

Integrated Report 2022

Digital and Electric:
for a sustainable and resilient future

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Life Is On

Schneider
Electric



Integrated report

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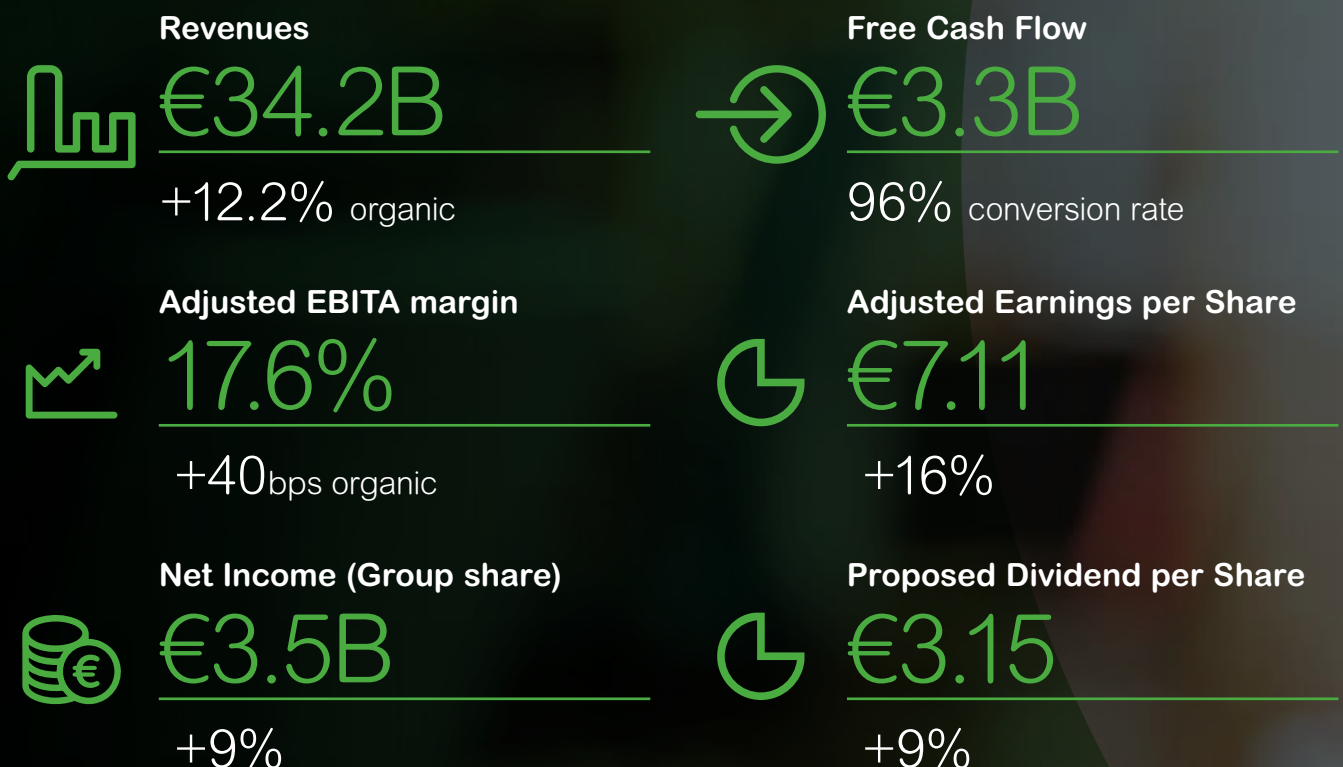
Our purpose

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

Our performance

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

Financial KPIs



At Schneider we call this Life Is On

Our Impact



72%

Impact Revenues (+1pt vs 2021)



9.7%

Reduction in suppliers CO₂ emissions



4.91/10

Schneider Sustainability Impact score, outperforming 2022 4.70/10 target



+9.7M

People have access to green electricity since 2020



440M

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



397,864

People trained in energy management since 2009

About Schneider

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

What we offer



Why we do it



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

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

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

Our four hubs



NORTH AMERICA

EUROPE

INDIA

CHINA

135,000+

employees

100+

countries

→ Where we operate

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

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

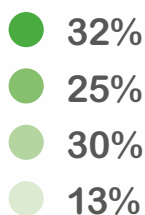
We are an impact company

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



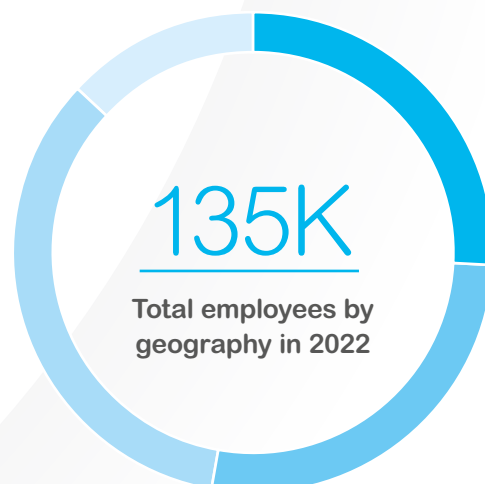
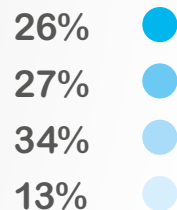
Our business

Revenue



North America
Western Europe
Asia Pacific
Rest of the World

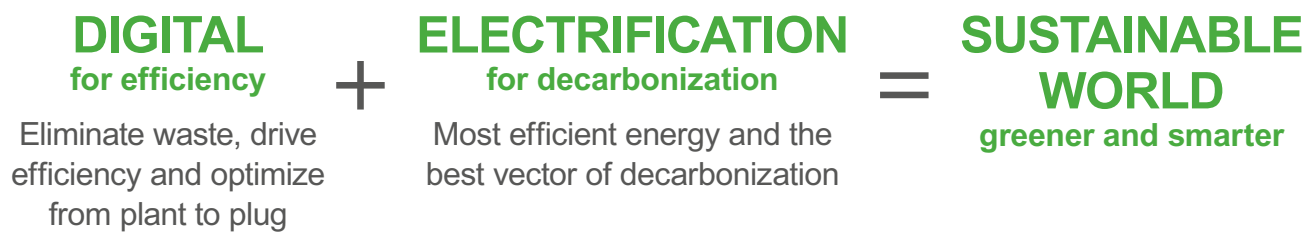
Employees



A future worth investing in

Our position in accelerating markets

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



Our unique operating model

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

The Integrated Company

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

Multi-hub

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

The Impact Company

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

Open

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

Our growth drivers

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

More Sustainable Products

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



More Software

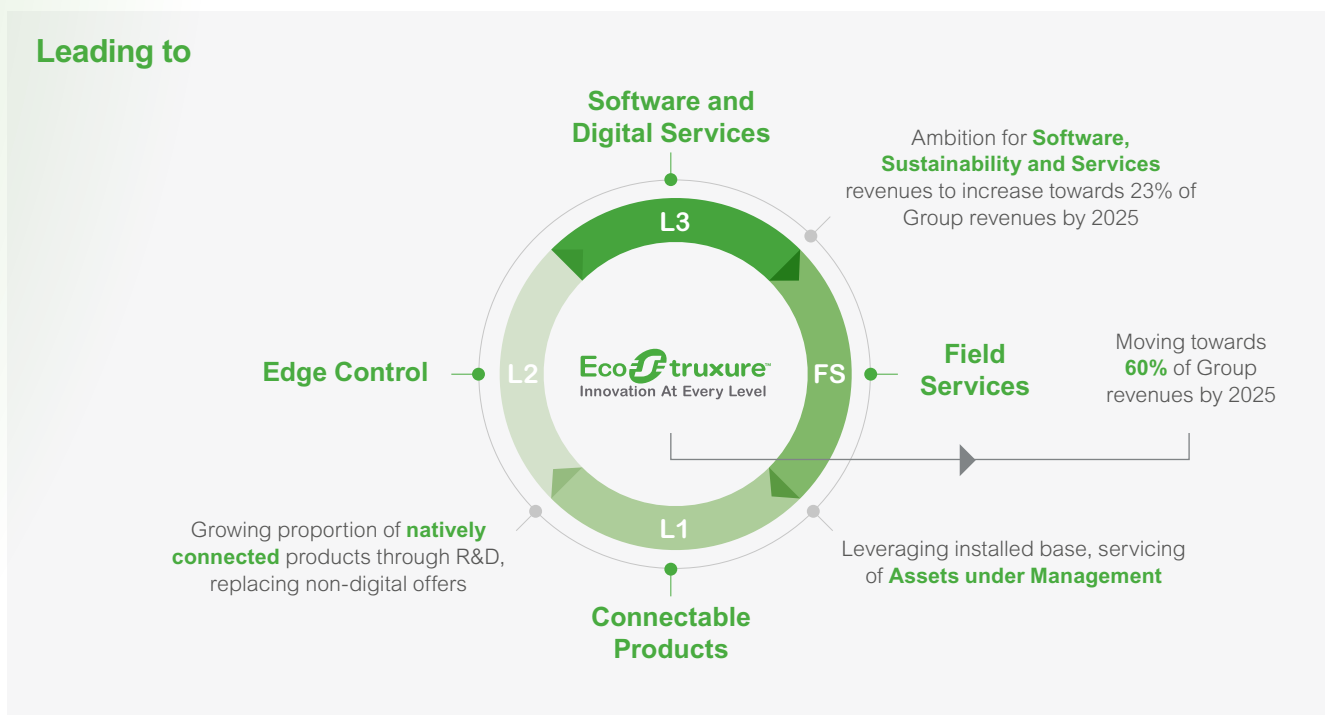
Complete lifecycle solutions for efficiency and sustainability, through open and agnostic software solutions leveraging one data hub. A fast track to the enterprise metaverse.

