Impact (SSI) indicators and eleven Schneider Sustainability Essentials (SSE) indicators related to health and safety, equity, diversity and inclusion, creating equal opportunities and living up to Schneider Electric principles of trust.

Other indicators:

- Headcount (including by gender), hires and departures,
- Number of training hours,
- Medical incident rate, lost-time accident and lost-time days rate, occupational illnesses frequency rate.

Results of policies related to health and safety at work, equity diversity and inclusion, well-being at work, talent acquisition and retention.

Environmental Information

The five Schneider Sustainability Impact (SSI) indicators and eleven Schneider Sustainability Essentials (SSE) indicators related to climate, resources efficiency and environment.

Other indicators:

- Weight of generated and recovered waste, per waste category,
- Water and energy consumption, per energy source,
- Sulfur hexafluoride (SF₆) consumption and related leaks,
- Full greenhouse gases emissions, as per GHG Protocol guidance (scope 1, scope 2 market-based, scope 2 location-based, all scope 3 categories),
- Volatile Organic Compounds (VOC) emissions.

The results of the policies related to:

- Environmental management,
- Greenhouse gases emissions,
- Natural resources and raw materials management,
- Pollution prevention,
- Biodiversity management.

Societal Information

Two Schneider Sustainability Impact (SSI) indicators and three Schneider Sustainability Essentials (SSE) indicators related to ethics and development, harnessing the power of all generations and empowerment of local communities.

The results of policies related to cybersecurity and data protection, product safety, harnessing the power of all generations and empowerment of local communities.

8 Indicators



In this section:

8.1	Environmental and climate indicators	170
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8.3	Societal indicators	184

8.1 Environmental and climate indicators

8.1.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability Impact				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Climate 	1. Grow Schneider Impact revenues ⁽³⁾	70%	<div style="width: 71%;"><div style="width: 71%;"></div></div> 71%	80%
	2. Help our customers save and avoid millions of tonnes of CO ₂ emissions	263M	<div style="width: 347%;"><div style="width: 347%;"></div></div> 347M	800M
	3. Reduce CO ₂ emissions from top 1,000 suppliers' operations	0%	<div style="width: 1%;"><div style="width: 1%;"></div></div> 1%	50%
Resources 	4. Increase green material content in our products	7%	<div style="width: 11%;"><div style="width: 11%;"></div></div> 11%	50%
	5. Primary and secondary packaging free from single-use plastic and using recycled cardboard	13%	<div style="width: 21%;"><div style="width: 21%;"></div></div> 21%	100%

Schneider Sustainability Essentials				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽²⁾	2021 progress ⁽³⁾	2025 Target
Climate 	1. Decarbonize our operations with Zero-CO ₂ sites	30	<div style="width: 51%;"><div style="width: 51%;"></div></div> 51	150
	2. Substitute relevant offers with SF ₆ -Free medium voltage technologies	0%	<div style="width: 38%;"><div style="width: 38%;"></div></div> 38%	100%
	3. Source electricity from renewables	80%	<div style="width: 82%;"><div style="width: 82%;"></div></div> 82%	90%
	4. Improve CO ₂ efficiency in transportation	0%	<div style="width: -1%;"><div style="width: -1%;"></div></div> -1%	15%
Resources 	5. Improve energy efficiency in our sites	0%	<div style="width: 6.6%;"><div style="width: 6.6%;"></div></div> 6.6%	15%
	6. Grow our product revenues covered by Green Premium™	77%	<div style="width: 78%;"><div style="width: 78%;"></div></div> 78%	80%
	7. Switch our corporate vehicle fleet to electric vehicles	1%	<div style="width: 7.7%;"><div style="width: 7.7%;"></div></div> 7.7%	33%
	8. Deploy local biodiversity conservation and restoration programs in our sites	0%	<div style="width: 0%;"><div style="width: 0%;"></div></div> 0%	100%
	9. Give a second life to waste in 'Waste-to-Resource' sites	120	<div style="width: 126%;"><div style="width: 126%;"></div></div> 126	200
	10. Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	157,588	<div style="width: 203,881%;"><div style="width: 203,881%;"></div></div> 203,881	420,000
	11. Deploy a water conservation strategy and action plan for sites in water-stressed areas	0%	<div style="width: 9%;"><div style="width: 9%;"></div></div> 9%	100%

(1) Generally, the 2020 performance serves as a baseline for SSI and SSE programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with IAE 3000 assurance standard.

(3) For the reporting requirements under the European Taxonomy Regulation.

The indicators below concern all entities where Schneider Electric has operational control, and integrated in the Group for more than 2 years.

Within the Group perimeter, given the complexity to obtain robust and meaningful data, in particular for small leased offices, estimated coverage indicators are provided for each reporting table.

All Group industrial and logistics sites, in addition to certain major tertiary sites are covered. As per the Group's Environmental Policy, all industrial and logistics sites with more than 50 people and tertiary sites with more than 500 people must be ISO 14001 certified within 2 years after their acquisition or creation.

A difference can, therefore, be noted with respect to the scope of financial consolidation. Comments on the indicators are included in the corresponding chapters.

8.1.2 Perimeter and Environmental Management Systems (ISO 14001)

Indicators	Units	2021	2020	2019	2018
ISO 14001 certified Sites ⁽¹⁾	#	244	232	241	253
Industrial and logistics sites	#	211	212	220	230
Tertiary sites	#	33	20	21	23
% of sites certified ISO 14001 ⁽²⁾	%	87%	90%	89%	86%

(1) ISO 14001 certification is systematic for all large industrial, logistics and tertiary sites within two years of acquisition. A reduction in the number of ISO 14001 certified sites usually results from sites closing during the year.

(2) the percentage of sites certified ISO 14001 is calculated based on waste generation from certified sites vs total sites, as the majority of sites - in number - are small leased offices where certification is not relevant.

