IMPACT Company

2023 Natural Resources Report

The Next Frontier: Industrial Tech for Sustainable Impact

Life Is On | Schneider Electric

se.com

Being efficient with resources

In this section

Context and the Group's commitment

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

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

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

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

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

Mourad Tamoud
Chief Supply Chain Officer

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

Progress of our Resources commitments

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

These programs contribute to UN SDGs

(1) The baseline year is indicated in front of each SSI baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third-party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2023 Universal Registration Document). The 2023 performance is also discussed in more details in each section of this report.

2023 Highlights

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

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

Long-term roadmap

2030

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

An “Impact Maker” 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.

IMPACT Company

At Schneider Electric, we pride ourselves on 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 the ecosystem

An Impact model recognized in external ratings

PLATINUM Top 1% ecovadis Sustainability Rating FEB 2024

In top 1% performance among 100,000+ companies, achieving Outstanding level

CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE

The only company in its sector listed as A List 13 years in a row

Corporate Knights: A Global 100 Most Sustainable Corporation

Schneider has been featured on Corporate Knights’ Global 100 list of sustainability leaders every year since 2012, ranking 7th in 2023

Moody’s ESG Solutions

Schneider is part of the Euronext Vigeo World 120, Europe 120, Euro 120, France 20 and CAC40 ESG indices

Dow Jones Sustainability Indices

#1 among industry peers, scoring 88 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 today 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 2023, the Group obtained a "reasonable" assurance for SSI #8.

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

1 Governance and environment policy

1.1 Environmental governance

Because Schneider Electric builds products that can help people and businesses decarbonize and digitize, environmental sustainability is core to every step of the cradle-to-cradle product lifecycle. The Group works to minimize the environmental impact of how it designs, manufactures, delivers, and maintains its products. The Group also engages with partners and suppliers on the materials it uses, and integrates strict social and environmental accountability standards that address considerations around business ethics, human rights, and environmental impact.

Schneider's environmental performance is delivered with the involvement of its strategy, Research & Development (R&D), Manufacturing, Procurement, Finance, Human Resources, Transportation, Sales, Marketing, and Services teams. This environmental performance is core to the customer value proposition, and is reported and discussed during leadership meetings of concerned entities, including the Global Supply Chain, the Decarbonization Committee, the Low-carbon Product Design Committee, the Board Audit & Risks Committee, the Board of Directors, the Executive Committee, the Governance, Nominations and Sustainability Committee, and with the Function Committee.

The environmental transformations are driven by a global network of over 600 managers and experts responsible for the environmental management of sites, countries, product design, and marketing. The network of leaders driving environmental transformations consists of the following:

- **For the design and development of new offers:** Sustainable Offers managers and leaders in each business are in charge of integrating key environmental considerations into the development of new products and producing expected environmental information for customers.
- **For the management of industrial, logistics, and large tertiary sites:** Safety, Environment, and Real Estate Vice-Presidents are nominated in each region, with dedicated teams. They are responsible for implementing the Group's policies across all sites in their geographical remit. In each region, directors coordinate teams across a group of sites (clusters), as well as on site. These environmental and safety leaders are in charge of reporting on performance as well as executing environmental progress plans in the field.
- **For logistics:** The Logistics Senior Vice-President and his/her teams within the Global Supply Chain department are in charge of measuring and reducing CO_2 emissions from freight at Group level.
- **For countries and commercial entities:** Environment and safety champions are appointed in each country and are responsible for local reporting actions where necessary; monitoring regulations, taxes, and national opportunities as applicable (e.g., national transcriptions of the Waste from Electrical and Electronic Equipment (WEEE) in relation to end-of-life product management, and monitoring national substance regulations such as China Restriction of Hazardous Substances (RoHS); the proactive management of local environmental initiatives; and finally, relations with local stakeholders.
- **Electrifier program:** Formerly known as "Edison", this program aims to recognize employees with remarkable achievements, expertise and leadership. Offering them opportunities to contribute to strategic busness drivers across different realms. Read more in Section 2.5.3.8 on page 230 of the 2023 Universal Registration Document.

Various governance bodies enable those communities to meet every month or quarter to ensure consistent adoption of environmental policies and standards throughout the Group. This network has access to a wide range of resources including standards, policies, best practices, benchmarks, and guidelines, all of which are shared on the dedicated intranet site and databases.

1.2 Group policy

Schneider Electric's operational environment strategy aligns with its broader sustainability strategy. The Group's ambition is to operate sustainably within the limits of the planet and reconcile beneficial global economic growth and progress with the need for environmental preservation and regeneration.

Within its Global Environment Policy, Schneider Electric sets operational goals that emphasize the steps necessary to help advance towards its ambition. These goals are:

- Continuously improve the environment management system and meet compliance obligations (see section 5 on page 19).
- Continue protecting the environment, preventing pollution, limiting emissions, and promoting biodiversity (see section 2 on page 5).
- Decouple our supply chain from natural resource consumption (see section 4 on page 14).

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

2 Minimize the Group's impacts and dependencies on nature

2.1 Context

A sustainable future for people and economies will only be possible if nature, climate, and people are valued in an integrated way. Climate change is among the main drivers of biodiversity loss, while nature is part of the climate solution. If the limit of warming of 1.5°C becomes impossible to reach, climate change will likely become the dominant cause of biodiversity loss in the coming decades. WWF "Living Planet Report 2022"[1] points out that rising temperatures are already driving mass mortality events, as well as the first extinctions of entire species: it shows an average 69% drop in monitored vertebrate wildlife populations between 1970 and 2018. Every degree of warming is expected to increase these losses and the impact they have on people.

In 2020, analysis by the World Economic Forum (WEF)[2] revealed that out of 163 industry sectors and their supply chains, more than half of the world's Gross Domestic Product – USD 44 trillion of economic value generation – is moderately or highly dependent on nature and its services. Pollination, water quality, and disease control are three examples of the services an ecosystem can provide. As nature loses its capacity to provide such services, the economy could be significantly disrupted. This report found that many industries have significant "hidden dependencies" on nature in their supply chain and may be more at risk of disruption than expected.

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

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

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

2.2 Risks and opportunities

When considering this "climate-nature nexus", Schneider Electric recognizes the inability to mitigate – or adapt to – the impacts of climate change without protecting, restoring, and enhancing the global stocks of nature. The Group used the TNFD framework to conduct a double materiality assessment: impacts and dependencies; and risks and opportunities related to nature. The double materiality approach looks at the two-way interaction with nature: how nature impacts a company and its operations, but also how the operations of a company impact nature.

Schneider Electric assesses periodically its impacts and dependencies on the four realms of nature defined by TNFD (land, ocean, freshwater, and atmosphere), and five main drivers of nature change: climate change, resource exploitation, land and sea use change, pollution, and invasive alien species.

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

2.3 The Group's commitment

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

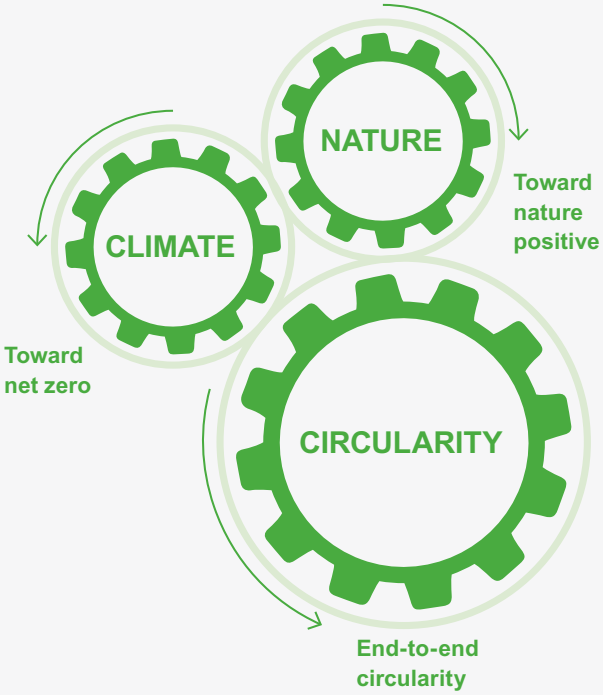
Schneider Electric's commitments to act4nature international:

1. Quantify and regularly publish the assessment of the Group's impacts on biodiversity.
2. Commit to reduce Schneider's impacts and align biodiversity objectives with science.
3. Develop solutions and technologies that contribute to the preservation of biodiversity.
4. Engage and transform the value chain.
5. Act locally, engaging employees and partners. (Refer to section 5.6 on page 23 for more details on Schneider Electric's site level actions)

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

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

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



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

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

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

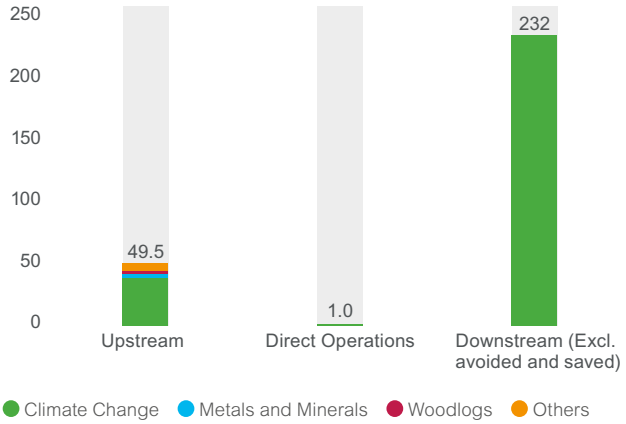
2.4 Biodiversity footprint measurement

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

The GBS gives detailed and modular results which can be split by input line (for example, by raw materials such as metal, plastic, or timber), by pressures on biodiversity (such as land use, climate change, fragmentation, or encroachment), or it can be presented by scopes in Mean Species Abundance per square kilometer (MSA.km²). Synthetic, easy to understand, and widely available, this metric has the potential to become the international standard.