More Services

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

More Sustainability

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



Our advantages and resources

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

Our expertise

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



People

135k+

employees worldwide, in 100+ countries



Innovation

1,000+

patent applications filed globally in 2022



Environment

77

Number of zero-CO₂ sites



Partners and suppliers

650k+

service provider and partner ecosystem



Financial strength

A-/A3

strong investment grade credit rating



Energy Management

Energy Transition

End markets



Buildings



Data Centers

→ **Creating value**

Creating value for all our stakeholders.

Industrial Automation

Industry 4.0



Infrastructure



Industry

440M

tonnes of CO₂ saved and avoided since 2018



For our customers

10%

performance of the Zero Carbon Project



For our partners and suppliers

39.6M

people provided access to green electricity since 2009



For the planet & local communities

62%

of eligible employees benefitting from 2022 share plan



For our employees

+54%

3-year Total Shareholder Return



For our shareholders

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

Jean-Pascal Tricoire, Chairman and CEO

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

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

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

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

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

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

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

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

Accelerating the energy transition has never made more sense.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For more detail on all this, please read the overview that Gwenaëlle Avice-Huet, our Chief Strategy and Sustainability Officer, provides in the 2022 Universal Registration Document.

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

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

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

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

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

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

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

A year of challenges – and of opportunity

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

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

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

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

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

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

Jean-Pascal Tricoire,
Chairman and CEO



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

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

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

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

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

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

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

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

What is the outlook for Schneider Electric in 2023?

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

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

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

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

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

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

Hilary Maxson,
Chief Financial Officer



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

Financial Performance Highlights

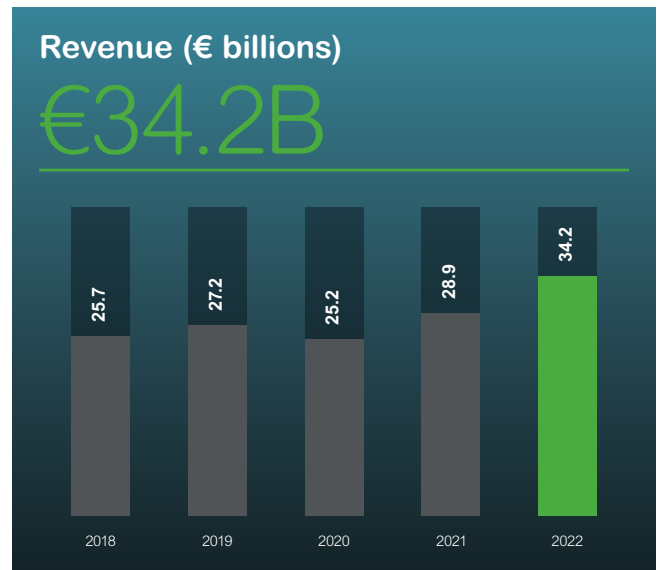
2022 was a year of strong performance against a complex economic and geopolitical backdrop. We navigated the challenges faced with agility, taking the next step on our sustainable growth journey. Strong and dynamic market demand across most end-markets and segments enabled the Group set new record highs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

Revenue Performance

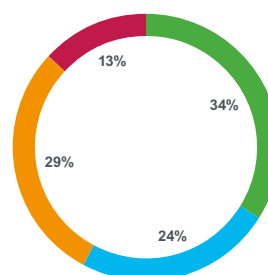
Consolidated revenue totaled EUR 34,176 million for the period ended December 31, 2022, up +12.2% organic and up +18.2% on a reported basis. Organic growth was driven by a continuation of strong and dynamic market demand in the majority of end-markets and segments served by the Group, supported by accelerating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

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

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

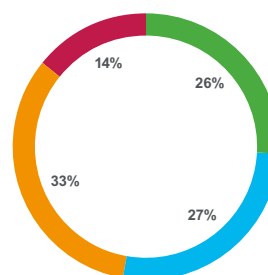


Energy Management



- **North America**
8,994 M€ (+17.8% org.)
- **Western Europe**
6,223 M€ (+13.1% org.)
- **Asia Pacific**
7,773 M€ (+9.0% org.)
- **Rest of the World**
3,452 M€ (+10.0% org.)

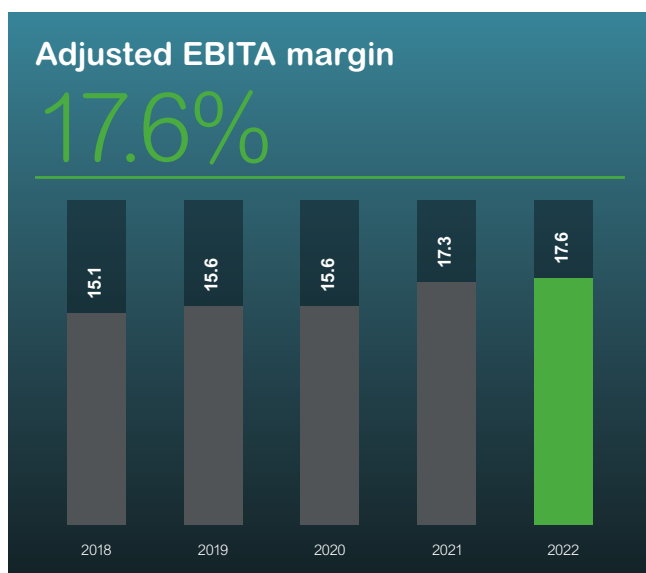
Industrial Automation



- **North America**
1,992 M€ (+10.5% org.)
- **Western Europe**
2,081 M€ (+13.6% org.)
- **Asia Pacific**
2,568 M€ (+6.5% org.)
- **Rest of the World**
1,093 M€ (+7.7% org.)

Summarised Financial Results

€ million	2021 FY	2022 FY	Reported change	Organic change
Revenues	28,905	34,176	+18.2%	+12.2%
Gross Profit	11,843	13,876	+17.2%	+10.8%
<i>Gross profit margin</i>	41.0%	40.6%	-40bps	-50bps
Support Function Costs	(6,856)	(7,859)	+14.6%	+8.2%
<i>SFC ratio (% of revenues)</i>	23.7%	23.0%	+70bps	+90bps
Adjusted EBITA	4,987	6,017	+20.7%	+14.4%
<i>Adjusted EBITA margin</i>	17.3%	17.6%	+30bps	+40bps
Restructuring costs	(225)	(227)		
Other operating income & expenses	(21)	(433)		
EBITA	4,741	5,357	+13%	
Amortization & impairment of purchase accounting intangibles	(410)	(424)		
Net Income (Group share)	3,204	3,477	+9%	
Adjusted Net Income (Group share)¹	3,409	3,968	+16%	+13.5%
Adjusted EPS¹ (€)	6.13	7.11	+16%	+13.1%
Free Cash Flow	2,799	3,330	+19%	



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

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

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

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

- Volume impact was positive, **+€761** million.
- The Group's industrial productivity level was **-€457** million. Underlying industrial productivity was **+€148** million, before the headwind from higher costs of freight, electronic components and other inflationary items in the supply chain which totaled **-€605** million. Over a three-year period (2020-2022) the Group has delivered underlying industrial productivity in excess of **€700** million (before the impacts of freight and electronics) with 2022 in particular impacted by tightness in global supply chains.

- The net price² impact was positive at **+€1,348** million in 2022. Gross pricing on products was positive at **+€1,818** million due to pricing actions taken throughout the year. In total, RMI was a headwind at **-€470** million. Net price after taking into account freight, electronic components and other inflationary items in the supply chain was **+€743** million.
- Cost of Goods Sold inflation was **-€197** million in 2022, of which the production labor cost and other cost inflation was **-€123** million, and an increase in R&D in Cost of Goods Sold was **-€74** million. The overall investment in R&D, including in support function costs continued to increase as expected and represented **~5%** of 2022 revenue.
- Support function costs increased organically by **-€581** million, or **+8.2%** organic in 2022 but the Group was able to reduce the overall SFC to Sales ratio from 23.7% to 23.0%, improving by 90bps organic.

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

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

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

(1) Organic change of adj. Net Income and adj. EPS is calculated after removal of impacts from Russia operations in both 2021 and 2022.

(2) Price on products and raw material impact.

Net income up +9%

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

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

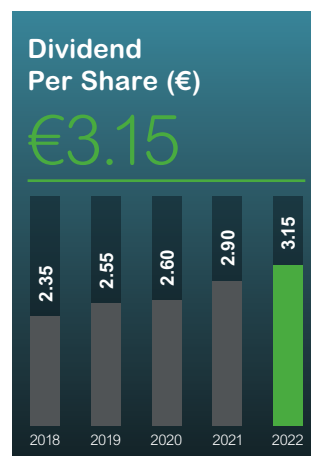
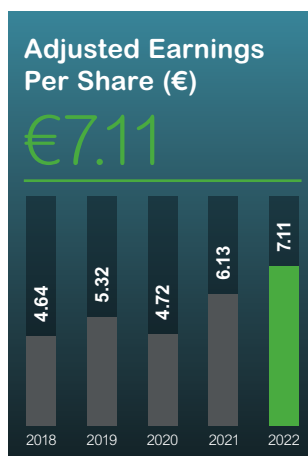
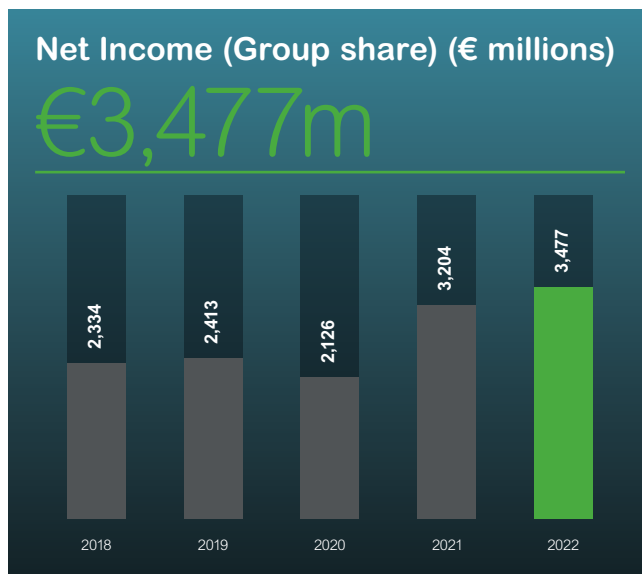
The amortization and impairment of intangibles linked to acquisitions was **-€424 million** compared to -€410 million last year. The increase was mostly due to OSIs with a full year of amortization in 2022, compared to 9 months in 2021.