8.1.3 Group site consumption, emissions and waste

Materials

GRI	Indicators	Units	2021	2020	2019	2018
301-2	SSI #4 – Green material content in our products ⁽¹⁾	%	11% ▲	7%	UP	UP
301-2	SSI #5 – Primary and secondary packaging free from single-use plastic using recycled cardboard ⁽²⁾	%	21% ▲	13%	UP	UP
	SSE #6 – Product revenues covered by Green Premium™	%	78% ▲	77%	55%	46%
	SSE #10 – Metric tons of avoided primary resource consumption through 'take-back at end-of-use'	metric tons	46,293 ▲	60,149	53,867	43,572
	SSE #15 – Reduce scrap from safety units recalled	kg	4,024 ▲	4,202	UP	UP

▲ 2021 audited indicators. UP = Unpublished

(1) SSI #4 coverage is about 30% of purchased materials volume for our products

(2) SSI #5 coverage is about 87% of total packaging purchases

8 Indicators

Waste

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% waste generation)	%	87%	90%	89%	86%
306-3	Total waste generated	metric tons	136,816	125,292	152,171	154,940
	Total waste generated/Turnover	metric tons/ million €	4.73	4.98	5.60	6.02
306-3	Non-hazardous waste generated	metric tons	128,267 ▲	117,607	143,149	145,391
	of which reused or recycled	metric tons	115,550 ▲	113,211	136,316	137,500
	of which incinerated with energy recovery	metric tons	6,964 ▲			
306-5	of which landfilled or incinerated without energy recovery	metric tons	5,753 ▲	4,396	6,833	7,891
	Non-hazardous waste reduction ⁽¹⁾	metric tons	13,667 ▲	7,729	3,265	UP
306-2	Share of non-hazardous waste recovered or reduced ⁽²⁾	%	95.9% ▲	96.5%	95.3%	UP
306-3	Hazardous waste generated	metric tons	8,549 ▲	7,685	9,022	9,549
306-2	Hazardous waste channeled according to Schneider Electric expectations ⁽³⁾	metric tons	8,549 ▲	7,667	8,727	9,239
	Hazardous waste generated/Turnover	metric tons/ million €	0.30	0.30	0.33	0.37
	Hazardous waste intensity reduction against 2017 ⁽⁴⁾	%	-30%	-27%	-21%	-12%
306-3	# and aggregate quantity of reportable spills	kg	0	0	UP	UP
306-3	Quantity of spills recovered	kg	NA	NA	UP	UP
	Number of significant fines (> EUR 10,000) related to environmental or ecological issues	#	0	0	UP	UP

▲ 2021 audited indicators. UP = Unpublished. NA = Not Applicable

- (1) Waste reduction measures specific, targeted projects which reduce/avoid waste. Examples of waste reduction projects include creating a closed-loop system for pallets between the site and the supplier, or reducing packaging waste from incoming shipments. Normal operational decreases of waste due to reduced activity do not count as waste reduction.
- (2) Non-hazardous waste recovered or reduced is calculated as the ratio between waste reused/recycled, incinerated with energy recovery and reduced, divided by the total non-hazardous waste generated and waste reduced. The Group's waste recovery% without waste reduction is: 95.5%, 96.3%, and 95.2% for 2021, 2020, and 2019, respectively.
- (3) 'Schneider Electric expectations' for hazardous waste means: 1) Waste meets/exceeds all local legal requirements for handling/treatment, and either 2a) waste is neutralized of its hazardous nature, or b) waste is handled/treated using the feasibly best available technique which provides the most environmentally beneficial impact.
- (4) 2017 hazardous waste intensity was 0.42 metric tons per million euros of revenues.

Biodiversity

GRI	Indicators	Units	2021	2020	2019	2018
304-1	Number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA) ⁽¹⁾	#	260	UP	UP	UP
	of which industrial sites or distribution centres	#	107	UP	UP	UP
	of which office buildings	#	153	UP	UP	UP

▲ 2021 audited indicators. UP = Unpublished.

- (1) Within 1-kilometre radius, 21% of our sites are in proximity of a protected area as defined by the IUCN and 3% of our sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction (AZE)" or "Important Bird and Biodiversity Areas (IBAs)").

Atmospheric pollutions

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% VOC emissions)	%	90%	90%	90%	90%
305-7	VOC emissions (estimates)	kg	501,455 ▲	440,442	653,502	664,352
305-7	VOC/Turnover (estimates)	kg/million €	17.3	17.5	24.1	25.8

▲ 2021 audited indicators.

Water

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% water withdrawal)	%	86%	88%	88%	86%
	Total water withdrawals	m ³	2,072,263 ▲	1,928,032	2,554,428	2,700,674
303-3-a-i	of which surface water	m ³	19,156 ▲	17,461	17,074	17,993
303-3-a-ii	of which groundwater	m ³	513,631 ▲	452,602	501,163	490,563
303-3-a-v	of which third party sources	m ³	1,507,606 ▲	1,446,391	2,021,168	2,163,276
	of which other sources ⁽¹⁾	m ³	31,870 ▲	11,578	15,023	28,842
303-3	Water withdrawn for cooling and restituted w/o impact ⁽²⁾	m ³	879,602 ▲	780,201	880,276	1,376,335
303-3	Water withdrawal/Turnover ⁽³⁾	m ³ /million €	71.7	76.5	94.1	105.0
	Water withdrawal intensity reduction vs 2017 ⁽³⁾	%	-33.6%	-29.1%	-12.9%	-2.8%
303-3-b	Total water withdrawals from areas with water stress ⁽⁴⁾	m ³	930,603	UP	UP	UP
303-1	SSE #11 – Sites in water-stressed areas with a water conservation strategy and related action plan ⁽⁴⁾	%	8.5% ▲	UP	UP	UP

▲ 2021 audited indicators. UP = Unpublished.