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

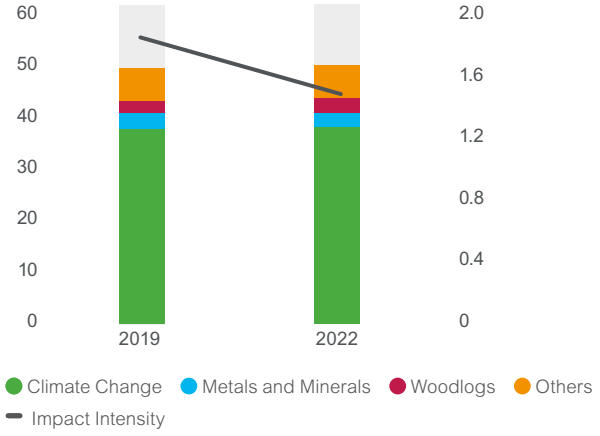
Schneider Electric's 2022 terrestrial dynamic footprint by scope (in MSA.km²)



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

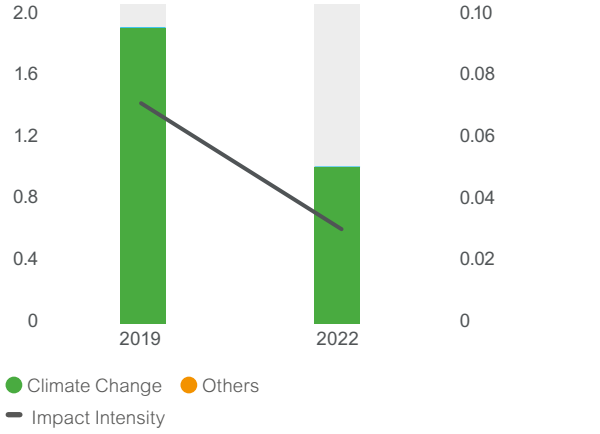
The study also highlights land-use change driven impacts are mostly material upstream of the Group's supply chain, with raw materials of concern being copper, steel, and aluminum, and packaging – timber, card, and plastic. This underscores the importance of the interconnections with green materials,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

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



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

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



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

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

- **Reduce greenhouse gas (GHG) emissions** in the Group's own operations and in the supply chain. Climate change is one of the major pressures on biodiversity globally and is the Group's main impact on biodiversity (over 70%). Therefore, Schneider's Net-Zero commitment will have a significant impact on reducing the Group's pressure on biodiversity.

More details on Schneider's climate programs and achievements are presented in section 2.3 on pages 154 to 183 of the 2023 Universal Registration Document.

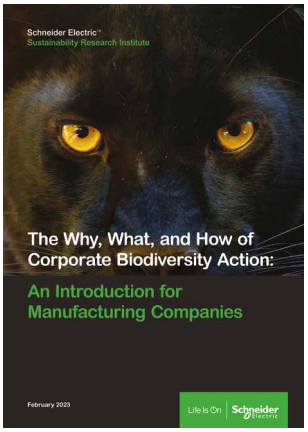
- **Reduce the "land use" due to the extraction of raw materials.** The main driver of land use is the extraction of wood and metals. Wood is mainly used for packaging purposes (cardboard, pallets, boxes); metals are the core of the Group's products (silver, copper, steel, aluminum, etc.). Greater transparency and access to data on end-to-end supply chain is key to understand how to minimize the Group's impacts and dependencies on nature. Nevertheless, whether on climate or nature, data quality should not get in the way of necessary immediate action. Schneider made several commitments:
  - Source 100% deforestation-free wood by 2030.
  - Source 50% "green materials" in its products by 2025 (SSI #4).
  - Use 100% of sustainable primary and secondary packaging by 2025 (SSI #5).

2.5 Using the Group's voice to share learnings

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

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

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



3 End-to-end circularity

3.1 Context

Circularity is a greenfield growth opportunity for Schneider Electric. Today, 80% of product revenues are covered by GreenPremium™ (see section 3.5 on page 11), ~19% revenue comes from software and services, and through continued growth of our ranges covered by the repacked and refurbished label, 22% of our product families have at least one circular option available. This expansion into new markets is driven by innovation such as artificial intelligence-based maintenance which enables customers to maximize the value of their assets and provides recurring revenue to Schneider.

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

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

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

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

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

3.2 Our Vision

Our approach

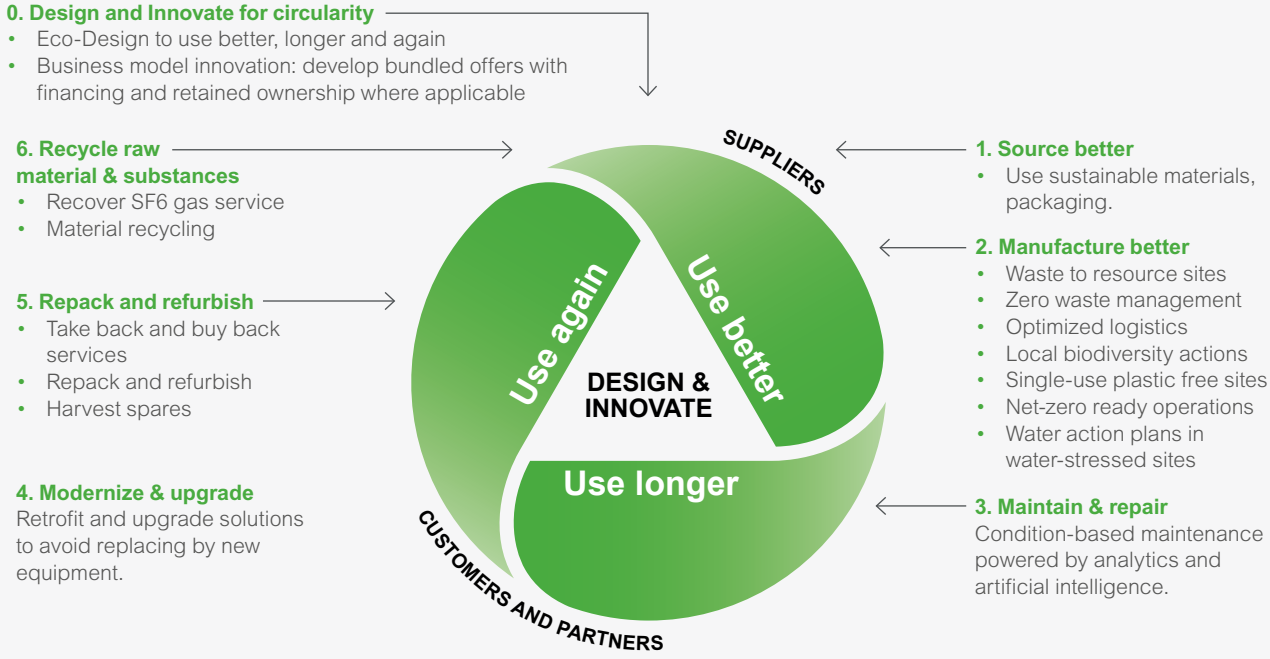
Vision: to decouple business growth from resource extraction while meeting our net-zero nature positive targets.

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

Strategic layers:

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

End-to-end circularity at Schneider Electric



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

3.3 Innovating through business models

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

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

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

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

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

3.4 EcoDesign for circularity

At Schneider Electric, every product or solution fulfills strict environmental performance. The Group has embraced a circular approach throughout the lifecycle of its products and aims to design products with minimal material footprint and maximal lifetime value. Implementing a circular model that minimizes waste requires interventions across the value chain – innovative design, materials, service business models, reuse and redistribution processes, collection, and more.

Circularity is a key enabler and lever to climate change mitigation and biodiversity preservation. With circularity in mind, the Group can maximize the value retention of everything it produces through the products' lifetime.

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

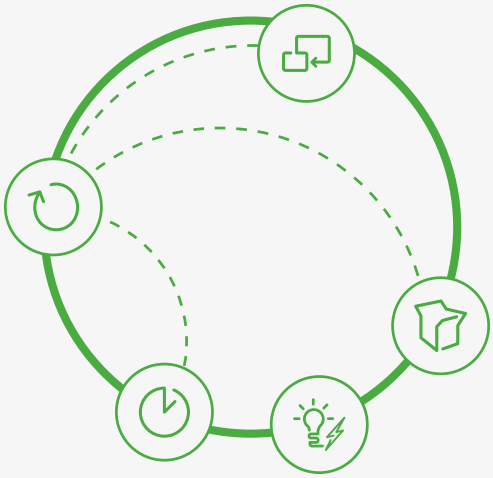
In 2015, to respond to customers' growing demand for products with a smaller environmental footprint, and to embed circular principles in its products and offers, Schneider Electric adopted EcoDesign Way™, a process to understand and manage the environmental impact throughout the lifecycle of products,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

EcoDesign Circularity

Recirculation
Ensure products, parts and materials have multiple lives.

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

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



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

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

Being efficient with resources

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

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

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

EcoDesign in business strategy:

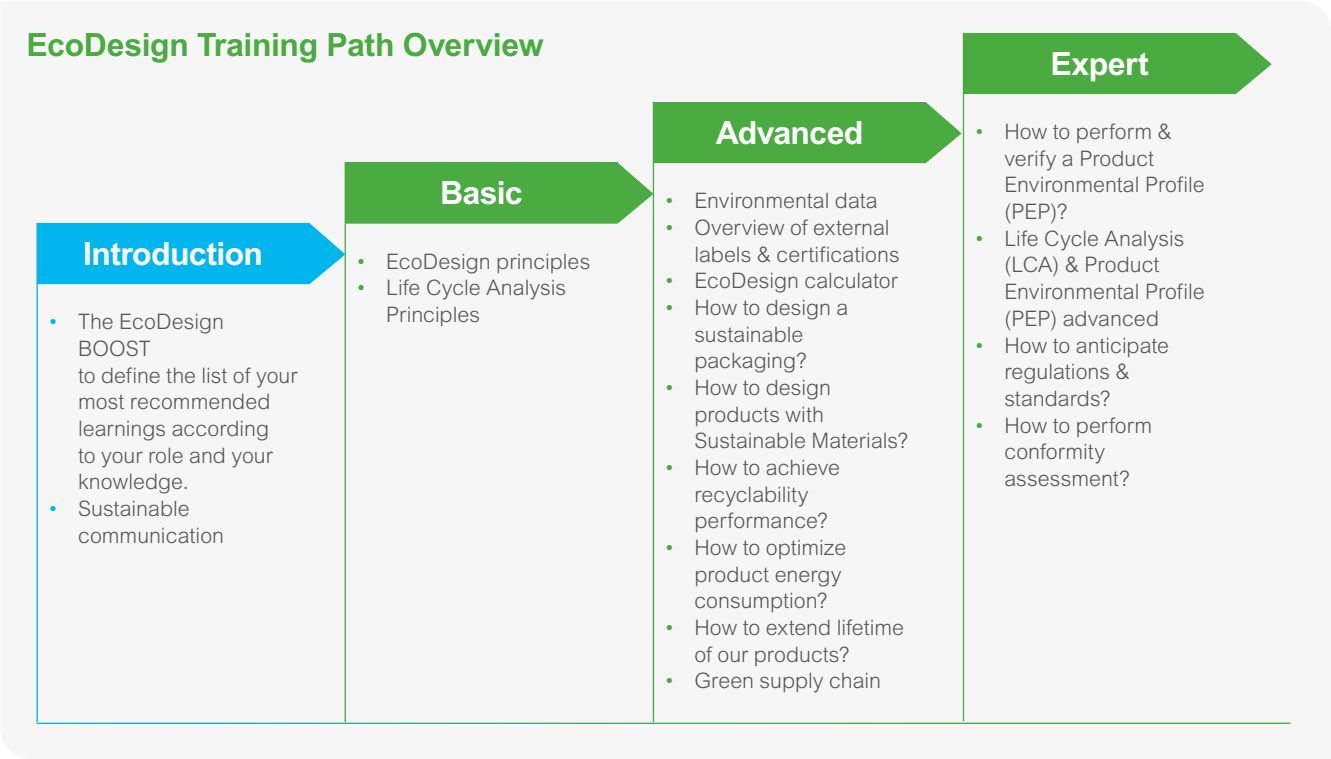
- Each business unit defined its sustainability targets and roadmap to reflect operationally the resources required to achieve a decarbonization plan. The Human Resources department performed a thorough assessment to ensure each business unit was correctly staffed to foster EcoDesign. It includes roles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

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

EcoDesign assets:

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

EcoDesign Training Path Overview



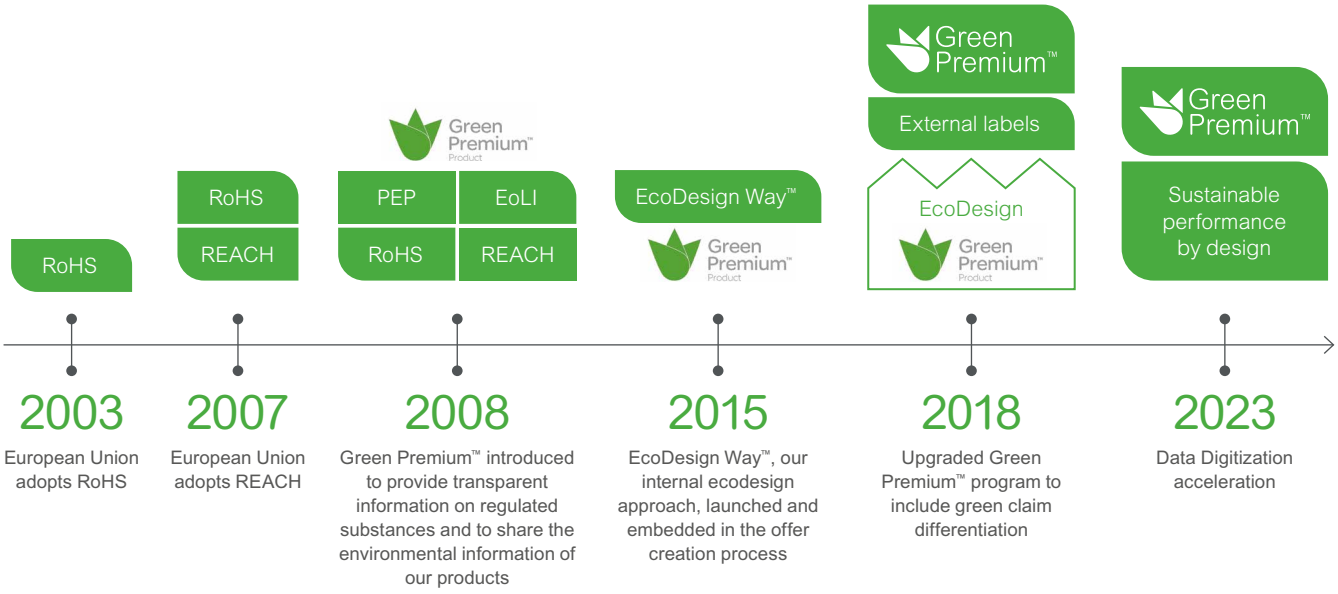
3.5 Leading with transparency: Green Premium™ and Product Environmental Profiles

Green Premium™

Schneider Electric launched in 2008 its Green Premium™ program to transparently communicate the environmental value of a product to customers, with both qualitative and quantitative data. The Green Premium™ label means that a product follows the EcoDesign principles, and:

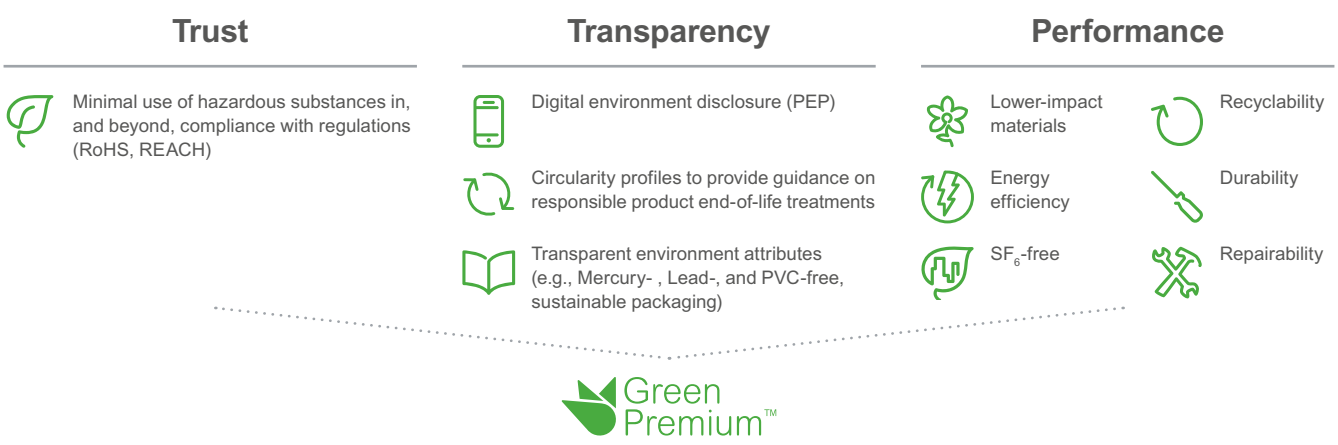
- is compliant with RoHS and REACH regulations;
- has an estimated lifecycle assessment (LCA); and
- has clear end-of-life instructions.

In 2015, the Green Premium™ label added other environmental criteria. For example, the Green Premium™ label signals circularity business models, such as "take-back" programs. An example of a take back program is for customers who have purchased one of the Uninterruptable Power Supplies (UPS) to have access to complementary recycling when the battery in the product reaches its end of useful life. In 2023, this service collected more than 16,000 tonnes of batteries globally for recycling.



The program encompasses three pillars: Trust, Transparency, and Performance.

- **Trust** means Schneider continues to be transparent with customers, providing RoHS and REACH substance information and going beyond regulations by applying the same rules regardless of the geographies. That remains the core of the Green Premium™ program.
- **Transparency** is the commitment from Schneider to disclose in a digital way the environmental impacts of its products, their end-of-life treatment, as well as any environment-related attributes meaningful for customers. This is crucial in the Group's strategy, as the first step for improvement is measurement and quantification.
- **Performance** is Schneider's commitment to deliver products with reduced environmental impact. Performance can take several forms:
  - Use of lower-impact materials such as recycled plastics.
  - Enhanced product recyclability to reduce waste, and loss of critical raw materials.
  - Energy efficient products with at least 10% of improved energy efficiency with respect to the market average or to previous generations.
  - Improved durability and the ability to function as required under defined conditions of use, maintenance, and repair, until a final limiting state is reached (which should be at least 5% higher than market average).
  - SF_6-free products.
  - Easy repair of product parts.



Being efficient with resources

In 2022, Schneider revamped the pages of its online catalogue to make all environmental information more easily available to customers, so that they can quickly identify Green Premium™ products and can choose the producs they want according to environmental features. New online features such as environmental claims badges have been added to every Schneider product page in 2023. This helps customers to understand the environmental benefits.

Customers can consult digital conformity declarations, PEPs, and end-of-life instructions on product pages, on the mySchneider mobile app, and on the "Check a Product" website at **https://checkaproduct.se.com**

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

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

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

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

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

Second, all Schneider web content has been scanned to assess the use of specific words to use with caution.

Third, practical anti-greenwashing guidelines have been released to all employees with specific communication for the marketing population. More than 1,000 marketing people have been trained on how to use those guidelines.

Resources

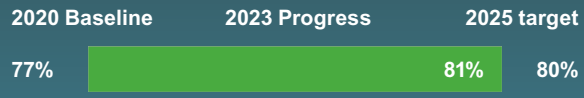
SSE #6

Our 2025 Commitment

80% of product revenues covered by Green Premium™

In 2023, Schneider Electric received an increasing number of customer inquiries requesting detailed information regarding the material content and environmental impacts of its products. In response, the Environmental Experts of the Group generated more than 440 new PEP documents. This has enabled the certification of a larger number of products through the Green Premium™ program to deliver even more transparent information.

Our progress



Product Environmental Profiles

A greater number of customers, regulators, and standards bodies request quality and detailed environmental data. Many building standards and local regulations demand or promote offers providing Environmental Product Declarations (EPDs).

An environmental footprint is a product or solution-related measurement that provides quantitative information based on LCA (according to ISO 14040-44 standard). It enables the assessment of multiple environmental impact indicators, including the carbon footprint, for all product or solution lifecycle stages. The scope of this assessment is also referred to as "cradle-to-grave". Environmental footprint assessment is a mandatory requirement in the Green Premium™ program.