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

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

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

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



Energy Management

20.4%

Adjusted EBITA margin, up +40 bps organic.

Industrial Automation

18.9%

Adjusted EBITA margin, up +30 bps organic.

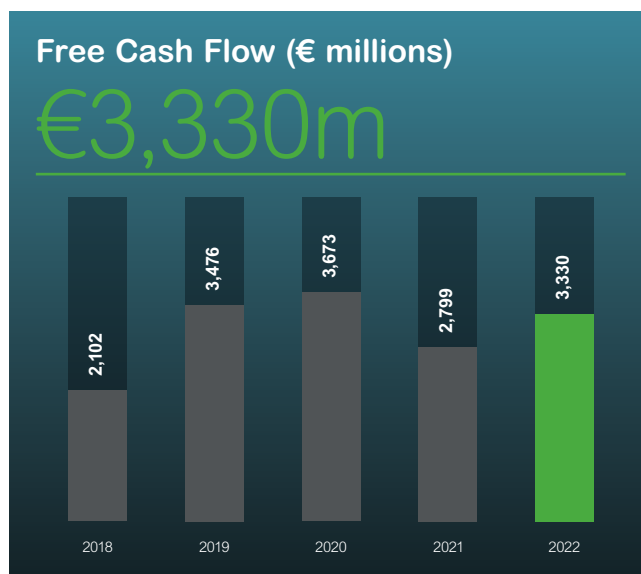
Financial Performance Highlights

Free Cash Flow reached €3.3 billion

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

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

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



Balance Sheet Remains Strong

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

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

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

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

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

Financial Strength

A-

Standard & Poor's

S&P Global
Ratings

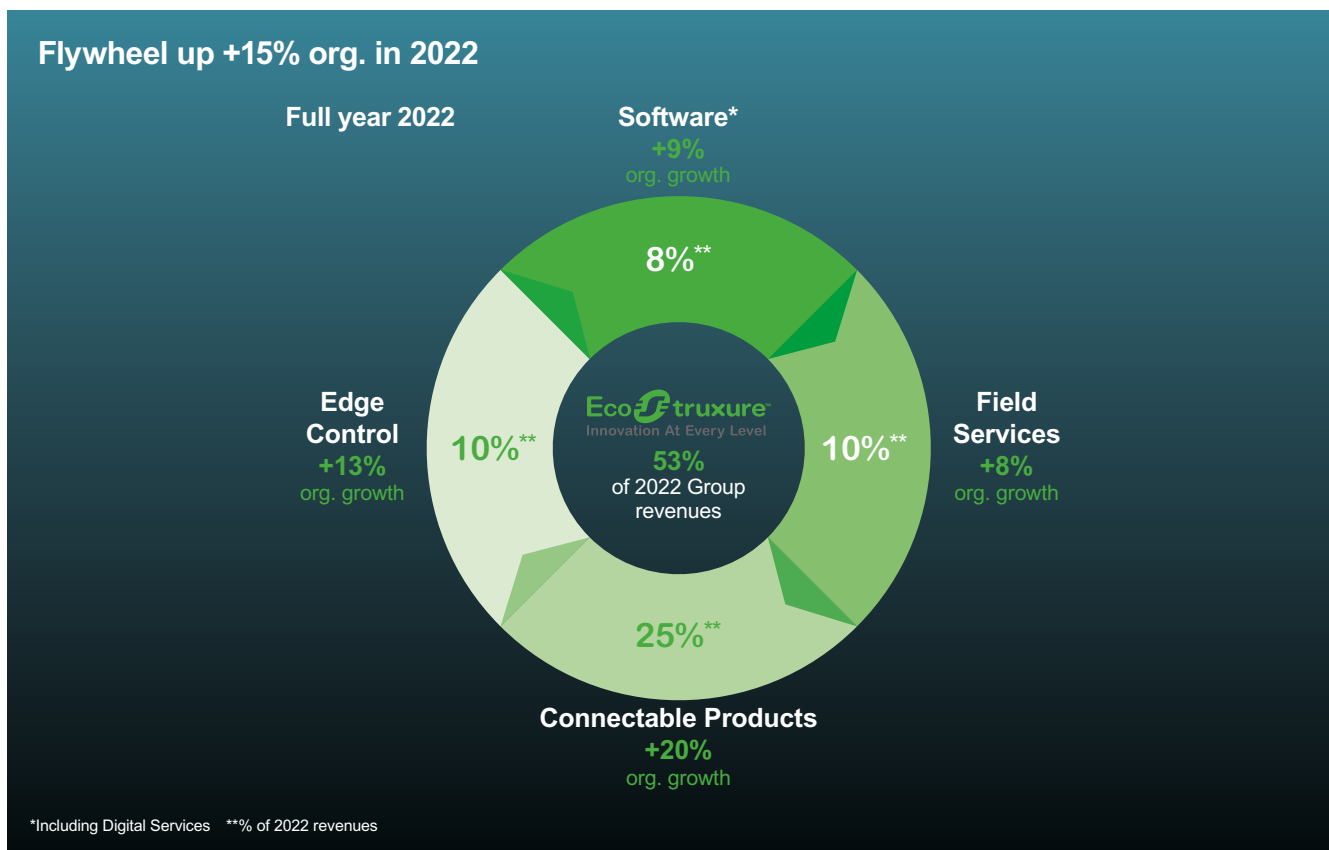
A3

Moody's

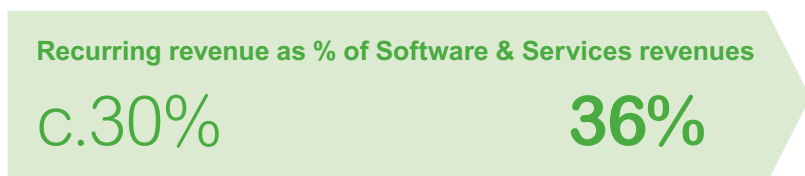
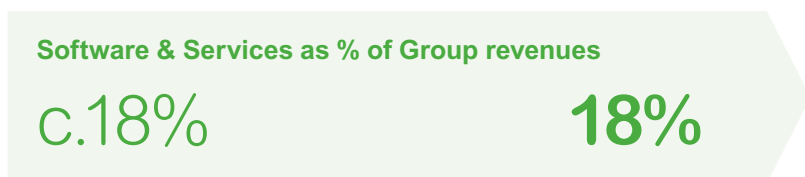
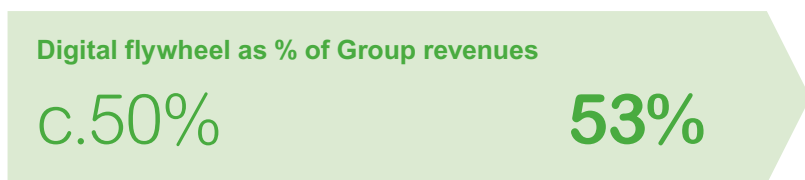
MOODY'S

Making strong progress on our digital journey

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



2021 → 2022



Key achievements of the year

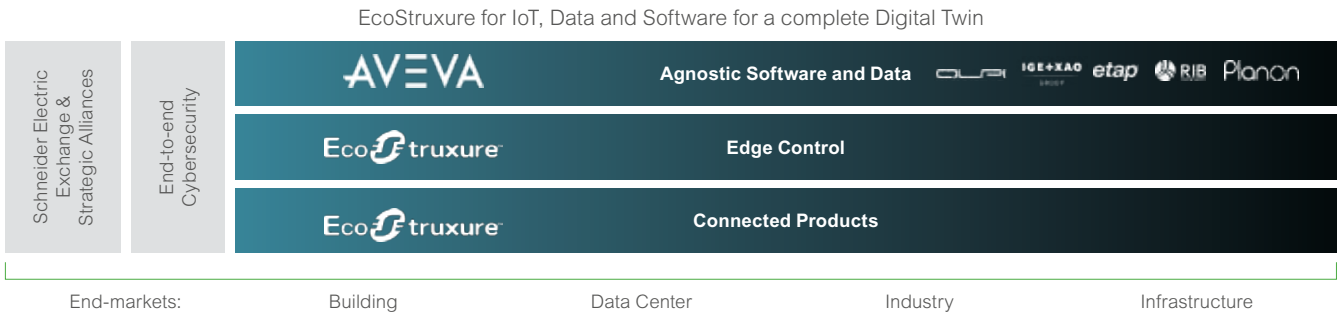
- Digital innovation driving strong growth in connectable products
- Good growth in Software and Digital Services despite transition to subscription at AVEVA
- Strong traction for efforts to make software and services revenues more recurring