(1) Other water sources include sources such as grey water and rainwater

(2) Water withdrawn for cooling and restituted without impact (i.e. returned back to the source with only a very small temperature change) are measured separate from total water withdrawals and excluded from performance calculations

(3) excluding water withdrawn for cooling restituted without impact. The 2017 baseline value is 108.0 m³/million €

(4) Schneider Electric's ISO 14001 sites are designated as water stress sites based on the World Resources Institute's Aqueduct Water Risk Atlas. Using Baseline Water Stress criteria, a site is designated as water stressed if it is located in an area classified as 'high' or 'extremely high' stress.

Energy

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% energy consumption)	%	99%	100%	100%	100%
	ISO 50001 Certified Sites	#	140	150	153	168
302-1, 302-4	Estimated total energy consumption	MWh	1,325,491	1,204,381	1,442,841	1,540,831
302-1, 302-4	of which measured energy consumption	MWh	1,080,366 ▲	1,021,539	1,192,508	1,258,081
	of which estimated energy consumption for sites out of reporting perimeter ⁽¹⁾	MWh	245,125	182,842	250,333	282,750
302-1, 302-4	Estimated total energy consumption/turnover	MWh/million €	45.9	47.9	53.1	59.9
	Estimated total energy productivity	€/MWh	21,803	20,924	21,335	19,070
	Estimated total improvement in energy productivity vs 2005 ⁽²⁾	%	75.7%	68.6%	71.9%	53.7%
	Estimated total energy consumption from renewable sources	MWh	670,287	UP	UP	UP
	Estimated total percentage of renewable energy	%	50.6%	UP	UP	UP
	Estimated total energy consumption from non-renewable sources	MWh	655,204	UP	UP	UP
	Estimated total percentage of non renewable energy	%	49.4%	UP	UP	UP
	Measured energy consumption by source					
	grid electricity	MWh	132,771 ▲	148,969	406,200	584,721
	purchased renewable electricity ⁽³⁾	MWh	612,752 ▲	585,495	402,363	257,356
	self generated renewable electricity	MWh	15,861 ▲	12,464	9,161	5,388
	district heating	MWh	33,830 ▲	27,602	75,253	84,263
	fuel oil	MWh	6,967 ▲	6,941	8,595	9,672
	gas	MWh	276,954 ▲	251,377	298,319	320,153
	coal	MWh	0 ▲	0	0	0
	renewable fuel and heat	MWh	1,231 ▲	1,155	1,778	1,916
	Measured renewable electricity generated on site and sold back to the grid	MWh	2,558 ▲	2,734	2,149	1,370

8 Indicators

GRI	Indicators	Units	2021	2020	2019	2018
	SSE #3 – Measured electricity sourced from renewables	%	82% ▲	80%	50%	30%
	Estimated energy consumption by source ⁽¹⁾					
	grid electricity	MWh	148,720	UP	UP	UP
	purchased renewable electricity ⁽³⁾	MWh	40,443	UP	UP	UP
	self generated renewable electricity	MWh	0	UP	UP	UP
	district heating	MWh	5,491	UP	UP	UP
	fuel oil	MWh	797	UP	UP	UP
	gas	MWh	49,674	UP	UP	UP
	coal	MWh	0	UP	UP	UP
	renewable fuel and heat	MWh	0	UP	UP	UP

▲ 2021 audited indicators. UP = Unpublished.

(1) For sites below size thresholds for mandatory environmental reporting, energy consumption by source is estimated by multiplying site surface (m²) with energy intensity ratios (kWh/m²) measured in larger sites. For sites located in countries with country-level renewable electricity contracts, 100% of the estimated electricity consumption of the site is counted as renewable, as such supply contracts cover all sites within a country.

(2) 2005 estimated energy productivity is 12,408 € per MWh

(3) Renewable electricity reported here includes renewable electricity purchased through Power Purchasing Agreements (PPA) or green tariffs, and electricity covered by Energy Attributes Certificates (EAC). The 2021 EAC account for 43.5% of total purchased renewable electricity measured.

Greenhouse gas (GHG)

GRI	Indicators	Units	2021	2020	2019	2018
	Estimated coverage (% GHG emissions)	%	99%	100%	100%	100%
305-1, 305-2	Estimated Total scopes 1 and 2 GHG emissions (market-based) ⁽¹⁾	TCO ₂ e	294,051 ▲	287,865	437,293	570,431
305-5	Absolute reduction vs base year (2017) ⁽²⁾	%	-57.9%	-58.8%	-37.4%	-18.4%
305-4	Total scopes 1 and 2 per euro turnover	TCO ₂ e/ million €	10.2	11.4	16.1	22.2
305-1	Direct (scope 1) GHG emissions ⁽¹⁾	TCO ₂ e	140,936 ▲	142,658	180,751	189,870
	of which fuel oil	TCO ₂ e	4,520 ▲	4,451	5,748	6,626
	of which gas	TCO ₂ e	56,776 ▲	52,197	61,733	65,631
	of which coal	TCO ₂ e	0 ▲	0	0	0
	of which vehicle fleet	TCO ₂ e	62,683 ▲	73,229	91,169	94,287
	of which SF ₆ emissions ⁽³⁾	TCO ₂ e	6,104 ▲	7,557	13,601	13,010
	SF ₆ leakage rate	%	0.10%	0.14%	0.24%	0.26%
	Target SF ₆ leakage rate	%	0.19%	0.25%	0.25%	0.25%
	of which estimated scope 1 GHG emissions of sites out of reporting perimeter ⁽⁴⁾	TCO ₂ e	10,853 ▲	5,224	8,499	10,316
305-2	Energy indirect (Scope 2) GHG emissions ⁽¹⁾	TCO ₂ e	153,115 ▲	145,207	256,542	380,561
	of which grid electricity (market-based)	TCO ₂ e	66,692 ▲	70,145	134,122	258,975
	of which renewable electricity (market-based) ⁽⁵⁾	TCO ₂ e	701 ▲	694	795	219
	of which district heating	TCO ₂ e	14,714 ▲	11,550	35,020	39,541
	of which estimated scope 2 GHG emissions of sites out of reporting perimeter (market-based) ⁽⁴⁾	TCO ₂ e	71,008 ▲	62,818	86,605	81,825
305-3	Other relevant indirect (scope 3) GHG emissions	TCO ₂ e	68,901,866 ▲	65,921,222	74,256,245	70,765,244
305-5	Absolute variation vs base year (2017) ⁽²⁾	%	2.2%	-2.2%	10.2%	5.0%
305-4	Total scope 3 per euro turnover	TCO ₂ e/ million €	2,384	2,620	2,733	2,750