Schneider Electric relies on PEPs to fulfill this requirement. A PEP is defined as a product-oriented "summarized" version of a full LCA. It relies on Product Category Rules (PCR) or Product Specific Rules (PSR), as specified by the ISO 14025 standard related to EPD.

At Schneider, there are two types of PEP available:

- **Certified** – a type III Environmental Declaration in compliance with ISO 14025. The certified PEP is externally reviewed by an accredited verifier and published by a program operator according to the rules provided by this operator (for example, PEP Ecopassport).
- **Internal** – the internal PEP follows the exact same rules as the certified one. However, an internal PEP is reviewed internally and therefore cannot be registered through an independent program operator. A process of accreditation for internal verifiers guarantees the adequate level of internal PEP verifications. Verifiers check PEPs from lines of business other than their own, thus ensuring independence. Internal PEPs comply with the ISO 14021 self-completed declaration.

In 2023, more than 2,000 valid PEPs were publicly available online, covering all of Schneider's product lines, and more than 80% of product lines are covered by an ISO 14025 type III declaration.

Digitization of PEP data

Since 2008, when the Green Premium™ program incorporated the mandatory requirement related to the availability of a PEP, Schneider Electric has published PEPs at product family level.

In 2021, the Group launched a pilot project to extrapolate PEP data from product-family level to product-level, to produce more granular PEP data and start sharing them with a few strategic customers. Sharing more granular PEP data enabled those few customers to enhance the accuracy of their respective carbon accounting and develop services for their own customers to help them purchase more sustainable products based on quantitative environmental impact data. With this initiative, Schneider Electric strengthened the relationship with strategic clients, being positioned in the top suppliers thanks to sustainability.

Over 2023, the PEP digitization program has been deployed, using artificial intelligence (AI) and a dedicated software, enabling the Group to extrapolate and digitize quality data on more than 30,000 products.

Thanks to the Group's investment in those dedicated tools and processes and a strong project coordination involving central functions and all divisions, it is now possible to share PEP data at product level with more customers, external databases, and design firms and software, to position Schneider Electric as a key player of the sustainable transformation of building, infrastructure, and industry, and drive this transformation with quantitative data issued from LCAs.

Schneider Electric position on LCA and Product Carbon Footprinting (PCF)

Schneider Electric embarked on the LCA journey more than 20 years ago, with the aim of being transparent to its stakeholders on the environmental impacts of its offers, considering the full lifecycle and a wide set of environmental impact indicators, beyond product carbon footprint.

The Group has advocated for LCA since then, to comply with existing, recent, and future regulations (e.g. the EU CSRD and Taxonomy, and the Netherlands Environmental performance of buildings regulation), to meet customers' demand for LCA data and to deploy wise ecodesign strategies assessing and avoiding environmental impact tradeoffs.

The Group also advocates for strategies to improve the supply chain representativeness in LCA and the comparability of LCA among industry, at various levels from EU and International standardization to cross-industry initiatives such as the PACT (Partnership for Carbon Transparency) Pathfinder Framework project led by the WBCSD (World Business Council for Sustainable Development), and the need for a single and public LCA database, to ensure LCA practitioners in the industry can leverage their individual supply chain data and at the same time use identical LCA datasets (LCA raw data for materials, processes, energy supply, etc.).

PEP Ecopassport PCRed4

In 2021, Schneider Electric made a major contribution to the development of the new Product Category Rules (PCR) of the PEP Ecopassport association (PCRed4 issued in September 2021), which are:

- Compliance with the EN 50693:2019 standard: Product category rules for lifecycle assessments of electronic and electrical products and systems – currently being mirrored in the IEC TC111 Working Group 15 (IEC 63366);
- Full alignment with the EN 15804+A2 standard: Sustainability of construction works – Environmental product declarations – Core rules for the product category of construction products;
- Integration of key elements of the EU Product Environmental Footprint, such as mandatory impact indicators, end-of-life formulae, and quality ranking;
- Alignment with ISO 14067:2018: Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification, integrating the latest requirements of the French regulatory texts from RE2020.

The application of PCRed4 enables electrical and electronic equipment manufacturers to produce product environmental declarations in accordance with the best-known international standards, thus fostering cross-region and cross-industry recognition. Schneider aims to use this new PCR document to influence and strengthen the environmental footprint practices of the sector through standardization (TC 111 Working Group, ZVEI initiative) and regulations (Sustainable Product Initiative of the European Commission, Green Taxonomy).

Officially from 2023, all PEPs published by the Group are compliant with PCRed4.

By relying on the PEP Ecopassport PCRed4 methodology and the acceleration of environmental impact data digitization, Schneider strives to provide quantified environmental footprint information systematically and seamlessly to customers to differentiate its sustainable offers, and therefore, be a change agent towards a low-carbon and circular economy.

4 Source better

4.1 Reach 50% of green materials in products by 2025

Risk relating to sourcing materials

The acceleration of electrification globally is increasing competition to access some critical raw materials. For example, renewable power generation is shifting dependency of the energy sector from fossil fuels to mineral resources. The electric vehicles industry is expected to increase the demand for lithium fiftyfold by 2040 and the demand for cobalt and graphite thirtyfold, according to the International Energy Agency (IEA).

Evolving economic trends, global overexploitation, and limited access can result in shortages of natural resources within the Group's operations and its value chain. This can result in business disruptions and rising costs in both the short- and long-term, and additional challenges to secure supply for sustainable transformation programs (green materials, substances substitution, sustainable packaging).

Risk monitoring and management

Risks are considered in the STRIVE initiative of the Group's Global Supply Chain and covered by the Property Damage and Business Interruption program at site level.

Schneider Electric approaches access to resources at different time horizons to ensure supply resilience both now and in the future by:

- building short-term resilience in securing supply and protecting operations against price volatility with real time alerts to notify and activate action plans;
- de-risking its portfolio with technological solutions and circular business models; and
- shaping the future with long-term material resilience and sustainability with disruptive actions.

To address uncertainty in long-term resource disruption, Schneider has added resource parameters in product EcoDesign and defined substitution strategies for critical resources. R&D actions are in place, focusing on materials with main strategic functions accompanied by communication channels to escalate and alert.

Green materials in the Group's products

Schneider has committed to increase green materials in its products to 50% by 2025, as part of its SSI program (SSI #4). With that commitment, the Group aims to:

- be a change agent to accelerate the transformation toward a low-carbon and circular economy of the material industry;
- reduce Scope 3 upstream emissions, in line with the Group's Net-Zero commitment; and
- differentiate Schneider's products by using low-CO_2, circular, and safer materials.

According to Schneider Electric, a green material has a lower environmental and social footprint, meaning low GHG emission, high recycled content, and minimized impact on people and the planet.

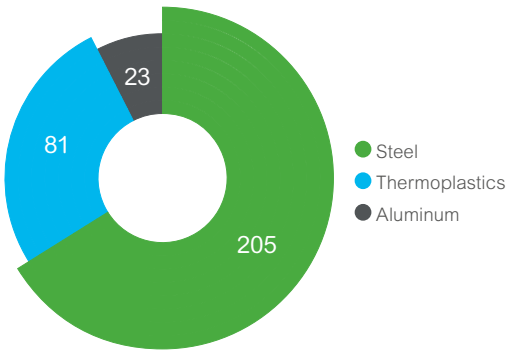
Therefore, performance could be achieved, either through selecting material and/or supplier with a proven lower environmental footprint (e.g., proof of a material produced out of a 100% recycled content), or strengthening the traceability of sustainable initiatives in the value chain.

While the first action is particularly relevant for thermoplastics materials, the second action is a priority for metal commodities where visibility of the environmental impact and technology-origin of procured metals is low.

The lower environmental footprint attributes are defined for each commodity in scope, as the environmental performance of metal cannot be based on the same attributes as plastic. In 2023, the scope of green materials focused on three types of commodities covering around a third of purchased materials in volume:

- Thermoplastics (including both direct and indirect procurement) –Thermoplastics are qualified as "green" when the supplier provides evidence of a minimum recycled content, biobased content (the minimum threshold depends on whether the compound is halogenated or not) or is using a green flame retardant.
- Steel (direct purchases) – Steel is qualified as "green" when the supplier provides evidence that the mill of origin is an electric arc furnace or has a green certificate such as the ones delivered by Responsible Steel.
- Aluminum (direct purchases) – Aluminum is qualified as "green" when the supplier provides evidence that the product carbon footprint is below 8 tonnes of CO_2 per tonne of aluminum, is using a minimum of 90% of recycled content in its product, or that the mill of origin has a green certificate such as the ones delivered by the Aluminium Stewardship Initiative.

Volume and distribution of "green materials" (in kt)



Definitions of "green thermoplastics" and "green metals"

A GREEN THERMOPLASTIC IS

REACH / RoHS / POP compliant(1)

AND

Case 1	Case 2
If plastic is **halogen free**(2)	If plastic is still **halogenated**(2)
Complies with at least one criteria below: ≥ 20% of **recycled** content(3) ≥ 20% of **biobased** content(4) **Green flame retardant and additives** *For flame retardant plastic only*(5)	Complies with at least one criteria below: ≥ 50% of **recycled** content(3) ≥ 50% of **biobased** content(4)

(1) Persistent Organic Pollutants (POP)/Latest versions.
(2) According to IEC 63355.
(3) According to ISO 14021 and EN 45557.
(4) According to EN 16785 or ASTM D6866.
(5) According to GreenScreen used in TCO Certification.

A GREEN METAL IS

Steel from direct procurement	**Aluminum** from direct procurement
Complies with at least one criteria below: Steel product is sourced from **Electric Arc Furnace** (EAF) Steel product has a **green certificate**(1)	Complies with at least one criteria below: **≤ 8 tCO_2eq/tonne** of Aluminum(2) ≥ 90% **recycled** scrap(3) Aluminum product has a **green certificate**(4)

(1) e.g., Responsible Steel.
(2) According to Aluminium Stewardship Initiative (ASI).
(3) According to EU green taxonomy.
(4) e.g., Aluminium Stewardship Initiative (ASI).

The inclusion of other commodities like copper, thermoset, and indirect steel will be reassessed in the next phases, as the program matures and the transparency of supply chains improves. In 2023, "copper" and "thermoset" draft definitions have been deployed internally and performance is being tracked to prepare for inclusion in future phases.