Accelerating our digital journey

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

Unparalleled portfolio

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



Holistic efficiency

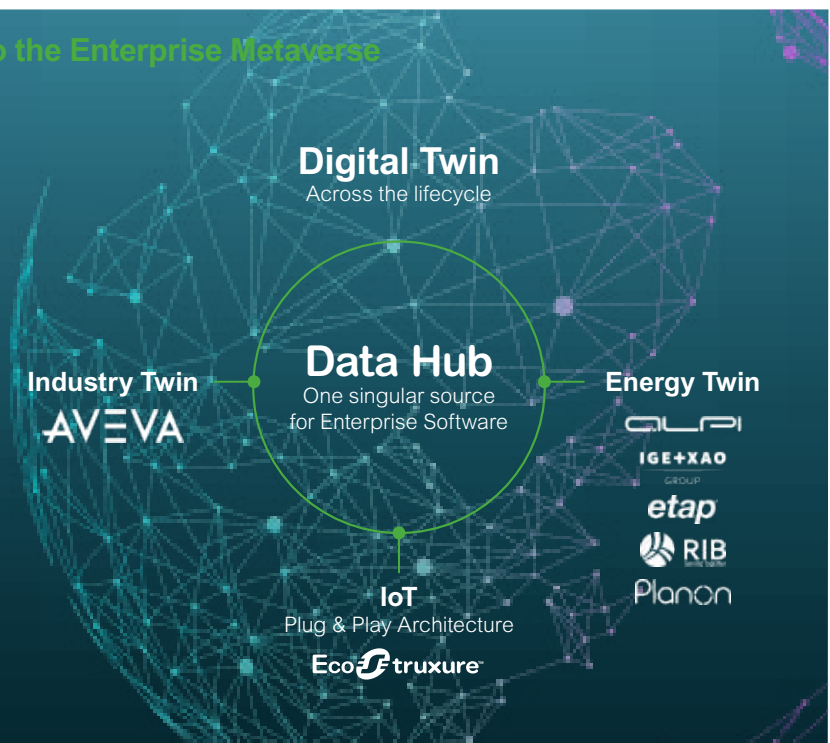
In the current context, with priority on energy security and the resultant rise in energy costs, there is a clear need for greater energy efficiency. Schneider Electric's portfolio of software will allow customers to converge their enterprise data, across domains of process, power and build, and provide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



One Data Hub and a fast track to the Enterprise Metaverse

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

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



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

Transaction timeline



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

Implications for our customers

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

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

Implications for Schneider Electric

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

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

Our three principles of Software governance

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

1. First, to maintain AVEVA's software as fully agnostic. This means that AVEVA will continue to rely on open architectures and interoperable standards providing the equal ability to work with or without Schneider Electric hardware.
2. Second, to preserve AVEVA's business autonomy. This means that the AVEVA name and brand will continue and AVEVA will have its own, dedicated go-to-market, marketing and R&D capabilities, as well as its own P&L.
3. Third, to keep AVEVA's specific culture as a software company. This means that the AVEVA teams will not be merged or integrated with existing Schneider Electric hardware businesses, or country operations.

Key achievements of 2022

January

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

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

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

March

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



June

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



February

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



April

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



May

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



July

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

September

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



November

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



August

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



October

Schneider Electric introduces advanced energy management solutions at its Innovation Summit World Tour expanding the AirSeT range with the launch of new SF₆-free MV switchgear for primary distribution (GM AirSet), the EcoStruxure™ Energy Hub IoT SaaS solution for visibility into energy and emission profiles and Schneider Electric EcoCare, a unified IoT-enabled bundle of 24/7 expert support, that delivers deep insights on asset conditions, and expertise to unlock safety, efficiency, and sustainability improvements.



December

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

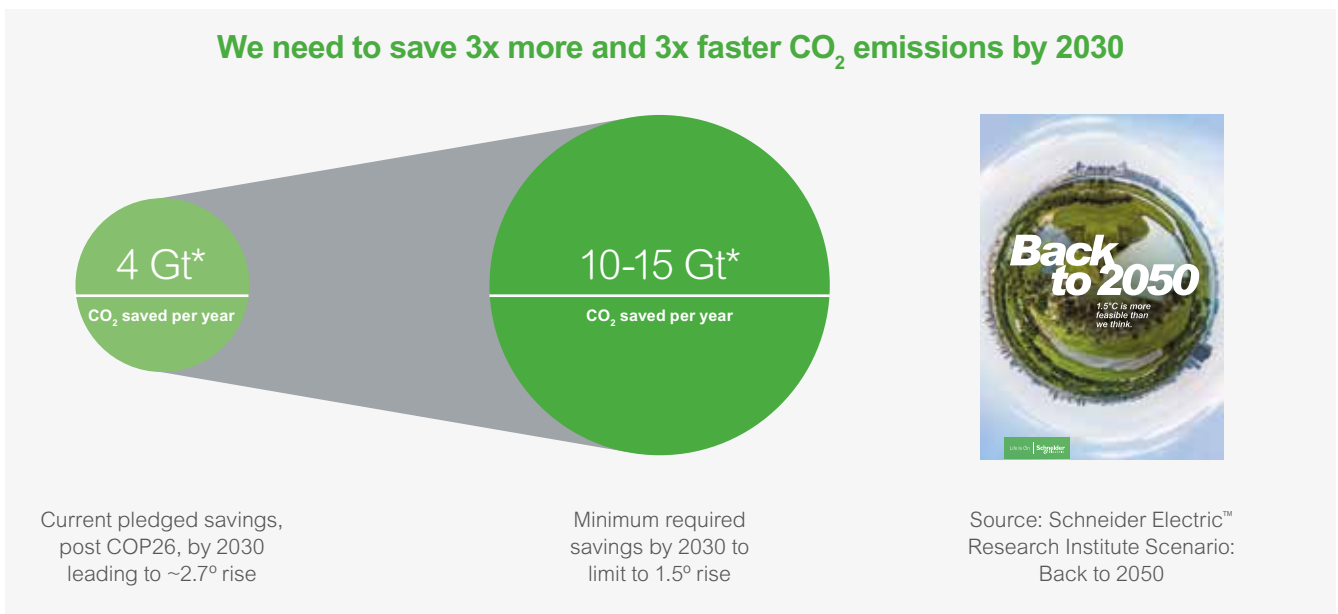


Business

Market trends – All Digital, All Electric

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

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



* Gigatonne

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

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

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

DIGITAL + ELECTRIC = SUSTAINABLE

For Efficiency For Decarbonization Smart & Green

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



All Digital

Growing need to aggregate exponential amounts of data.

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

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



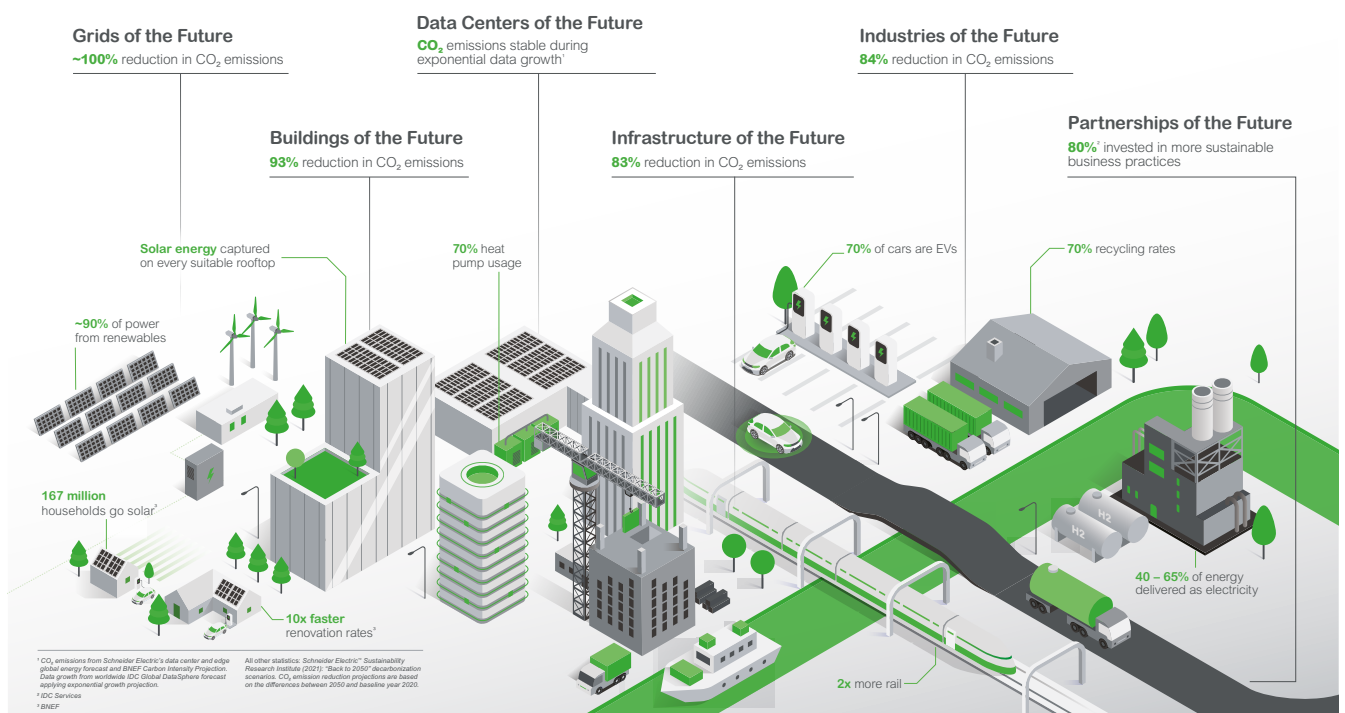
All Electric

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

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

More energy efficiency from better products and smarter use.

What net zero looks like in 2050



(1) Schneider Electric Sustainability Research Institute.