GRI	Indicators	Units	2021	2020	2019	2018
305-3	Other relevant indirect (scope 3 upstream) GHG emissions	TCO ₂ e	8,237,192 ▲	6,966,062	8,610,739	8,903,363
	1. Purchased goods and services	TCO ₂ e	7,278,733 ▲	6,137,388	7,388,926	7,605,700
	2. Capital Goods	TCO ₂ e	62,876 ▲	63,863	64,398	64,000
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	TCO ₂ e	53,167 ▲	55,151	67,993	72,775
	4. Transportation of good paid by the Group	TCO ₂ e	616,519 ▲	497,761	753,253	816,888
	5. Waste generated in operations	TCO ₂ e	42,760 ▲	31,872	39,710	44,000
	6. Business travel	TCO ₂ e	30,778 ▲	33,304	139,054	140,000
	7. Employee commuting	TCO ₂ e	152,359 ▲	146,723	157,405	160,000
305-3	Other relevant indirect (scope 3 downstream) GHG emissions	TCO ₂ e	60,664,674 ▲	58,955,160	65,645,506	61,861,881
	9. Transportation of goods not paid by the Group	TCO ₂ e	485,877 ▲	371,159	449,507	462,695
	11. Use of sold products ⁽⁶⁾	TCO ₂ e	55,224,389 ▲	53,998,500	60,447,799	57,158,727
	12. End-of-life treatment of sold products	TCO ₂ e	4,954,408 ▲	4,585,501	4,748,200	4,240,459
	SSE #1 – Number of Zero-CO ₂ sites	#	51 ▲	30	UP	UP
	Saved GHG emissions thanks to sold products and services ⁽⁷⁾	TCO ₂ e	49,708,425 ▲	46,964,497	50,994,695	57,501,195
	Avoided GHG emissions thanks to sold products and services ⁽⁷⁾	TCO ₂ e	33,930,803 ▲	28,605,883	39,406,306	39,849,166
	SSI #2 – Cumulative CO ₂ saved and avoided thanks to sold products and services since 2018 ⁽⁷⁾	TCO ₂ e	346,960,969 ▲	263,321,741	187,751,362	97,350,361

▲ 2021 audited indicators. UP = Unpublished.

Note that Schneider Electric carbon footprint has been updated in 2021 to reflect changes in Global Warming Potential (GWP) values for SF₆ gas published by the IPCC in its 6th Assessment Report. Previous GWP value of 23,500 (AR5) has been updated to 25,200 (AR6) for 2021 and historical emissions and impacts scope 1 and scope 3 CO₂ equivalent emissions.

- (1) The CO₂ emissions linked to energy consumption are considered estimates, because the indirect emissions are calculated on the conversion factors per country. Scope 1 and 2 CO₂ emissions from energy consumption are quantified using energy reporting data, in MWh of energy per energy source. Scope 2 emissions are quantified with the market-based methodology and the location-based methodology, following GHG Protocol scope 2 guidance. Location-based scope 2 electricity emissions on energy reporting perimeter are equal to 327,653 tCO₂e (audited value), and 413,683 tCO₂e on total estimated perimeter. Total scope 1 and 2 (location-based) CO₂ emissions (energy, vehicles, and SF₆ emissions in tCO₂e) on full perimeter are equal to 554,619 tCO₂e (audited value). Electricity emissions calculated with market-based and location-based methodologies should not be added. Market-based electricity emissions are calculated using residual electricity emissions factors (source AIB, 2017) for European countries, and average country emission factors for other countries (IEA, 2017);
- (2) In 2017, direct (scope 1) emissions, energy indirect (scope 2) emissions and other relevant indirect (scope 3) emissions amounted to 187,477, 511,602 (699,079 total scope 1+2) and 67,413,029 TCO₂e respectively;
- (3) 13 sites in 2021, 14 sites in 2020 and 2019; 16 sites in 2018;
- (4) CO₂ emissions for sites not included in the energy reporting perimeter are estimated based on site surface and average CO₂ intensity of sites per region from our energy reporting.
- (5) Greenhouse gas emissions from renewable electricity are due to CH₄ and N₂O emissions of renewable electricity from biomass. In addition, biogenic CO₂ emissions are due to the consumption of renewable electricity from biomass, and are not reported in scope 2 emissions following GHG protocol guidance. These emissions are of 17,215 tCO₂e in 2021.
- (6) Emissions of products sold by Schneider Electric during the year of reporting, and cumulated over their lifetime. These emissions are due to electricity consumption of products, either due to internal consumption or due to heat dissipation (Joule effect);
- (7) CO₂ savings are calculated for sales of the reporting year and cumulated over the offers' lifetime. Emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation. The methodology distinguishes "saved" and "avoided" emissions: saved CO₂ emissions correspond to brownfield sales that enable reduction of global CO₂ emissions compared to previous years, and avoided CO₂ emissions correspond to greenfield sales that enable a limitation of the increase of global emission. Each year, new methodologies are developed, and CO₂ saved and avoided from those offers is quantified for sales that occurred since 2018, and counted fully in the performance of the reporting year. In 2021, out of the 83.6 MTCO₂e saved and avoided, 7.8 MT (9%) came from 2018-2020 backdated performance.