Additionally, in 2023, Schneider Electric has initiated work to define criteria for "green electronics". Criteria with matching key performance indicators (KPIs) are being tested with pilots and are expected to be scaled in 2024.

Partnerships to accelerate the sourcing of green materials

A critical point to accelerate the uptake of green materials in Schneider products is to be able to plan well in advance the different steps of qualification of the materials, the components, and the products; this is particularly true for thermoplastics. In 2023, Schneider Electric has been able to accelerate the volumes of thermoplastics qualified as green, mainly due to the business units' roadmap execution having an impact since the materials have been qualified. The qualification period could span from eight to 18 months depending on the materials and the product specificities, hence Schneider Electric commits to plan well in advance the offer roadmap,to factor in this incompressible lead-time and ensure our target is achieved by 2025.

Schneider Electric has already identified the risk of qualification bottleneck due to the increasing demand on the market. In the future Schneider Electric aims to optimize and mutualize the qualification needs. In 2023, the Group accelerated its engagement with suppliers regarding their sustainable transformation by building stronger connections and by securing the first volume of certified green steel.

Notably, Schneider Electric has partnered with ArcelorMittal, a global player in the steel and mining sector, to source recycled and environmentally produced steel called XCarb. The steel is made in ArcelorMittal's factory in Sestao, Spain, using a high percentage of recycled steel and processed in an electric arc furnace powered by 100% renewable electricity. Schneider Electric is using this steel to build electrical cabinets with significantly lower CO_2 emissions (see example). This example is a clear business case on how joining hands with suppliers to foster circular solutions could support Schneider Electric's decarbonation journey.

Schneider Electric also continued to engage with industry-wide organizations and contributes actively to the development of those to be seen as a catalyst of change across the supply chain. The Group continues to participate in Responsible Steel working groups, the world's first global scheme for responsibly sourced and produced steel.

Schneider Electric is an official partner of The Copper Mark, which aims to accelerate responsible material sourcing for metals. Joining The Copper Mark will help the Group to improve the environmental and social aspects of the copper value chain. Schneider is looking forward to engaging further in pursuit of responsible materials sourcing goals together with The Copper Mark and encourages its suppliers to participate in The Copper Mark Assurance Process, and aim collectively at responsible copper production.

THE COPPER MARK®

Responsible Steel™ standards & certification

Resources

SSI #4

Our 2025 Commitment

Increase green material content in our products to 50%

In 2023, Schneider Electric became a pioneer in universal enclosure activity, launching a premium range of products, decarbonized thanks to better design, industrial process, and raw material.

PanelSeT SFN, the first decarbonized steel enclosure of the market, is a new floor standing enclosure manufactured with certified decarbonized steel, made from recycled raw materials, and using renewable energy sources such as solar and wind. This innovative approach helps us to reduce CO_2 emissions by up to 34%.

In addition, our customers will have a better user experience with a new design that is more robust and simpler to use, with an easy mounting system. The enclosure is available as pre-assembled, as a kit or customized to the customer's specific needs and targeted markets.

Our progress

2020 Baseline	2023 Progress	2025 target
7%	29%	50%

4.2 Eliminating hazardous substances

Since 1950, chemical production has increased fiftyfold and is expected to triple from 2010 to 2050, with only a small number of the 350,000 chemicals in use fully assessed for safety[1]. Beyond being a health concern, substances can contribute to climate change as they emit GHG throughout their lifecycle.

To minimize the potential harm to the environment and human health, Schneider Electric continues to prioritize the management and substitution of hazardous chemicals from our products, processes, and supply chain. In 2023, the Group updated its definition of green products to align with the EU Taxonomy Appendix C that was released in 2023. It also updated its Substance in Products Directive giving the main orientations and strategy to follow for products in our portfolio. The previous version was published in 2015. The updated directive reflects among others, the different criteria of the EU Taxonomy Appendix C. It will be deployed in 2024 with the objective to maintain our leadership in terms of transparency and control of substances of concern.

The Group has tackled substance management for many years as part of our environmental programs reducing and managing its waste, emissions- and water-related risks, including pollution. It constantly substitutes substances or substance groups of concern targeted by regulations; when not technically possible, Schneider Electric ensures that the chemical risk is under control at all lifecycle steps. The recent development of the new medium voltage switchgears without SF_6 (one of the most potent and persisting GHGs) is an example. As reflected in SSE #2, the Group aims for 100% substitution with SF_6-free medium voltage technologies.

The Group operates in different jurisdictions with evolving regulations on environmental, health, safety, and product compliance. The regionalization of environmental regulations (e.g., California Proposition 65, China RoHS and UAE RoHS) creates complexity, with thousands of suppliers. Therefore, Schneider maintains strong governance, relying on a global approach of environmental product stewardship directives fed by a regional and local environmental steward network. As substance presence identification and traceability are key, the Group is investing in robust digital systems to perform and report the environmental compliance of its wide product portfolio, across several hundreds of thousands of commercial references.

(1) "New Study Underscores Dangerous Levels of Chemical Pollution." Human Rights Watch, January 21, 2022.

RoHS and REACH

Since 2015, Schneider Electric has adopted a proactive implementation of the European RoHS Directive, which restricts the use of chemicals in electric and electronic equipment, many of which are also restricted under the REACH (Registration, Evaluation, Authorization and Restriction of CHemicals) regulations. The Group designs and manufactures all its products to be compliant with RoHS and REACH substances restriction, even if it is not in the directive's legal or geographical scope. This includes all Schneider offers, whether local or independent name brands, manufactured in its plant facilities or only labeled.

Schneider Electric is committed to fulfilling its legal obligation and pursuing product compliance coverage to the largest possible extent making business sense. The Group continues to work towards reducing the number of products under the RoHS Directive exemptions and the number of global exceptions to REACH and RoHS. 81.8% of products globally (93.6% of revenue) are compliant with RoHS restrictions, among which, 45.2% are without directive exemptions.

In anticipation of future possible restrictions, research programs are conducted to find alternative solutions to the presence of lead in some metallic alloys, brominated flame retardants in polychlorinated biphenyls and cobalt in surface treatments. Per- and polyfluoroalkyl substances is a wide family of substances targeted by both Europe and the US in coming regulations. After the first identification of the different uses, the Group participated in the public consultation, describing the situation of each use case in term of exposure, alternative solutions availability, risk, and requiring temporary derogation only when relevant. Following this consultation, a new restriction proposal will be proposed in 2024, and Schneider will engage a large substitution program where needed.

Compliance system

A strong data management system is key to ensuring product compliance and anticipating substitution actions. Internal IT processes are continuously adjusted to identify a more proactive, safe approach to material and substance use, and more efficiently fulfill the declaration requirements of the European Substances of Concern in Products database through direct link or IEC 62474/IPC 1752 structured data exchange formats.

In addition to IT tools, supplier compliance data collection is continuously improved with a new workflow and a wider scope of requests. This enables the Group to push for a more complete material disclosure, increasing the visibility of all chemicals present in its products for better transparency and chemical exposure management.

WEEE

Related to RoHS is WEEE (also known as "e-waste"). It refers to regulations, typically passed at a country or state level, aimed at promoting the reuse and recycling of electrical and electronic equipment and thereby reducing resource consumption and the amount of e-waste going to landfill. Requirements of WEEE regulations include, among others, financing the collection, treatment, recovery, and environmentally sound disposal of WEEE. With the rapidly expanding use of electrical and electronic products globally and the resulting growth in e-waste, more and more jurisdictions are enacting WEEE regulations.

The European Union (EU) WEEE Directive, is implemented through national regulations in all European Economic Area (EEA) countries including all EU member states, Norway, Liechtenstein, and Iceland. Schneider closely monitors developing WEEE legislation and complies with the EU WEEE Directive and EEA national regulations, as applicable.

Requirements of the EU WEEE Directive 2002/96/EC and national regulations generally include, among others, the following:

- Financing the collection, treatment, recovery, and environmentally sound disposal of WEEE resulting from products on the corresponding market which have reached their end of useful life; and
- Labeling products with a crossed-out wheelie bin symbol to help minimize WEEE disposal as unsorted municipal waste and facilitate its separate collection. All applicable Schneider Electric products in the European markets need to comply with WEEE regulation and carry the "Wheelie Bin" sticker.

4.3 Sustainable packaging

Packaging is the first visible asset seen by customers and it is associated with major environmental challenges such as resource depletion, waste generation, and marine pollution. Schneider Electric's Sustainable Packaging program aims to foster innovative packaging solutions to ensure a safe and quality packaging experience with reduced impact on the environment.

Globally, a growing number of regulations require the development of packaging alternatives, with a focus on recyclability. To comply with these regulations and avoid current or upcoming polluter-pays packaging taxes, innovation and partnership with suppliers are key. Schneider's suppliers are required to comply with applicable laws and regulations, including compliance with the European Union's Directive on Packaging and Packaging Waste (1994/62/EC), as amended by 2018/852/EU and CEN packaging standards (EN 13427:2005), as well as the US Toxics in Packaging legislation.

Schneider is working with its suppliers to ensure adequate supply of sustainable packaging materials.

By 2025, Schneider Electric is committed to reach:

- 100% of primary and secondary packaging with recycled cardboard. Cardboard is considered as recycled when it includes at least 70% recycled fiber by weight, if legally accepted (according to FTD 00976). Exception may be approved to avoid any compromise in product protection, safety, or quality standard. Temporary exemption is made for North America, where an average of 50% of recycled fiber by weight is required to be considered as recycled.
- 100% of primary and secondary packaging free from single-use plastic. Schneider Electric defines single-use plastics based on the European Plastic Pact: "A single-use plastic product means a product that is made wholly or partly from plastic and that is not conceived, designed or placed on the market to accomplish, within its life span, multiple trips or rotations by being returned to a producer for refill or reused for the same purpose for which it was conceived".(1)

Schneider packaging teams work to:

- Ensure the recyclability of our packaging to reduce the Group's overall environmental footprint.
- Establish partnerships with key suppliers to identify sustainable alternatives to replace current single-use plastics in our packaging.
- Build up traceability in the supply chain by collecting suppliers' declarations and certificates for recycled cardboard.

Resources

SSI #5

Our 2025 Commitment

100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

Packaging transformation is making progressing apace, with 80% of all cardboard used in the primary and secondary packaging made from recycled carboard. Our Wiser range is also completely free from single-use plastics, using only recycled cardboard.