What we do

Industries of the Future

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

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

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

Innovations introduced in 2022 include:

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

Padania Acque

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

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

EcoStruxure™ for Water & Wastewater

Apps, Analytics, & Services

- EcoStruxure Water Cycle Advisor – Water Loss & Water Simulation
- AVEVA Work Tasks

Edge Control

- EcoStruxure GEO SCADA Expert
- Modicon™ PACs: M340/M580/M221

Connected Products

- LV smart panels
- Altivar drives
- SCADAPack RTU

96%
less energy and 95% less material needed for testing (Euro Machinery).

50%
faster changeover time and up to 40% cost savings (Livetech).

25%
less downtime and 40% less labor costs (Wilo Pumps Indonesia).

Buildings of the Future

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

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

Innovations introduced in 2022 include:

EcoStruxure™ Building Operation 2022

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

SpaceLogic™ Insight-Sensor

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

EcoStruxure™ Building Advisor

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

EcoStruxure™ Energy Hub

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

Citycon Lippulaiva – Helsinki, Finland

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

- 335 tCO₂/year (direct energy savings) emissions reduction.
- 14% reduction in energy costs.
- €3 million investment payback within five years.

EcoStruxure™ for buildings

Apps, Analytics, & Services

EcoStruxure
Building Advisor

EcoStruxure
Microgrid Advisor

Edge Control

EcoStruxure
Building Operation

EcoStruxure
Power Operation

Connected Products

MasterPactMTZ

PowerLogic Metering

50%

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

37%

Buildings account for 37% of the world's annual CO₂ emissions⁽¹⁾.

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

What we do



Homes of the Future

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

Make homes more sustainable

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

Make homes more resilient

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

Make homes more efficient

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

Make homes more personal

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

Innovations introduced in 2022 include:

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

KB Homes customer testimony

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

x2

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

20%

Homes contribute up to 20% of CO₂ emissions⁽³⁾.

54%

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

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

Infrastructure of the Future

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

Grids

Sustainable, flexible, efficient, and resilient power grids are fundamental to accelerate the energy transition. In addition to providing innovative electrical equipment, such as switchgear that uses pure air instead of the SF₆ greenhouse gas, the Group equips grid operators with data gathering, management, and analytics capabilities that unlock grids of the future. These digital grid transformations further enable the decarbonization of buildings, industry, and mobility.

Transportation infrastructure

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

Innovations introduced in 2022 include:

- **SM AirSeT and RM AirSeT** are digital MV switchgear ranges using pure air technology, eliminating the need for the SF₆ GHG.
- **EcoStruxure™ Grid Operation** is a scalable, future-proof software solution offering outage management and SCADA modules specifically tailored for small to medium-sized utilities. This modern technology that helps maximize reliability, resilience, and operational efficiency is easy to deploy and maintain while also serving as a foundation for a stepwise journey to Advanced Distribution Management Systems.
- **AVEVA™ Unified Operations Center for Renewables** is an enterprise visualization for creating intelligent operations centers based upon a system of systems approach.
- **ETAP Grid Code** is an end-to-end solution for the design, analysis, protection, optimization, operation, and maintenance of renewable energy systems.
- **EcoStruxure™ EV Advisor** is a platform for building owners and EV drivers to control EV charging remotely.
- **ETAP Train Power Simulation – eTraX™** is software for designing, analyzing, and managing AC and DC railway infrastructure.

80%
of global CO₂ emissions come from the production and consumption of energy⁽¹⁾.

60%
rise in CO₂ emissions from transportation by 2050 in absence of mitigation measures⁽²⁾.

Brookville Smart Energy Bus Depot

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

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

EcoStruxure™ for eMobility

Apps, Analytics, & Services

- EcoStruxure Microgrid Advisor
- EcoStruxure Power Advisor

Edge Control

- EcoStruxure Microgrid Operation
- EcoStruxure Power Operation

Connected Products

- PowerLogic
- MasterPactMTZ
- Energy Control Center

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

What we do

Data Centers of the Future

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

Critical attributes of evolving data centers:

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

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

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

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

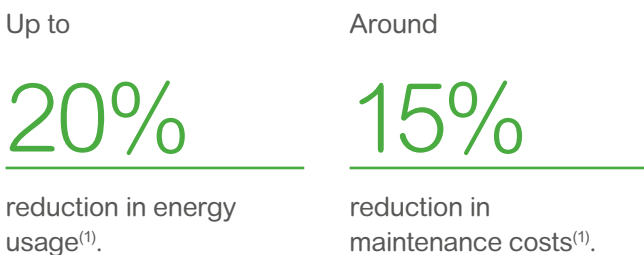
Innovations introduced in 2022 include:

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

Maintaining uptime means happy customers

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

Christopher Perez, Advisor for Enterprise Technology, Puget Sound Energy



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

EcoDataCenter

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

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



Apps, Analytics, & Services



EcoStruxure IT Advisor



EcoCare

Edge Control



EcoStruxure IT Expert

Connected Products



Row Data Center Galaxy™



Uniflair™



Modular Data Center APC SmartUPS™



Partnerships of the Future

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

Building a sustainable future together

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

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

First-ever Sustainability Impact Awards

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

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



Innovations introduced in 2022 include:

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

650k

Partners and Service Providers Co-innovate and exchange.

10+

mySchneider Partner Programs Curated content, tools and training.

3.5k+

EcoXpert partners to implement solutions worldwide.

A changemaker for sustainability

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



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

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

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

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

1. Do well to do good and vice versa



Performance

The foundation for doing good



Business

Part of the solution



All ESG

Dimensions

2. Bring everyone along



Model & culture

Set up for global and local impact



All stakeholders

in your ecosystem

An Impact model recognized in external ratings



Platinum medal recognizing top 1% performance among 100,000+ companies.



The only company in its sector listed as A List 12 years in a row.

A Global 100 Most Sustainable Corporation

Schneider has been featured on Corporate Knights’ Global 100 list of sustainability leaders every year since 2012, ranking #4 in 2022.



Terra Carta Seal obtained in 2022, the guiding mandate for the Sustainable Markets Initiative.

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

#1 among industry peers, scoring 90 out of 100 in the latest S&P Global Corporate Sustainability Assessment.



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

Our 2025 sustainability commitments

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

Act for a **climate-positive** world

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



Be efficient with **resources**

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



Live up to our principles of **trust**

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



Create **equal** opportunities

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



Harness the power of all **generations**

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



Empower **local** communities

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



Our unique transformation tool

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

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

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

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

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

2021 – 2025
SCHNEIDER SUSTAINABILITY IMPACT

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

Proud of 2022's sustainability achievements

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

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

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

SCHNEIDER SUSTAINABILITY IMPACT

4.91/10

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

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

(1) The baseline year is indicated in front of each SSI baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
 (3) Per Schneider Electric definition and methodology. Note that for the reporting requirements under the European Taxonomy Regulation, please refer to the 2022 Universal Registration Document.
 (4) Calculation methodology for SSI #8 has been expanded in Q2 2022 to include blue collar managers in the scope of front line managers. Due to this methodological change, the 2020 baseline for front line managers has been recalculated to 23% instead of 25%.

Climate

New Net-Zero target validated by SBTi

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



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Resources

100% sustainable packaging for our Wisser range

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



Trust

Launch of the Decent Work program

The Decent Work Program focuses on engaging suppliers to protect worker rights, going beyond the regulatory requirements and prevailing normative practices. The initiative is aimed at implementing preventive controls that act as an additional buffer against any potential violations and reduce the likelihood of any malpractices.



Equal

Clean electricity for essential facilities in India

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



Generations

Go Green Winners

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

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



Local

Supporting Schneider Electric employees in Ukraine

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



2023 outlook and target

Expected trends in 2023

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

2023 Target

The Group sets its 2023 financial target as follows:

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

The target would be achieved through a combination of organic revenue growth and margin improvement, currently expected to be:

- Revenue growth of **+9% to +11% organic**
- Adjusted EBITA margin up **+50bps to +80bps organic**

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

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

2022–2024 Targets:

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


Longer-term ambitions:

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

Governance


Our Board of Directors

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



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

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

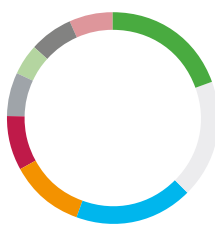


Fred Kindle
Vice-Chairman & Lead Independent Director
64 years, Swiss

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


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

Board expertise




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


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




Léo Apotheker
Director
69 years, French & German




Nive Bhagat
Independent Director
51 years, British




Cécile Cabanis
Independent Director
51 years, French




Rita Felix
Employee Director
40 years, Portuguese




Linda Knoll
Independent Director
62 years, American




Jill Lee
Independent Director
59 years, Singaporean




Xiaoyun Ma
Employee Shareholders Director
59 years, Chinese




Anna Ohlsson-Leijon
Independent Director
54 years, Swedish




Anders Runevad
Independent Director
63 years, Swedish




Gregory Spierkel
Independent Director
66 years, Canadian




Lip-Bu Tan
Independent Director
63 years, American



Bruno Turchet
Employee Director
49 years, French



Abhay Parasnis
Observer
48 years, American



Giulia Chierchia
Observer
44 years, Belgian & Italian

Board committees

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

Activities of the Board in 2022

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

Business and financial results

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

Strategy and investment

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

Risks and compliance

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

Corporate governance

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

Board committees

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

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

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

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

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

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

Governance

A new governance effective on May 4, 2023

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

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

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

Fred Kindle, Vice-Chairman & Lead Independent Director

Roles and Responsibilities	Vice-Chairman & Lead Independent Director	Chief Executive Officer
<p>Chairman</p> <ul style="list-style-type: none"> • Organizes and directs work of Board, presides over AGMs • Supports the Company in its high-level relations with select stakeholders (notably in Asia), in coordination with CEO • Promotes Company’s values and culture in particular in relation to Environmental, Social and Governance • Advises CEO, notably on strategic, human capital and leadership development matters 	<ul style="list-style-type: none"> • Consulted by the Chairman on agenda and sequence of events for Board meetings • Has the ability to require that the Chairman convene a Board meeting • Deals with any possible conflicts of interest • Carries out annual assessments of the Board 	<ul style="list-style-type: none"> • Has sole authority to bind the company toward third parties • Defines and proposes the Strategy • Manages the Company • Runs the Business • Develops human capital and leadership