8 Indicators

8.2 Social indicators

8.2.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability Impact				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Trust 	6. Strategic suppliers who provide decent work to their employees	--	In progress	100%
	7. Level of confidence of our employees to report unethical conduct	81%	+0pts	+10pts
	8. Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
Equal 	10. Double hiring opportunities for interns, apprentices and fresh graduates	4,939	x1.25	x2.00
	Schneider Sustainability Essentials			
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Trust 	12. Deploy a 'Social Excellence' program through multiple tiers of suppliers ⁽³⁾	--	In progress	--
	13. Train our employees on Cybersecurity and Ethics every year	90%	96%	100%
	14. Decrease the Medical Incident rate	0.79	0.65	0.38
	15. Reduce scrap from safety units recalled	4,202	4,024	2,101
	16. Be in the top 25% in external ratings for Cybersecurity performance	Top 25%	Top 25%	Top 25%
	17. Assess our suppliers under our 'Vigilance Program'	374	1,203	4,000
	Equal 	18. Reduce pay gap for both females and males	F: -1.73% M: 1.00%	-1.61% 1.11%
19. Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)		53%	61%	60%
20. Pay our employees at least a living wage ⁽⁴⁾		99%	100%	100%
21. Multiply the number of employee-driven development interactions on the Open Talent Market		5,019	x2.1	x4
Generations 	22. Support the digital upskilling of our employees	41%	74%	90%
	23. Provide access to meaningful career development programs for employees during later stages of their career	--	In progress	90%
	24. Increase our employee engagement level	69%	71%	75%

(1) Generally, the 2020 performance serves as a baseline for SSI and SSE programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with ISAE 3000.

(3) SSE #12 'Social Excellence' program currently under development and will be deployed in 2023.

(4) As of 31st December 2021, 99.99% of eligible employees, i.e. all Schneider employees treated as permanent workforce, were paid the living wage. The few remaining gaps were closed early 2022 so that all in scope Schneider Electric employees are now paid the living wage. The final KPI result for 2021 was rounded to 100%.

Indicators below have a Group scope.

HR data cover about 93% of the workforce from consolidated companies (excluding 6,300 AVEVA and OSIsoft employees and 5,100 employees from companies not integrated to the Group's information system tools). According to our extra-financial reporting principles, 8,000 employees from new acquisitions (including RIB Software and L&T) are also excluded from 2021 figures. Total Group average workforce (including supplementary employees) for all entities is 166,025 employees.

The calculation methodology of the absenteeism rate varying from one country to another, in this domain Schneider Electric communicates at Group level the number of lost days and the number of hours worked (Safety data). The precisions on the variations of scope are contributed at the end of the tables below and indicated by footnotes. The comments on the indicators are given in the corresponding chapters and indicated in the tables below.

8.2.2 General disclosure

Spot workforce at year-end

GRI	Indicators	Units	2021	2020	2019	2018
	Spot workforce at year-end including supplementary employees ⁽¹⁾	year-end HC	147,468	147,349	150,828	151,019
	Spot workforce at year-end excluding supplementary employees*	year-end HC	128,384 ▲	128,770	135,307	137,534
	Open-ended contract	%	87.2%	87.3%	87.3%	87.2%
	Fixed-term contract	%	12.8%	12.7%	12.7%	12.8%
	Spot supplementary employees* at year-end	year-end HC	19,084	18,548	15,456	13,480
102-8	Share of temporary personnel (fixed-term contracts and supplementary personnel*)	%	24.0%	23.7%	21.6%	20.6%

▲ 2021 audited indicators.

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);

Workforce composition⁽¹⁾

GRI	Indicators	Units	2021	2020	2019	2018
102-8	Organization of working time					
	Full-time	%	98%	97%	98%	98%
	Part-time	%	2%	3%	2%	2%
401-1	Hires ⁽²⁾	HC	27,189 ▲	19,536	25,131	23,228
401-1	Departures ⁽²⁾	HC	22,877 ▲	20,840	23,381	24,036
	Layoffs	HC	7,114 ▲	5,626	8,190	7,680
	Resignations	HC	11,944 ▲	8,729	10,600	11,595
	Other (retirement, end of contract, etc.)	HC	3,819 ▲	6,485	4,591	4,761
401-1	Total employee turnover	%	18.1%	16.1%	17.6%	17.0%
	Voluntary turnover	%	9.5% ▲	6.9%	8.0%	8.4%
102-8	Breakdown of workforce by region					
	Asia-Pacific	%	31%	32%	35%	32%
	Western Europe	%	27%	27%	26%	27%
	North America	%	26%	24%	20%	22%
	Rest of the world	%	16%	17%	19%	20%
102-8	Breakdown of workforce by country (the most significant countries)					
	United States	%	14%	13%	13%	13%
	France	%	11%	12%	11%	11%
	China	%	11%	11%	10%	10%
	Mexico	%	10%	10%	7%	7%
	India	%	8%	10%	10%	10%
	Germany	%	4%	3%	3%	3%
	Russian Federation	%	3%	3%	6%	6%
	Spain	%	3%	3%	3%	3%
	Indonesia	%	3%	3%	3%	3%
	United Kingdom	%	3%	3%	3%	3%
	Australia	%	2%	2%	2%	2%