Our progress

2020 Baseline	2023 Progress	2025 target
13%	63%	100%

(1) Source: Directive 2019/904/EC of 5 June 2019 on the reduction of the impact of certain plastic products on the environment.

5 Manufacture better

5.1 Context

In addition to the ever-increasing offer of digital solutions such as its various EcoStruxure™ software, consulting and advisory services, and field services teams, Schneider Electric still relies on traditional manufacturing to produce its wide range of energy-saving products.

Nonetheless, the Group is committed to minimizing its impacts on natural resources by operating with sustainability principles at its core. This allows the Group to continue manufacturing into the future, helping its customers deliver on their sustainability and business objectives. In the process, still preserving the environment and its limited resources.

Schneider Electric aims to move towards closed-loop systems in its operations and with its partners to prolong the life and use of the resources it depends on.

Schneider Electric's real estate footprint is made of approximately 1,000 sites in total, across six continents, with a total occupied floor area of approximately 5 million square meters. Around three-fourths of this surface is occupied by large industrial facilities for manufacturing and logistics purposes. The remainder consists of office buildings, that vary in size and characteristics. Overall, Schneider's largest 100 sites account for about 55% of the Group's footprint and its largest 200 sites account for approximately 80%. For this reason, the KPIs in the following sections are built around those 200 largest sites, i.e., those with the most material impacts.

5.2 Risks and opportunities within manufacturing operations

Environmental risks related to manufacturing include the potential for soil, soil gas, surface water, groundwater, and air contamination. For instance, the release of hazardous substances can be harmful to human health and the environment. It can also disrupt continuity of operations and tarnish reputation. As Schneider Electric's factories and distribution centers are spread across dozens of countries and different national environmental regulatory frameworks, risks of non-compliance exist. These risks are related to potential mismanagement of the use, handling, storage, discharge, emission, and/or disposal of hazardous substances and their related wastes as well as GHG-related expectations.

A proactive approach towards site and property environmental risks and compliance helps preserve the continuity of operations, reduce reputational and legal risks, and avoid financial harm.

Resource and energy efficiency not only delivers financial savings, but also limits the Group's exposure to commodity-price volatility and shortage risks. Electrification megatrends are increasing competition to access some raw materials, creating shortage risks for Schneider Electric. The Group believes environmental performance is a powerful tool to innovate towards a more efficient and resilient supply chain and generate bottom-line savings. By using its own EcoStruxure™ architecture to achieve this ambition, the Group also showcases carbon efficient architectures to its customers.

Environmental regulatory compliance, environmental management systems, and engagement programs with key stakeholders are the foundation of Schneider Electric's environmental risk management, prevention, and continuous improvement program for current, former, and prospective operations.

Compliance with environmental regulations

Historical environmental liabilities are managed at a regional level to ensure that local expertise, regulatory knowledge, and cultural awareness are applied. Using external consultants, known environmental issues are thoroughly investigated, and, if appropriate, remediated or otherwise managed through engineered or institutional controls to reduce potential risks to non-significant levels and in compliance with local regulations. Environmental risks and provisions are reviewed with local and corporate finance, as well as legal functions.

During 2023, no new material environmental impacts were identified. See section 5.5 on page 23 for more information. Furthermore, no Schneider Electric sites are Seveso-classified.

Environment management systems

Schneider has put in place an Integrated Management System (IMS) which allows for standardized, streamlined, and collaborative deployment of its various management systems. The IMS covers the Group's plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and ISO 45001 compliance management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. In particular, the relevant management system for the environment is ISO 14001.

ISO 14001 certification allows Schneider Electric to define and maintain robust environment governance on its sites, supporting continuous improvement to deliver environmental performance. The Group certifies all industrial and logistics sites with more than 50 employees and all large tertiary sites with more than 500 employees, within two years of their acquisition or creation.

Being efficient with resources

234 sites were certified ISO 14001 as of the end of 2023, representing approximately 79% of the Group scope based on the share of site surfaces, 82% of the Group scope in terms of energy consumption, and over 83% of the Group scope in terms of water usage, waste generation, and Volatile Organic Compounds (VOC) emissions(1).

The Group's environmental reporting scope and targets are based on all ISO 14001 sites. Environment reporting metrics are shown in the table on page 301 of the 2023 Universal Registration Document and include energy consumption, Scopes 1 and 2 CO_2 emissions, waste generation, water usage, and VOC emissions.

With the Safety, Environment, and Real Estate (SERE) network working hand in hand with the Customer Satisfaction & Quality (CS&Q) network, a robust governance is in place to mitigate environmental risks and drive continuous improvement.

The internal Energy and Environment Policies supported by the Global Environment Directives on legal compliance, event reporting and alerts, and environmental liabilities, provide clear expectations, scope and accountability rules, enabling the harmonization of environment and energy governance across regions and activities.

Each site is assessed under more than 240 indicators consolidated under the Environmental, Health and Safety Assessment (EHSA) and published to all Global Supply Chain sites in a global EHSA dashboard. Sites are also benchmarked based on "best available techniques", and documented and shared within SERE and CS&Q networks.

ISO 14001

ISO 50001 ENERGY MANAGEMENT

Engagement programs

Environmental risk management and prevention require more than just the appointment of technical environment experts. Robust governance with key stakeholders across the entire organization is critical to achieve and maintain success in the numerous areas surrounding environmental risk and prevention.

The Group has therefore established the following engagement programs:

- The Company-wide Look at Environmental Assessment and Risk Review program (CLEARR), which focuses on historical and current potential environmental site risks, and surveys new and existing selected manufacturing sites each year.
- Environmental due diligence reviews of mergers, acquisitions, and disposals, at any site where chemicals are or have been used. Any environmental risks or liabilities identified are addressed through proper risk management activities.
- Third-party services assess the risk profiles of key sites in relation to certain external risks such as fires, earthquakes, floods, and other natural disasters. This process is combined with the business continuity planning efforts to gauge related risks and anticipate possible steps which would be required.
- Risks and mitigation actions are presented to the Board Audit & Risks Committee.

Resilience materials program

The Group approaches the access to resources at different time horizons, to ensure materials supply resilience both now and in the future. The Group is:

- Building short-term resilience in securing supply and protecting operations against price volatility with real-time alerts to notify and activate action plans;
- De-risking its portfolio with technological solutions and circular business models; and
- Shaping the future with long-term material resilience and sustainability with disruptive actions.

To ensure materials sourcing resiliency, Schneider has added resource parameters in product ecodesign and defined substitution strategies for critical resources. R&D actions are in place, focusing on materials with main strategic functions accompanied by communication channels to escalate and alert.

5.3 Waste-to-Resources

Schneider Electric is committed to mitigating the potential adverse impacts of hazardous waste on environment and health. Two main levers have been identified through the "Waste-to-Resource" program. First, all sites generating hazardous waste ensure visibility of handling and end-of-life treatment paths. They must also seek to add value to waste where possible (through material or energy recovery) while neutralizing its hazardous nature. Secondly, top hazardous waste-generating sites should work to reduce the volumes of waste generated in the first place, notably by implementing "best available techniques" (BAT) in their industrial processes. Such BAT processes lead to superior performance from a resource efficiency perspective, and/or chemical substances use, and/or emission reductions.

In recent years, global challenges with supply chains, material shortages, and increased visibility towards waste pollution such as ocean plastics have reinforced Schneider's longstanding prioritization of its circularity strategy and the importance of engaging all stakeholders across the value chain to drive progress.

The Group's 2021 – 2025 "Waste-to-Resource" (SSE #9) program, an evolution of its 2018 – 2020 Towards Zero Waste to Landfill program, takes its waste recovery program even further: sites must achieve 99% recovery for all waste not classified as hazardous while also achieving 100% hazardous waste recovery using the best available handling/treatment options locally. Additionally, to promote and emphasize the importance of circular economy, "Waste-to-Resource" sites are not allowed to use waste-to-energy solutions for more than 10% of their waste. This provides an opportunity for sites to work collaboratively within their internal supply chains, and alongside external suppliers and waste management providers, to find innovative reduce, reuse, and recycle solutions.

(1) Exclusions mainly include AVEVA, RIB Software and Larsen & Toubro E&A division and to a limited extent other small non-integrated entities.

In 2023, the Group did make progress towards its target of 200 Waste-to-Resource sites by achieving 137 sites, a net of +10 sites from last year, but continues to be impacted by the ongoing evolution of its real estate footprint. Since the start of the program, 19 sites classified as Waste-to-Resource have been closed, divested, or transferred to third parties, impacting the ability to deliver on the Group's commitment of 200 sites. This real estate evolution also impacts the number of sites that can be targeted before 2025 with further site consolidations and third-party transfers expected in order to support business needs and deliver further efficiencies. Despite the challenges on this site-based KPI, overall performance on waste reduction, reuse, recycling, and diversion from the landfill remain strong in 2023. Schneider generated around 124,000 tons of waste in 2023, most of it being solid waste. Continuous improvement plans have been deployed to manage this waste, in line with the ISO 14001 certification. The Group achieved 97.0% recovery of reported waste, and a 91.3% recycling rate without energy recovery in 2023. The recovery ratio has increased from 81% to 97% since 2009, thanks to site-by-site waste management action plans.

In 2021, the Group set the ambition to reduce hazardous waste intensity by 30% in 2025 against the 2017 baseline. In 2023, hazardous waste generation intensity was 0.21 tonnes/million EUR of revenue, which represents an evolution of -50% vs. 2017.

Resources

SSE #9

Our 2025 Commitment

200 "Waste-to-Resource" sites

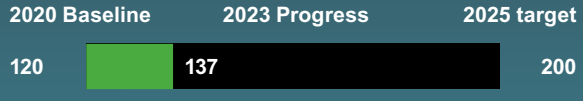
SSLVTA, a low voltage manufacturing site located in Shanghai, China produces low voltage electrical appliances such as circuit breakers and dual power supply products on site.

Due to the nature of the electrical manufacturing process, Volatile organic compounds (VOCs) are produced as a byproduct in the plant's exhaust gas. In addition, activated carbon is produced as waste on site and its classified hazardous which needs to be outsourced for disposal.