Mr. Peter Herweck, incoming Chief Executive Officer



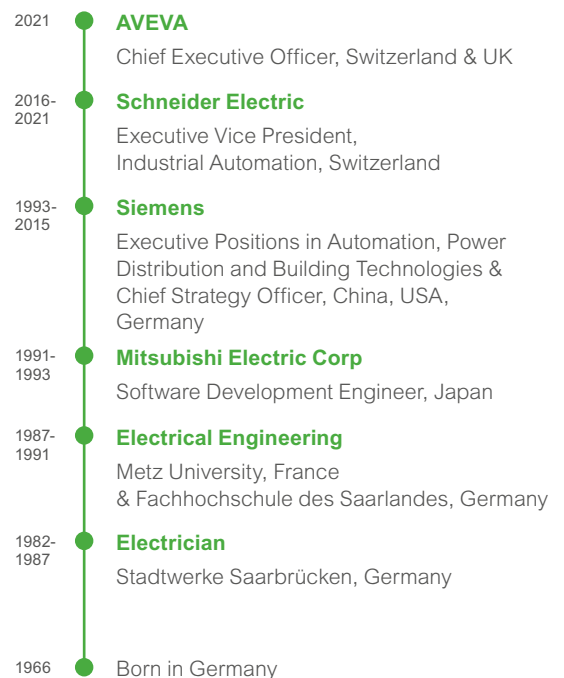
“Passionate about technology driving efficiency and sustainability, allowing both progress and decarbonization.”

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

Biography


















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

Timeline










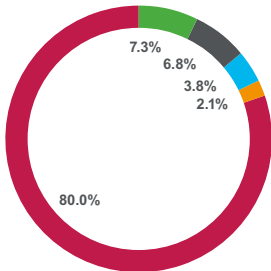


Our Executive Committee

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

				
Jean-Pascal Tricoire Chairman & Chief Executive Officer 59 years, French	Hilary Maxson Chief Financial Officer 44 years, American	Charise Le Chief Human Resources Officer 50 years, Chinese	Chris Leong Executive Vice-President Chief Marketing Officer 55 years, Malaysian	Hervé Coureil Chief Governance Officer & Secretary General 52 years, French
				
Mourad Tamoud Executive Vice-President Global Supply Chain 51 years, French	Nadège Petit Executive Vice-President Innovation 42 years, French	Gwenaëlle Avice-Huet Chief Strategy & Sustainability Officer 43 years, French	Peter Weckesser Chief Digital Officer 54 years, German	Annette Clayton Chief Executive Officer North America 59 years, American
				
Philippe Delorme Executive Vice-President Europe Operations 51 years, French	Laurent Bataille Executive Vice-President France Operations 44 years, French	Manish Pant Executive Vice-President International Operations 53 years, Indian	Aamir Paul Executive Vice-President North America Operations 45 years, American	Zheng Yin Executive Vice-President China & East Asia Operations 51 years, Chinese
		<p>Key</p> <ul style="list-style-type: none"> — Global functions — Operations — Business 		
Barbara Frei Executive Vice-President Industrial Automation 52 years, Swiss	Olivier Blum Executive Vice-President Energy Management 52 years, French	<ul style="list-style-type: none"> • 41% women • 53% non-French members • 7 different nationalities from 3 different continents 		

Our Stakeholder Committee

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

			
Jean-Pascal Tricoire Chairman & Chief Executive Officer 59 years, French	Bertrand Piccard Chairman of Solar Impulse Foundation 64 years, Swiss	Lan Xue (Dr.) Cheung Kong Chair Distinguished Professor and Dean of Schwarzman College in Tsinghua University 63 years, Chinese	Amani Abou-Zeid (Dr.) African Union Commissioner in charge of Infrastructure, Energy, ICT and Tourism 61 years, Egyptian
			<p>Our Shareholders</p>  <ul style="list-style-type: none"> ● BlackRock, Inc. ● Sun Life Financial Inc. ● Employees ● Treasury shares ● Public
Linda Knoll Director of Schneider Electric SE, Human Resources & CSR Committee Chair 62 years, American	Rita Felix Employee Director of Schneider Electric SE 39 years, Portuguese	Salvo Lombardo Former Chief of Staff, UNHCR 63 years, Italian	
			
Emily Reichert (Dr.) CEO, Greentown Labs 48 years, American	Michela Conterno CEO, LATI 47 years, Italian		

Governance

Our Executive compensation

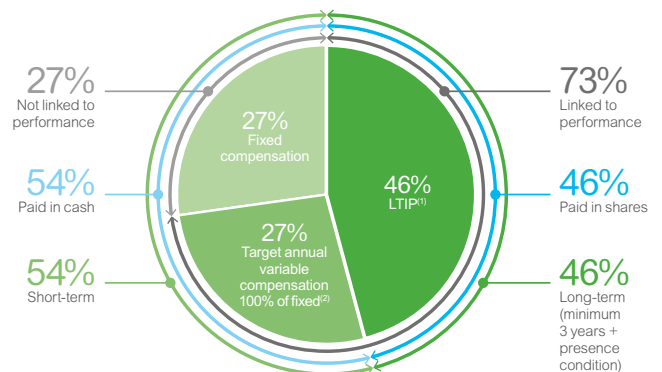
The general principles underlying the compensation policy for Corporate Officers and the analysis of their contribution to the Group's performance are reviewed and approved by the Board of Directors based on the recommendation of the Governance & Remunerations Committee. Executive compensation set by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



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

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

Balance between compensation elements



Group's strategic priorities

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

How the strategy links to the corporate officers' variable compensation

Annual incentive plan

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

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

Long-term incentive plan

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

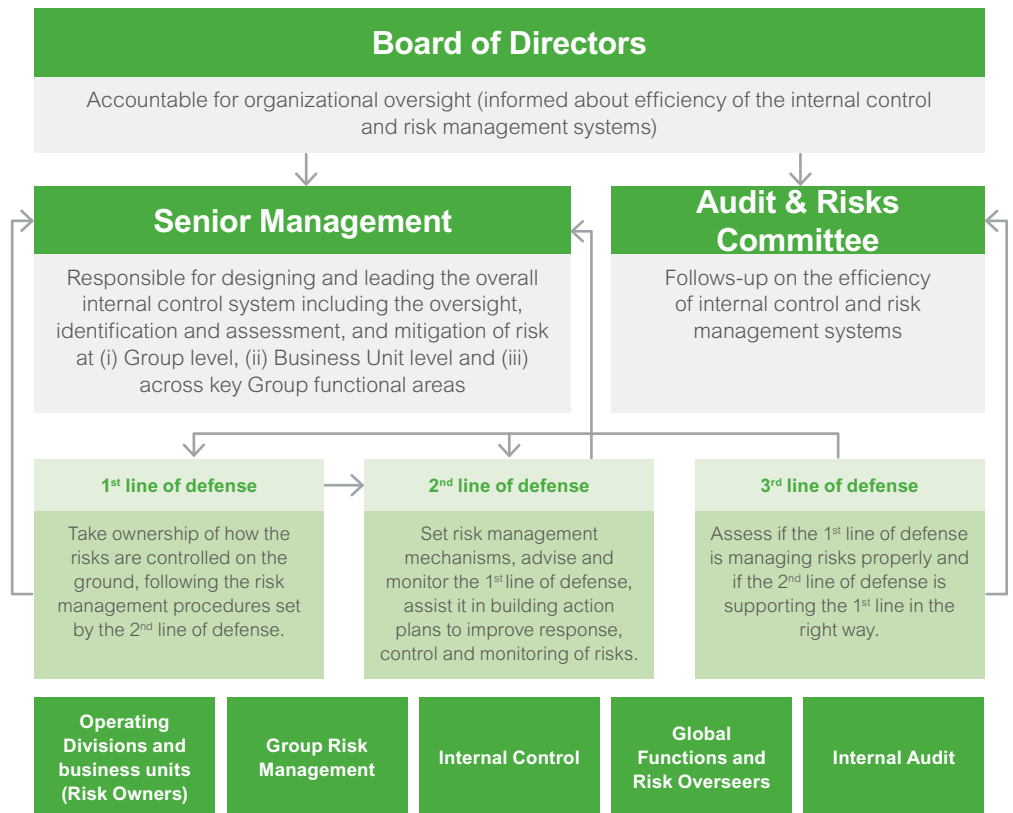
Adjusted Earnings Per Share	Relative Total Shareholder Return	Schneider Sustainability External & Relative Index
40%	35%	25%

Our Enterprise Risk Management

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

An Enterprise Risk Management based on the three lines of defense model

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



Key Risks

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

Key to symbols

- High impact
- Medium impact
- Low impact

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

Categories and Risks

1 Event triggered risks

1.1	Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners)	●
1.2	Export controls	●
1.3	Product quality	●
1.4	Competition laws	●
1.5	Corruption linked to B2B and project business	●
1.6	Human rights, environmental, and safety issues through the value chain	●
1.7	Counterparty risk	●
1.8	Currency exchange risk	●

2 Trend driven risks

2.1	Operational disruption due to global political and economical disruptions	●
2.2	New competitive landscape on energy, technologies, and business models	●
2.3	Supply chain resilience	●
2.4	Evolution of software and digital services offers	●
2.5	Attracting and developing talent with a focus on critical skills	●
2.6	Risk related to the environmental performance of the Group	●
2.7	Natural resource crises: Shortage of resources used in Schneider Electric's products or in manufacturing	●