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8 Indicators

GRI	Indicators	Units	2021	2020	2019	2018
	Brazil	%	1%	2%	2%	2%
102-8	Annual change in workforce by country (the most significant countries)					
	United States	%	5%	-5%	-4%	-3%
	France	%	-2%	-2%	-2%	-7%
	China	%	8%	-2%	-2%	0%
	Mexico	%	7%	36%	1%	-4%
	India	%	8%	-3%	0%	-3%
	Germany	%	9%	-9%	-1%	-3%
	Russian Federation	%	0%	-51%	-5%	-10%
	Spain	%	6%	-5%	2%	1%
	Indonesia	%	-3%	-9%	-7%	0%
	United Kingdom	%	-9%	-6%	-2%	-1%
	Australia	%	-2%	-7%	-5%	-10%
	Brazil	%	-8%	-12%	-6%	-7%
102-8	Women in our workforce					
	Overall workforce	%	34% ▲	33%	33%	32%
	Board of Directors	%	42%	42%	42%	38%
	Executive Committee	%	44%	38%	25%	25%
	All management (junior, middle, leadership)	%	33%	23%	23%	UP
	Leadership teams	%	26% ▲	24%	23%	22%
	Front line management	%	27% ▲	25%	24%	UP
	Middle management	%	23%	23%	22%	UP
	Junior management	%	37%	34%	33%	UP
	Management positions in revenue-generating functions	%	16%	UP	UP	UP
	Sales	%	21%	19%	19%	UP
	STEM	%	19%	21%	20%	UP
	White collar	%	51%	50%	51%	51%
	Men	%	66%	67%	67%	68%
	Women	%	34%	33%	33%	32%
	Blue collar	%	49%	50%	49%	49%
	Men	%	66%	67%	68%	68%
	Women	%	34%	33%	32%	32%
102-8	Breakdown of workforce by age ⁽³⁾					
	< 30 years	%	23%	23%	22%	23%
	30-50 years	%	59%	59%	59%	59%
	> 50 years	%	18%	18%	18%	18%
102-8	Breakdown of workforce by seniority					
	< 5 years	%	40%	46%	46%	44%
	5/14 years	%	34%	33%	33%	36%
	15/24 years	%	16%	13%	13%	12%
	25/34 years	%	7%	6%	6%	6%
	> 34 years	%	3%	2%	2%	2%
102-8	Breakdown of workforce by function					
	Marketing	%	4%	4%	4%	3%
	Sales	%	13%	13%	13%	12%
	Services and projects	%	19%	19%	19%	19%
	Support	%	24%	29%	30%	28%
	Technical	%	10%	7%	6%	6%
	Industrial	%	31%	28%	28%	32%

▲ 2021 audited indicators. UP = Unpublished.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128,384 employees, i.e. around 87% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;

(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Hires⁽¹⁾⁽²⁾

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by type of contract					
	Permanent contract	%	64%	62%	70%	63%
	Fixed-term contract	%	36%	38%	30%	37%
401-1	Breakdown by category					
	White collar	%	34%	19%	37%	39%
	Blue collar	%	66%	81%	63%	61%
401-1	Breakdown by gender					
	Men	%	59% ▲	59%	60%	62%
	Women	%	41% ▲	41%	40%	38%
401-1	Breakdown by age ⁽³⁾					
	< 30 years	%	64%	UP	UP	UP
	30-50 years	%	34%	UP	UP	UP
	> 50 years	%	2%	UP	UP	UP
401-1	Breakdown by region					
	Asia-Pacific	%	34%	26%	44%	35%
	Western Europe	%	13%	9%	12%	16%
	North America	%	42%	55%	29%	33%
	Rest of the world	%	12%	10%	15%	16%

▲ 2021 audited indicators. UP = Unpublished.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;

(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Layoffs⁽¹⁾⁽²⁾

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by type of contract					
	Open-ended contract	%	70%	72%	79%	80%
	Fixed-term contract	%	30%	28%	21%	20%
401-1	Breakdown by category					
	White collar	%	22%	20%	33%	35%
	Blue collar	%	78%	80%	67%	65%
401-1	Breakdown by Region					
	Asia-Pacific	%	33%	28%	30%	23%
	Western Europe	%	9%	8%	8%	10%
	North America	%	47%	50%	44%	42%
	Rest of the world	%	10%	14%	18%	24%

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

8 Indicators

Resignations⁽¹⁾⁽²⁾

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by seniority					
	< 1 year	%	41%	41%	40%	39%
	1/4 years	%	36%	39%	34%	37%
	5/14 years	%	19%	16%	17%	20%
	15/24 years	%	4%	3%	5%	3%
	25/34 years	%	1%	1%	2%	1%
	> 34 years	%	0%	0%	2%	0%

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

Departures⁽¹⁾⁽²⁾

GRI	Indicators	Units	2021	2020	2019	2018
401-1	Breakdown by gender					
	Men	%	62%	63%	62%	61%
	Women	%	38%	37%	38%	39%
401-1	Breakdown by age ⁽³⁾					
	< 30 years	%	50%	UP	UP	UP
	30-50 years	%	38%	UP	UP	UP
	> 50 years	%	12%	UP	UP	UP
401-1	Breakdown by region					
	Asia-Pacific	%	31%	30%	34%	33%
	Western Europe	%	15%	17%	15%	16%
	North America	%	41%	39%	35%	34%
	Rest of the world	%	13%	14%	16%	18%

UP = Unpublished.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (128 384 employees, i.e. around 87% of employees excluding supplementary employees);

(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;

(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

Average supplementary employees*

GRI	Indicators	Units	2021	2020	2019	2018
102-8	Breakdown by category					
	White collar	%	8%	10%	11%	7%
	Blue collar	%	92%	90%	89%	93%
102-8	Breakdown by region					
	Asia-Pacific	%	67%	64%	64%	62%
	Western Europe	%	16%	15%	16%	18%
	North America	%	6%	7%	7%	8%
	Rest of the world	%	11%	14%	13%	11%