The local team identified the potential of creating a close loop – by utilizing activated carbon produced as an absorbent to reduce its VOCs emission. Not only does this promote waste as a resource, its also an economical way to address the site's environmental impact.

Through this project, 1.5 tons of hazardous waste are eliminated annually.

Our progress



5.4 Water withdrawal, discharge, and stress

Schneider Electric regularly assesses water-related risks. In 2022 the Group conducted corporate water footprint across the full value chain, covering water consumption, scarcity, eutrophication, ecotoxicity, and acidification. The assessment showed that direct water use and indirect energy water use in facilities amounts for less than 1% of Schneider Electric's overall water footprint; 18% was allocated to raw materials and 81% to the use phase of its products.

Schneider Electric's direct operations are not water intensive with industrial processes consisting of mainly manual and automatic assembly. However, without water the facilities cannot operate and as such, Water remains a continued focus of the business with increased focus on sites located in the most water-stressed areas.

In 2023, water management and performance information were disclosed in the CDP Water Security program, and Schneider was scored a A-.

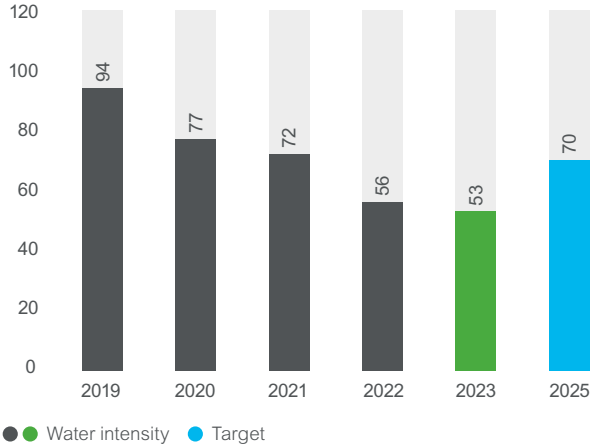
Water withdrawal

The Group measures water withdrawals per source, with details on water withdrawn from the public network, groundwater, surface water (for example lakes and rivers), and other sources of water (including rain and recycled water).

Water is primarily used for cooling and sanitary purposes and, at a few selected sites, for processes such as surface treatment and paint lines.

In 2021, Schneider Electric set the target to reduce water intensity (in cubic meters of water withdrawn per million EUR of turnover) by 35% in 2025 vs. 2017, with a focus on sites with high water withdrawal and within water-stressed areas. In 2023, water withdrawal intensity was 53 cubic meters per million EUR of revenue, an evolution of -51% against the 2017 baseline.

Annual water withdrawal intensity* (m^3/€M)



* Scope of sites is GED 001 scope; Scope of total revenues is the Group's revenue

Being efficient with resources

Focus on water-stressed areas

The Group recognizes the importance of water to our operations and local communities, especially those that are located in water-stressed areas. The Group monitors the water stress level of all ISO 14001 sites (including factories, distribution centers, and large offices) using the World Resources Institute's Aqueduct Water Risk Atlas. Sites identified as "high" or "extremely high" using the tool are classified as water-stressed, regardless of the amount of water withdrawn.

76 sites are classified as water-stressed, accounting for about 46% of total water withdrawals. The Group has set the target that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025 (SSE #11). The action plans require sites to conduct a water use assessment to identify opportunities for water efficiency improvements. This covers good practices associated with metering, both water-related technical and general water training for employees, and loss analysis as well as deep dives into process-related activities, heating and cooling, sanitation and canteens, and irrigation where relevant. In 2023, the Group achieved 73% of its 2025 target.

Water discharge

Most of the water discharged by Schneider Electric is sanitary and canteen wastewater and is sent to a third party, often a public entity, for treatment without requiring additional pre-treatment in Schneider's facility.

In some cases, wastewater does require treatment before leaving the site boundary (as is often the case when using water for industrial processes like surface treatments). On-site wastewater treatment reduces pollutants and monitoring plans align with regulatory requirements. Increasingly, sites with process water are adopting closed loop systems to eliminate wastewater, minimize freshwater withdrawal, and recover valuable raw materials.

An example of this is the Coimbatore site in Tamil Nadu, India where Schneider produces Low Voltage Switch Boards. High-quality water is required for the powder coating process used for covering panels. During 2023, the site began operating the upgraded wastewater recycling process which includes a reverse osmosis system and solar evaporator, at an investment of approximately EUR 30,000. This initiative recovers over 880 cubic meters of water annually. It has also improved the quality of the returned water which in turn has reduced the number of defects, whilst also reducing site carbon emissions by 10t CO_2e per year, a vital part of our zero carbon site program. This, together with the installation of a 2,500 cubic meters rainwater harvesting system have reduced water withdrawal by almost 15%.

Resources

SSE #11

Our 2025 Commitment

100% of sites in water-stressed areas have a water conservation strategy and action plan

Schneider Electric has three sites in the water-stressed area of Nuevo Leon, Mexico. Recent water shortages have highlighted the importance of water security both for our employees and their families, and operational business continuity. It is especially important to be efficient with water at these sites. The sites' water action plans have implemented the following initiatives across the three operations:

1. Engaged and trained employees on the importance of water and efforts to reduce demand.
2. Upgraded the water metering system.
3. Process improvements to the paint lines and coatings operations.
4. Retrofitting of low flow taps, toilets, and urinals.
5. Xeriscaping is being introduced to replace site landscape with native species which require no irrigation.

Over the last 12 months, the Monterrey sites have reduced water demand by 24%. Beyond the factory boundaries, the team has worked with NGOs including Fondo Unido, Sociedad Sostenible (SOSAC), and REMARE, and governmental organizations in the Santa Catarina River basin to support water security through the removal of invasive species, reforestation, and river clean-up activities. The sites continue working to improve efficiency and tackle water insecurity in the area.

Our progress

5.5 Pollution mitigation

Conditions of use and release into the soil

Schneider Electric's sites are mainly located in urban or industrial areas. None of the Group's businesses involve extraction or land farming. In 2023, Schneider's manufacturing sites conducted their annual review of pollution risks as part of the ISO 14001 monitoring. No spills or discharges causing soil pollution occurred in 2023. Hazardous materials and their related wastes are managed in compliance with regulations and with appropriate pollution prevention mechanisms. As examples, this includes storage on impervious surfaces and ensuring stormwater is isolated from chemicals and wastes.

Discharge into the water and the air

Because Schneider is mainly an assembler, its discharge into the air and water is very limited. The Group's manufacturing sites are carefully monitored, as part of local regulations and the ISO 14001 certification. Discharges are tracked locally as required by current legislation. No spills or discharges causing water or air pollution occurred in 2023.

Emissions of NOx (nitrogen oxides), SOx (sulphur oxides), and particles into the air are monitored, where appropriate, at site level in accordance with applicable legal requirements, with monitoring of these emissions verified via ISO 14001 audits.

Schneider is committed to preventing air pollution and adverse health impacts from VOC emissions, and for this reason, the Group works to reduce VOC emissions from industrial activities by 10% every three years. VOC emissions(1), which are primarily linked to production, decreased from 29 kilograms per million euro in 2017 to 8.5 kilograms per million euro in 2023. The Group engages with each of its industrial sites that contribute the most to VOC emissions, and which together account for over 90% of the Group's VOC emissions. For these sites, environment, health and safety, and industrialization teams, come together and actively collaborate to ensure conditions of use are strictly adhered to, and health and environmental risks are known and mitigated. Those top VOC-emitting sites also investigate opportunities to reduce and phase-out concerned chemicals from industrial processes wherever possible.

Finally, chlorofluorocarbon and hydrochlorofluorocarbon emissions are monitored locally, in accordance with applicable regulations. These emissions are mainly due to the operation of air conditioning systems and are not directly linked to Schneider's industrial activities.

Noise, odors, and light

All Schneider's sites comply with local regulations on noise and odor. Given the nature of its activities and distribution model, the Group does not have any significant external light pollution.

5.6 Biodiversity actions at sites

With the objective of gaining an overview on biodiversity priority sites, informing risk management, and addressing potential biodiversity impacts, the Group ran a multi-site report with the Integrated Biodiversity Assessment Tool (IBAT). Developed through a partnership with BirdLife International, Conservation International, International Union for Conservation of Nature (IUCN) and United Nations Environment World Conservation Monitoring Centre (UNEP-WCMC), IBAT collects and enhances the underlying datasets and maintains that scientific information.

The IBAT report enables users to assess the biodiversity-related features of multiple operational sites for risk management and strategy setting. In particular, the report is relevant for Global Reporting Initiative (GRI) standard GRI 304: Biodiversity.

For each operational site, the report provides the counts of protected areas and Key Biodiversity Areas (KBAs) within a 1-kilometer radius.

The results of the "IBAT multi-site Report, 2021" include all Schneider sites and show that, within a 1-kilometer radius:

- 21% of its sites are in proximity of a protected area as defined by the IUCN, of which:
  - 8% are in category 1a, 1b, and 2 (just six sites are in proximity of a category-1-protected area);
  - 29% are in category 3 or 4;
  - 31% are in category 5 or 6; and
  - 32% are not applicable, not assigned or not reported.
- 3% of the Group's sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction" or "Important Bird and Biodiversity Areas").

Among the sites in proximity of a protected area, 33% are either industrial sites (characterized by discrete industrial processes such as assembly lines) or distribution centers (warehouses and logistics); the remaining 66% are office buildings.

All results are made available to sites, so that they can better understand the local threat to biodiversity and restoration potential. Sites use these results at their discretion to drive the local biodiversity actions previously described.

Find our IBAT Multi-site Report generated under license 26614-25299 from the Integrated Biodiversity Assessment Tool on 15 December 2021 on **www.ibat-alliance.org**

(1) Scope of sites is GED 001 Scope, Scope of revenue is the total Group revenues.

Being efficient with resources

In 2021, as part of the Group's Biodiversity Pledge, Schneider Electric committed to act locally, engaging employees and partners to deploy biodiversity conservation and restoration programs in 100% of sites (>2000 SQM). To meet this target, 400 Schneider sites have to define and deploy a Biodiversity program that aims to eliminate single-use plastics (relating to non-production such as office and catering) and includes at least one local action which addresses locally-specific ecological risks, and incorporates structured governance and wider stakeholder involvement.