3 Management practice risks

3.1	Data residency	●
3.2	IT systems management	●
3.3	Pricing strategy	●

Potential net impact

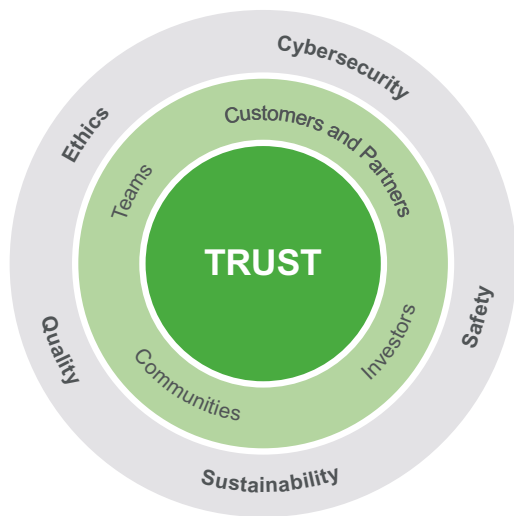
Proud to be one of the most ethical companies

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

Trust Charter, Schneider Electric’s Code of Conduct

Schneider Electric Trust Charter acts as the Group’s Code of Conduct and demonstrates its commitment to ethics, safety, sustainability, quality, and cybersecurity. Schneider Electric believes that trust is a foundational value. It is earned. It serves as a compass, showing the true north in an ever more complex world and Schneider Electric considers it to be core to its environment, sustainability, and governance commitments.

Trust powers all Schneider Electric’s interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive, and positive way. It is implemented via the Ethics & Compliance program with responsibilities at Board, executive, corporate, and operational levels.



 Access our Trust Line on www.se.com

Our Speak Up Mindset

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

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

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

Training and empowering all employees

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

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

2022 achievements

15,000+

employees participated in the first Trust Month event.

97.5%

of all employees completed the Schneider Essentials trainings.

2

New policies have been published: the Decent Work and Philanthropy policies.



Ethisphere Institute – One of the 2022 World’s Most Ethical Companies for the 12th year.

Schneider Electric’s vigilance plan

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

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

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

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

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

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

Risk areas	Main risk identified	Main mitigation actions	Risk level
Schneider Electric sites	<ul style="list-style-type: none"> • Cybersecurity: only high risk for the Group’s sites, as Schneider Electric is a supplier of connected and digital solutions, thus a potential target for cyberattacks aimed at its customers’ systems 	Training sessions Cybersecurity Leaders Incentive for plant managers Annual review of policies Cyber Badges	
Suppliers	<ul style="list-style-type: none"> • Human rights: most frequent issues concern decent working hours, paid leave, and proper resting time. • CO₂ emissions: notably coming from the transformation and transportation of raw materials. • Pollution: for some categories of substances purchased, such as solvents 	Supplier Code of Conduct Supplier Vigilance Plan (SSE #17) ISO 26000 assessments The Zero Carbon Project (SSI #3) Green materials (SSI #4) Decent Work program (SSI #6) Sustainable Packaging (SSI #5)	
Contractors	<ul style="list-style-type: none"> • Health and safety: physical injuries that can happen during construction, or when doing services and maintenance operations • Business ethics: mostly related to potential corruption, conflict of interest, and integrity due to the contractual nature of this activity. 	On-site audits Training on anti-corruption and Business Agent Policies Project follow-up Selection process adapted to our Vigilance Plan	
Local communities	<ul style="list-style-type: none"> • Communities living around Schneider Electric sites (factories, offices, etc.) have a limited risk exposure because operations are usually located in large, well-structured urban areas. 	Vigilance risks assessments Project reviewed according to involvement and mitigation capabilities	

Risk level: Low to Medium Medium to high High

2022 achievements

Top 25%

in external ratings for Cybersecurity performance.

250,000

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

2,000+

suppliers assessed under our vigilance plan since 2018.

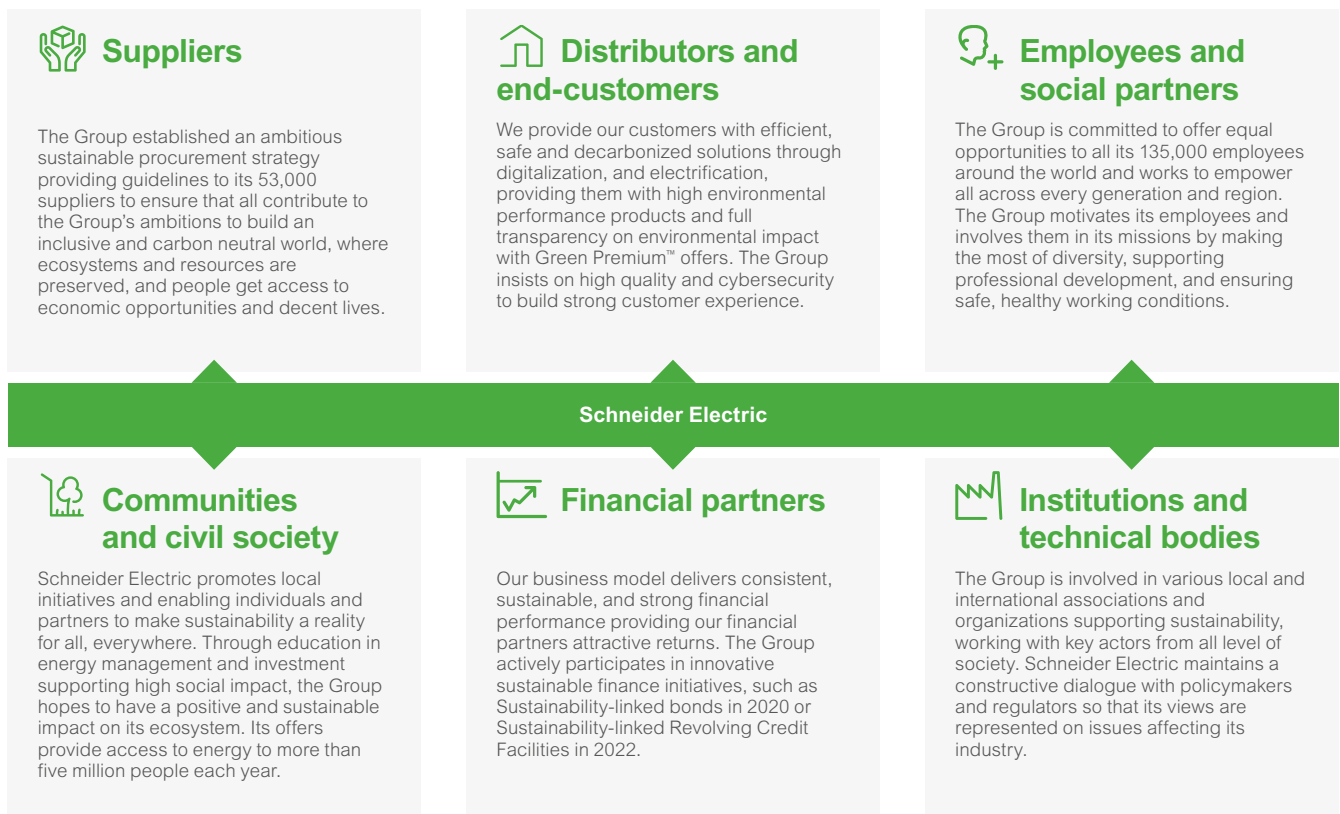
Our Stakeholders

Sharing sustainable value with our stakeholders

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

Stakeholders in our ecosystem

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



Stakeholders' top four expectations

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

1.

Leading climate action in our ecosystem with our partners.

2.

Pioneering circular economy and being efficient with resources.

3.

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

4.

Leveraging digital in cybersecure solutions to boost positive impact.

Committed with our partners



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

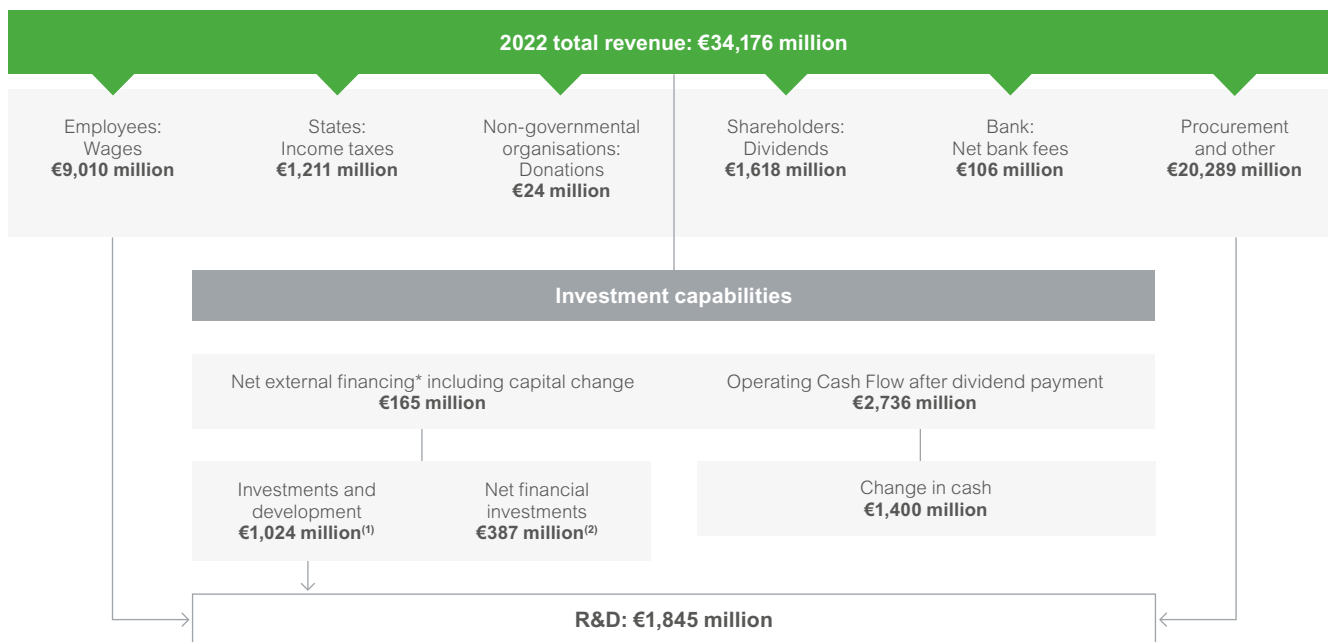
Schneider Electric joined the Global Compact in 2002, and our CEO was appointed to the worldwide Board in 2018. The Group aligns its sustainability strategy with the UN 10 principles on human rights, labour, environment and anti-corruption. As a signatory, Schneider Electric upholds its responsibility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

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

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

Revenue breakdown by stakeholder

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



* Borrowings, capital increases and treasury stock disposals.