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

8.2.3 Dialog and social relations

GRI	Indicators	Units	2021	2020	2019	2018
	Coverage	%	92%	85%	92%	90%
102-41	Employees represented by					
	Unions	%	80%	66%	64%	67%
	Works Council	%	63%	70%	68%	68%
403-1	Health and Safety Committee	%	81%	89%	86%	86%
102-41	Number of collective agreements	#	150	78	81	138
102-41	Employees covered by collective bargaining agreements	%	72%	69%	70%	75%

8.2.4 Health and safety of employees and subcontractors

GRI	Indicator	Units	2021	2020	2019	2018
	Number of ISO 45001 sites	#	180	184	UP	UP
	Percentage of operational facilities that are ISO 45001 certified	%	77%	80%	UP	UP
403-2	Number of medical incidents ⁽¹⁾	#	186 ▲	154	233	277
	of which Schneider Electric employees	#	152 ▲	133	193	225
	of which temporary workers	#	34 ▲	21	40	52
403-2	Number of lost-time accident ⁽¹⁾	#	96 ▲	85	116	136
	of which Schneider Electric employees	#	76 ▲	74	94	105
	of which temporary workers	#	20 ▲	11	22	31
403-2	Number of fatal accidents	#	2	1	1	1
	of which Schneider Electric employees	#	2	1	1	1
	of which temporary workers	#	0	0	0	0
403-2	SSE #14 Medical Incident Rate ⁽²⁾	per million hours worked	0.65 ▲	0.58	0.79	0.94
	of which Schneider Electric employees	per million hours worked	0.63 ▲	0.58	0.77	0.90
	of which temporary workers	per million hours worked	0.73 ▲	0.55	0.91	1.10
403-2	Lost-Time Injury Rate (LTIR) ⁽²⁾	per million hours worked	0.33 ▲	0.32	0.39	0.46
	of which Schneider Electric employees	per million hours worked	0.32 ▲	0.32	0.38	0.42
	of which temporary workers	per million hours worked	0.43 ▲	0.29	0.50	0.66
403-2	Lost-Time Day Rate (LTDR) ⁽²⁾	per million hours worked	15.58 ▲	13.74	16.69	13.69
	of which Schneider Electric employees	per million hours worked	16.47 ▲	14.92	17.69	14.39
	of which temporary workers	per million hours worked	11.00 ▲	6.61	10.96	9.54
403-2	Number of lost days	#	4,477 ▲	3,662	4,909	4,025
	of which Schneider Electric employees	#	3,963 ▲	3,412	4,427	3,579
	of which temporary workers	#	514 ▲	250	482	446
403-2	Number of hours worked	#	287,369,013 ▲	266,582,055	294,202,028	294,001,927
	of which Schneider Electric employees	#	240,649,594 ▲	228,742,624	250,235,482	248,633,265
	of which temporary workers	#	46,719,419 ▲	37,839,431	43,966,546	45,368,662
403-2	Occupational Illness Frequency Rate (OIFR) ⁽²⁾	per million hours worked	0.017 ▲	0.019	0.014	0.020
	of which Schneider Electric employees	per million hours worked	0.021 ▲	0.022	0.016	0.024
	of which temporary workers	per million hours worked	0.000 ▲	0.000	0.000	0.000

▲ 2021 audited indicators. UP = Unpublished.

(1) Includes business travel, excludes home/workplace travel.

(2) LTIR = Number of incidents with lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident frequency rate.

LTDR = Number of lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident severity rate (the latter, however, is calculated per thousand hours worked). MIR = Number of accidents requiring medical treatment x 1,000,000/number of hours worked.

Occupational Illness Frequency Rate (OIFR) is based on 1 million hours worked (The number of Occupational illness X 1,000,000 Hours/Total Hours Worked).

Note that the Medical Incident Rate (MIR) consists of both medical incidents + Occupational Illnesses and is based on 1 million hours worked.

8 Indicators

8.2.5 Talent development and training

GRI	Indicator	Units	2021	2020	2019	2018
	Coverage	%	91%	90%	92%	87%
404-1	Number of training hours	#	2,881,627 ▲	2,869,111	3,117,348	3,283,492
404-1	Average hours of training per person by category and gender	#	24.5	24.5	25.0	27.5
	White collar	#	25.1	24.9	27.1	30.5
	Blue collar	#	24.0	24.0	22.9	24.1
	Men	#	24.9	25.1	25.6	28.3
	Women	#	23.7	23.2	23.7	25.6
404-1	Breakdown of hours by category ⁽¹⁾					
	White collar	%	53%	52%	54%	58%
	Blue collar	%	47%	48%	46%	42%
404-2	Employees taking one day training (7 hours or more)	%	83%	81%	81%	86%
	Breakdown by country					
	United States	%	75%	76%	78%	82%
	France	%	77%	69%	71%	76%
	China	%	81%	84%	86%	89%
	Mexico	%	97%	74%	87%	93%
	India	%	86%	90%	84%	97%
	Germany	%	70%	79%	80%	86%
	Russian Federation	%	97%	98%	93%	95%
	Spain	%	85%	84%	83%	88%
	Indonesia	%	96%	93%	76%	80%
	United Kingdom	%	72%	65%	69%	80%
	Australia	%	79%	80%	78%	81%
	Brazil	%	91%	95%	92%	90%
	Percentage of the eligible workforce who received training on anti-corruption practices	%	97%	94%	UP	UP
	SSE #13 – Employees trained every year on Cybersecurity and Ethics	%	96% ▲	90%	UP	UP
	Breakdown of hours by training type ⁽¹⁾	%				
	Health, safety and environment	%	17%	20%	22%	20%
	Technical	%	5%	6%	5%	5%
	Languages	%	0%	0%	5%	1%
	IT	%	6%	8%	8%	10%
	Products, Solutions and Services	%	12%	12%	13%	24%
	Management and Leadership	%	6%	4%	6%	5%
	Personal Development	%	7%	11%	8%	16%
	Functional	%	25%	24%	27%	14%
	Mandatory/Compliance	%	9%	4%	6%	3%
	Supply Chain	%	12%	9%	UP	UP
	Wellbeing	%	1%	2%	UP	UP
	Agile	%	1%	UP	UP	UP
	Total Learning & Development spend ⁽²⁾	million €	56.8	44.2	52.3	UP