The scope of the single-use plastics ban for the Biodiversity program is non-operational single use plastics (e.g., cups, cutlery and gifts/souvenirs). Operational single use plastics (e.g., primary/secondary packaging, and products) are covered in Schneider Electric's SSI #4 and SSI #5 programs.

The program was launched in 2021 and whilst 2022 focused on education and training, 2023 focused on action – tackling the complexities of biodiversity, assessing their impact, and working with local stakeholders and employees in direct action to preserve or restore biodiversity in and around the sites. The Group achieved 66% performance in 2023, up from 18% in 2022.

The program empowers employees to understand the local environment and priority ecological risks and take appropriate action on and around the Schneider Electric sites. This has resulted in a range of initiatives, for example: Monarch butterfly waystations in Mexico and the US; creation of miniature forests in India, Saudi Arabia, Canada and Algeria; mangrove restoration in Vietnam and China; river and ocean clean-ups in Egypt and Italy; and creation of ecological corridors in Brazil.

Action on Biodiversity represents a unique way to engage with employees and communities on issues which are important to them, building an empowered workforce that recognizes the value of nature in tackling climate change and that many small actions can make a big difference.

Resources

SSE #8

Our 2025 Commitment

100% of sites with local biodiversity conservation and restoration programs

Schneider Electric is engaged to act at local level. Every site will engage in at least one local action to tackle locally relevant ecological risks.

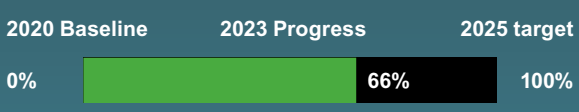
For example, the team at the Edmonton facility in Canada were concerned about the decline of pollinators and the impact on flowering plants and food production in the area. Populations of key pollinators in the area have declined by about 40%.

Over the last year the team have been working with a local beekeeper to install a bee hive and train employees. This is one of several actions that the team is taking to support pollinators; others include installation of bat houses, and working together with Root for Trees Canada to support local reforestation, planting over 500 native trees and shrubs in local parks in the last two years.

Similar projects are also happening in the UK, France, and the Netherlands.

Schneider takes the responsibility to protect, and wherever possible improve, the biodiversity around its work place.

Our progress



6 Use longer and use again

Schneider Electric aims to maximize the environmental performance of its products. To achieve such ambition, the Group develops services and business models to extend the useful life of its products, and when no option is possible, take back the product, assess whether a second-life is possible, and ultimately ensure the product or components are recycled.

The first focus, before considering end-of-life, is to prolong to lifespan of products. These solutions, using up to 60% less materials than using brand new equipment, enable pull-through and constant payback, increase customer stickiness, and build long-term relationships.

To ensure products are correctly used, maintained, repaired, collected, sorted, and recycled, circularity has to be embedded in the offer design stage (see EcoDesign approach in Section 3.4 on page 9).

There are opportunities to leverage the circular economies, both externally with customers and internally in operations. Schneider's value propositions have long delivered resource efficiency, enabling customers to "do more with less".

The risks that Schneider Electric has identified are around the perception of "one size fits all" for circularity, as well as the temptation to see it through a waste or recycling lens, and the focus on developing the related guidelines, governance, and standards based on this perception.

- **Product durability versus shorter-term waste loops:** All resources are not equal in their thermal, mechanical, or electromagnetic profiles. For the industrial sector, the biggest impact of the circular economy will come from the promotion of repairability, upgradability, "retrofitability", extension of lifespan, and of related "product second- and third-life services". Schneider's products are highly technical in nature with a long lifespan and are highly unlikely to end up as ocean plastic waste. Yet a risk that the emerging regulations may be too "resource/waste-centric" can be identified. To meet quality and safety expectations, and adhere to stringent electric and electronic equipment standards, recycled materials are sometimes not available in either quantity and/or quality. The Group actively advocates sector-specific approaches.
- **Ensuring the safety of people and assets through qualified and certified services**: in fact, while promoting services to extend the products' lifespan, Schneider grows the ranks of certified experts on its products (through thousands of Field Services Representatives). Leveraging the circular economy, there is a fantastic opportunity to enable more repair, retrofit, and recycling services, on the condition that concerned product categories are adequately maintained and serviced by qualified and certified experts.

Resources

SSE #10

Our 2025 Commitment

420,000 metric tons of avoided primary resource consumption through "take-back at end-of-use" since 2017

In order to properly promote the environmental benefits in terms of CO_2 and material savings, the ECOFIT™ teams have developed a calculator making use of the environmental impact database (based on PEPs created by Schneider).

The calculation method of this calculator has been independently reviewed by an audit and assurance leading firm to ensure reliability of the information provided to the customers.

Our progress

6.1 Maintain and Repair

Extended equipment lifespan and resiliency through Condition-Based Maintenance

The experience of recent times has accelerated the adoption of IoT as a technological advancement that enhances the resilience of installations. Furthermore, the pressing challenges of the energy and climate crisis have underscored the need to decarbonize installations, adding an additional layer of complexity.

Condition-Based Maintenance is a powerful solution that addresses both challenges, enhancing equipment uptime and prolonging its lifespan. By constantly monitoring equipment health and tracking stress, wear, and aging parameters, it allows one to proactively prevent failures that accelerate equipment aging. This approach not only helps avoid the need for equipment replacement but also contributes to avoiding carbon emissions by eliminating the manufacturing of new equipment.

In new CapEx projects, Condition-Based Maintenance can be implemented by leveraging native connected equipment. Whereas, for older installations, Condition-Based Maintenance can be enabled by upgrading the installed base with sensors.

Customers can adopt Schneider's Condition-Based Maintenance approach with EcoCare Membership, a next generation services plan:

- 24/7 remote monitoring from Schneider Electric experts and on-site intervention in case of emergency.
- Unique Assets health indexes powered by advanced analytics.
- 45,000+ events monitored and manages.
- 25 million data points daily.
- 24,000+ recommendations every year.

6.2 Refurbished Offers

Schneider Electric creates shared value for its customers through local models of take-back, refurbishment and resale of retired assets.

As a continuation of Schneider Electric's development of the refurbished models, extended capabilities are developed in order to:

- Expand the coverage and value creation for take back and recovery services
- Enlarge the basket of product ranges with a refurbished offer guaranteed by Schneider Electric, and
- Industrialize processes, systems, and operations to deliver a simple customer experience

Schneider Electric puts its expertise as a manufacturer at the service of providing manufacturer-level circular solutions, following strict guidelines, ensuring traceability, guaranteed performance, and Schneider Electric usual service support on site.

Refurbished ranges in 2023

Refurbished Products

Low Voltage

MasterPact MTZ

UPS

UPS 1phase

Industrial Automation & Control

Variable Speed Drives

HMI

PLC

Motion

System Drives

Get credentials by using refurbished products guaranteed by Schneider Electric

- **A label** dedicated to the sale and promotion of products from the circular economy, launched by Schneider Electric.
- The **warranty of a circular product is identical to a new product**
- Refurbished products have a **higher environmental value,** by reducing carbon footprint & resource consumption

Take back service

Take back and recycling of your ageing equipment and all related gas like SF6.

In addition to delivering tangible sustainability benefits (positively contributing material resilience and our customers' scope 3), leveraging circular offers brings new benefits to customers, not only financially, but also operationally – among which faster availability, ability to better manage Capex / Opex decisions, provide prolonged access to spare parts, ensure continuity of operations with manufacturer-level refurbished products.

In the evolving regulatory context encouraging all circular loops, Schneider Electric continue to broaden its offerings to support this circular transition and create new business opportunities to both partners and end customers, with the primary intent to maximize the reuse of products, equipment, spares.

6.3 Recycle raw materials and substances

End-of-life regulations

Schneider Electric has deployed a process that ensures a safe treatment and recycling of its products at the end of their lifecycle.

In compliance with the WEEE directive, Schneider implements product identification and selection actions, establishing recycling streams, and pricing the taxes to be applied following the regulations of each country where the Group's products are sold.

For products falling within the scope of the WEEE directive, a circularity profile including detailed end-of-life instructions is systematically provided through the "Check a Product" public website.

Enhance recycling

Schneider's unique approach for the modernization of aging equipment, minimizing waste, and maximizing safety, efficiency, and resiliency, avoids up to 90% of waste by upgrading customers' equipment with the latest technologies using sensors and connectivity to optimize uptime and extend the assets' lifespan replacing the core components. This approach also enables the take-back of products, to reuse, rebuild, resell, and recycle them when no other option is possible.

Case study: Bouygues Energies & Services: Supply of refurbished electrical equipment for the Six Degres project

"Six Degres" is an environmentally friendly real estate project covering 39,000 square meters. Designed to offer flexible offices tailored to new ways of working, as well as a full range of services including co-working, auditorium, restaurants, shops, nursery, sports hall, and wellness center. The project also includes 7,000 square meters of terraces forming suspended gardens that can accommodate up to 2,900 people. Located in the Val-de-Marne area near Paris, France, it is scheduled for delivery in 2024.

To reduce the environmental footprint, the architects and Bouygues have chosen innovative solutions: low-carbon concrete for the infrastructures and foundations, wooden floors and posts for the superstructure, algae-based paints, and numerous materials and equipment from the circular economy. From low-voltage equipment to medium-voltage, including building management systems, all products must contribute to reducing the carbon footprint.

From a circular economy perspective, Schneider Electric has made significant contributions through various initiatives:

1. Refurbished MasterPact MTZ circuit breakers at the MasterTech center near Granoble, France. Products that have been taken back undergo dedicated refurbishment and re-testing processes, ensuring manufacturer-level performance and warranty.
2. Repacked products (Mureva and Unica) from redistribution flows are given a second chance, thereby avoiding waste and carbon emissions.
3. The AirSeT range provides SF_6-free medium voltage equipment using AirSeT technology, offering a lower CO_2 solution and environmentally safer end-of-life management.

"This demand for low-carbon emission products is a real underlying trend in all tenders", notes Santiago Rivero, key account manager for Bouygues Energies et Services. "And France is a pioneer in the field, with legislation pushing is in this direction and a growing awareness".

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European Company,
governed by a Board of directors with a
share capital of EUR 2,291,343,536
Registered in Nanterre, R.C.S. 542 048 574
Siret no.; 542 048 574 01791

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