(1) Of which €357m in R&D.

(2) Of which €130m for long-term pension assets.

Great people make a great company

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

People Strategy in the next normal

The world is moving fast and is at an inflection point: the desire for climate neutrality and energy transition are driving our business strategy and pushing the Group towards sustainable growth. At the same time, digital transformation and changing social needs are demanding greater inclusion. The post-pandemic world followed by ever growing supply chain constraints due to geopolitical issues are creating more opportunities for Schneider Electric to be the most local of global companies.

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

- **Organizational agility** – a growth and innovation culture, enabled by a leaner, agile and multi-hub/multi-local structure, customer proximity, and fast decision making, supported by new ways of working.
- **Future ready talent** – a diverse, empowered, and digitally skilled team. All talents develop current and future skills through a personalized experience to realize their potential.
- **Leadership Impact** – leaders deliver impact on results and transformation through disruption, collaboration and inclusion. They build great teams, coach and care to achieve together.

Committed to Schneider Great People

Schneider Electric’s great people are passionate about our meaningful purpose. The Group motivates its employees and promotes their involvement by making the most of its diversity, supporting professional development, and ensuring safe, healthy working conditions. Its ultimate ambition is to deliver higher performance and greater employee engagement, through world-class people practices that are supported by a multi-hub model.

By 2025, Schneider Electric has committed to creating equal opportunities and harnessing the power of all generations. It will achieve this by ensuring all employees are uniquely valued in an inclusive work environment and by fostering learning, upskilling and development for each generation. In regards to this commitment, the Group launched in 2021 the senior talent program to accompany employees in the later stages of their career which accelerates the transfer of knowledge and skills across all generations, and serves as a great enabler to a just transition.

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

Our Employee Value Proposition

MEANINGFUL	INCLUSIVE	EMPOWERED
<p>Our mission is to be your digital partner for Sustainability and Efficiency.</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>We adhere to the highest standards of governance and ethics.</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>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 judgment, do the best for our customers, and make the most of their energy.</p>

2022 achievements

81%

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

x1.33

hiring opportunities for interns, apprentices, and fresh graduates.

77%

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

62%

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

Local sustainability commitments

As part of the 2021 – 2025 Schneider Sustainability Impact, we promote local initiatives and enable individuals and partners to make sustainability a reality for everyone, everywhere. 100% of Schneider Electric’s Country and Zone Presidents have defined three local commitments that impact their communities in line with our sustainability transformations. Close to 200 local programs have been deployed since 2021; here are a few examples of initiatives being implemented to drive quick and disruptive changes.



USA

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



France

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



China

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



Brazil

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



North East Africa

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



India

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

 Check our local commitments on www.se.com

Acting for a climate-positive world and preserving resources

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

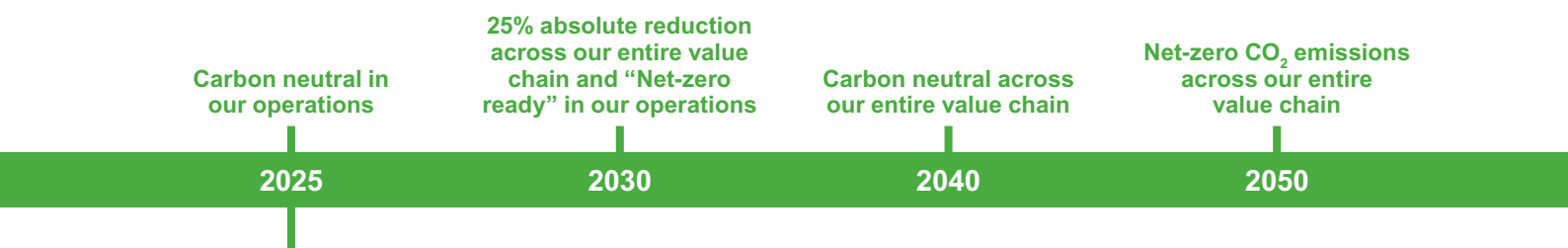
Climate & Resources strategy

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



Schneider Electric was one of the first companies to have its Net-Zero targets validated by the most recent SBTi “Corporate Net-Zero Standard” in August 2022. The Group is committed to be “Net-Zero Ready” in its operations and to reduce by 25% its scope 3 emissions by 2030, and to be Net-Zero across its full value chain by 2050. In addition, as an intermediary milestone, by 2040, the

Group will be carbon neutral along its full value chain. With its resource programs, the Group aims to minimize the volume of resources it needs and optimize the use of these resources. The current linear systems and existing infrastructure are not adequate to maintain, collect, and redistribute materials effectively for a global circular economy. As a result, waste, including plastics and e-waste pollutes our land, and the world continues to deplete the limited natural resources. Schneider Electric embraces circular economy principles all along the lifecycle of products and offers.

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



2021 – 2025 initiatives to act for climate & preserve resources

Suppliers	Operations	Customers/Society
 <p>SSI #3 Reduce CO₂ from suppliers operations</p> <p>SSE #4 Improve CO₂ efficiency in transportation</p>	<p>SSE #1 Transition to Zero-CO₂ sites</p> <p>SSE #3 Source renewable electricity</p> <p>SSE #5 Improve energy efficiency</p> <p>SSE #7 Switch to electrical vehicles</p>	<p>SSI #1 Grow our impact revenues</p> <p>SSI #2 Save and avoid CO₂ emissions for customers</p> <p>SSE #2 Substitute products using SF₆</p>
 <p>SSI #4 Use green materials in our product</p> <p>SSI #5 Switch to sustainable packaging</p> <p>SSE #10 Avoid primary resource use</p>	<p>SSE #8 Deploy local biodiversity programs</p> <p>SSE #9 Make waste a resource</p> <p>SSE #11 Deploy water conservation action plans</p>	<p>SSE #6 Product revenues covered by Green Premium™ eco-label</p>

2022 achievements

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

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

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

77
Zero-CO₂ sites helping us decarbonize our operations.

Delivering social impact for a just transition

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

Bringing access to green electricity

Today, more than two billion people have little or no access to electricity, representing one in four of the world's population. At Schneider Electric, we believe that access to energy is both a fundamental right and a means for social and economic development. Specifically, access to green electricity offers a chance to live a better life, because it can have a positive multiplier effect on all socio-economic dimensions of the individual or community: livelihood, health, education, security, and empowerment of women, while fighting against climate change by replacing fossil solutions.

We call this Electricity for Life and Electricity for Livelihood.

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

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

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



Empowering youth by education and entrepreneurship

For more than 20 years, training and entrepreneurship have been the historical mission of the Schneider Electric Foundation, under the aegis of Fondation de France. The Group's ambition is to train one million people by 2025 for energy-related professions. The Youth Education & Entrepreneurship program aims to give all young people the means to build solutions for a better life, contribute to a fairer, low carbon society, and transform the world.

By providing funding, our expertise, volunteering our time and collaborating with our partners on the ground, we are empowering younger generations and the broader community to achieve a better future through sustainable development.

Our work is divided into three main areas:

1. Support access to qualitative jobs through vocational and entrepreneurship training in the energy field.
2. Learn new skills for the future, technical and soft, giving younger generations the boost they need to succeed and build the world of tomorrow.
3. Create the right ecosystem to spread entrepreneurial spirit and encourage innovation, enhancing younger generations to define their future and take part in social and environmental challenges.

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

2022 achievements

41,000+

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

397,000+

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

40M

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

€1.9M

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

Sustainable relations with suppliers

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

Supply chain and procurement visions

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

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



Building a Sustainable Procurement Strategy

Schneider Electric aims to collaborate with its global supplier network for an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives. To achieve this, the Group:

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

Holistic monitoring approach

To complete the Group's commitment to environmental and social topics, it established a transversal governance mechanism to proactively screen, identify and mitigate sustainability risk from suppliers and embed preventive controls into the procurement processes and integrate in the day-to-day operations.

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

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

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

2022 achievements

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

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

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

ecovadis
Best value chain engagement award from Ecovadis.

Sustainability and efficiency for Customers

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

Green Premium™ offers

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

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

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

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

Strive for Premium Quality

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

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

Strive for Resiliency

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

Strive for trust in Cybersecurity, Data Privacy and Protection

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

2022 achievements

440M

tonnes of CO₂ saved and avoided for customers since 2018 (+93M vs 2021).



Gold medalist during the first participation to CyberVadis.

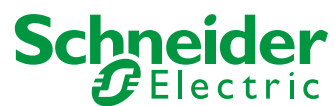
80.2%

of our product revenue covered by Green Premium™.

24

recalled products from our customers.

Life Is On



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