GRI	Indicator	Units	2021	2020	2019	2018
	Learning & Development cost per employee	€/employee	425.8	356.1	386.6	UP
	Breakdown of costs by category ⁽¹⁾					
	White collar	%	64%	52%	68%	72%
	Blue collar	%	36%	48%	32%	28%
	Breakdown of costs by training type ⁽¹⁾					
	Products, Solutions and Services	%	12%	10%	28%	21%
	Personal Development	%	6%	10%	5%	19%
	Health, safety and environment	%	31%	39%	9%	15%
	Management and Leadership	%	13%	12%	18%	14%
	Functional	%	15%	9%	12%	11%
	Technical	%	9%	10%	4%	6%
	IT	%	6%	3%	11%	3%
	Languages	%	2%	1%	13%	3%
	Mandatory/Compliance	%	0%	1%	0%	0%
	Supply Chain	%	4%	5%	UP	UP
	Wellbeing	%	1%	0%	UP	UP
	Agile	%	1%	UP	UP	UP
404-3	Employees having had a performance review ⁽³⁾	%	98%	98%	98%	96%
	Breakdown by category					
	White collar	%	76%	75%	76%	76%
	Blue collar	%	26%	25%	24%	24%
	Breakdown by gender					
	Men	%	71%	72%	72%	73%
	Women	%	29%	28%	28%	27%

▲ 2021 audited indicators. UP = Unpublished.

(1) Based on spot workforce at year-end.

(2) Includes Learning and development teams, travel and expenses as well as vendors costs - Sources: Schneider Electric TalentLink Employee data and Procurement tracking system - Excludes training sold to customers






(3) The data relates to the eligible workforce for Performance interview at 12/31/2021 (TalentLink).

8 Indicators

8.3 Societal indicators

Indicators are published on the basis of declarative information submitted by Foundation delegates. It covers 80% of Schneider Electric employees and highlights the importance of company and employee participation in the Foundation's approach to involvement towards local communities. With EUR 19.5 million in 2021, the amount of budget for the Foundation's actions includes the Foundation's intervention budget, the amount of the donations from entities, employees and partners, and the amount of donations in kind.

8.3.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability Impact				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Equal	9. Provide access to green electricity to 50 million people	30M		50M
				
Generations	11. Train people in energy management	281,737		1M
				
Schneider Sustainability Essentials				
Long-term commitments aligned to UN SDGs	2021-2025 programs	Baseline ⁽¹⁾	2021 progress ⁽²⁾	2025 Target
Local	25. Increase the number of volunteering days since 2017	18,469		50,000
				

(1) Generally, the 2020 performance serves as a baseline for SSI and SSE programs, except SSI #1, SSI #10, SSE #5, SSE #14, and SSE #20, which are measured against a 2019 baseline to mitigate COVID-19 impacts.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #6, SSI #7, SSI #+1, SSE #12 and SSE #23, in 2021), in accordance with ISAE 3000 assurance standard.

8.3.2 Breakdown of the Foundation's financial commitments

Indicator	Units	2021	2020	2019
Foundation's intervention budget	€	4,000,000	4,000,000	4,000,000
Breakdown by program				
Training and entrepreneurship	%	75%	63%	51%
Energy poverty	%	3%	7%	28%
Raising awareness about sustainable development	%	17%	10%	17%
Employees' volunteering/skills-based sponsorship	%	1%	1%	4%
Emergency	%	4%	19%	UP
Breakdown by region				
Africa & Middle East	%	8%	25%	31%
America	%	10%	4%	6%
Asia & Pacific	%	48%	45%	11%
Europe	%	18%	20%	44%
Cross countries	%	16%	6%	8%

8.3.3 Breakdown of contributions from employees and Schneider Electric entities to the Foundation's actions

Indicator	Units	2021	2020	2019
Total financial contribution	€	7,045,158	9,287,805	7,715,663
From employees	€	1,121,092	1,454,801	827,682
From the Schneider Electric entity	€	5,893,925	7,413,102	6,659,701
From partners	€	30,141	419,902	228,280

8.3.4 Breakdown of total contributions (Employees, Schneider Electric entities and Schneider Electric Foundation) to the Foundation's actions

Indicator	Units	2021	2020	2019
Breakdown by region				
Africa & Middle East	%	3%	8%	11%
America	%	34%	31%	38%
Asia & Pacific	%	29%	27%	21%
Europe	%	31%	30%	30%
Cross countries	%	3%	4%	UP
Donations in products or services for a partner/project of the Foundation	€	8,444,800	6,927,700	8,062,248
Number of employees involved in the Foundation's actions	#	35,000	35,000	35,000

UP = Unpublished.

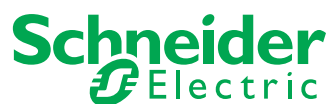
8.3.5 Total budget for the Foundation's actions

Indicator	Units	2021	2020	2019
Foundation budget, financial contributions and donations in kind	€	19,489,958	20,215,505	19,777,911

To access all Schneider Electric ESG data, please download the disclosure dashboard on se.com:

https://go.schneider-electric.com/WW_202105_In-the-interest-of-transparency-and-to-simplify-access-to-ESG-data_EA-LP.html?source=Content&sDetail=In-the-interest-of-transparency-and-to-simplify-access-to-ESG-data_WW&&

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