

2023 Trust Report

The Next Frontier: Industrial Tech for Sustainable Impact

Driving responsible business with Trust

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Context and Group’s commitments

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

Present in over 100 countries, Schneider Electric is committed to behaving responsibly with all its stakeholders. As our responsibility extends beyond compliance with local and international regulations, the Group is committed to doing business ethically, sustainably, and responsibly. At Schneider Electric, we believe that trust is earned and starts with walking the talk, in relying on mechanisms and not only intentions.

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

Under our 2025 Sustainability Strategy, we commit to live up to our principles of trust by holding ourselves and all around us to high social, governance, and ethical standards. In this report, we share our progress on the transformations achieved in 2023 under the Trust pillar of our Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs.



“The Trust Charter, Schneider Electric’s Code of Conduct, provides us with a framework to help us foster trust with all our stakeholders. It underpins every aspect of our business – fostering integrity, transparency, and resilience – and serves as a compass in a complicated and volatile world where even with the best risk management systems in place, setbacks can still occur.”

Hervé Coureil,
Chief Governance Officer & Secretary General

Progress of the Trust commitments

Schneider Sustainability	#	2021 - 2025 programs	Baseline ⁽¹⁾	2023 progress ⁽²⁾	2025 Target
Impact (SSI)	6.	Strategic suppliers who provide decent work to their employees	2022: 1%	21%	100%
	7.	Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
Essentials (SSE)	12.	Deploy a 'Social Excellence' program through multiple tiers of suppliers ⁽³⁾	--	In progress	--
	13.	Train our employees on Cybersecurity and Ethics every year	2020: 90%	97.3%	100%
	14.	Decrease the Medical Incident rate to 0.38 or below	2019: 0.79	0.51	0.38
	15.	Reduce total number of safety recalls issued to 0	2020: 25	23	0
	16.	Be in the Top 25% in external ratings for Cybersecurity performance	2020: Top 25%	Top 25%	Top 25%
	17.	Assess our suppliers under our 'Vigilance Program'	2020: 374	3,248	4,000

These programs contribute to UN SDGs



- (1) The baseline year for each indicator is provided together with its baseline performance.
- (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2023 Universal Registration Document). The 2023 performance is also discussed in more details in each section of this report.
- (3) 2023 performance is in progress for SSE #12 'Social Excellence' because the program is still in development.

2023 Highlights



Schneider was named by Ethisphere's as one of the "most ethical company in the world" in 2023, for the 13th consecutive year



Schneider received the ESG Information Award, and ranked 7th among the winners of the Transparency Awards 2023



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



#1 of Gartner Supply Chain Top 25 for 2023, and in the top five for the 4th consecutive year

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.



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



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



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:

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

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 Trust, Foundation of Schneider Electric’s Business

1.1 Context

Trust is a foundational value, core to Schneider Electric’s Environment, Sustainability and Governance (ESG) commitments.

Schneider Electric has earned the trust of stakeholders through quality products and sustainability commitments. Business integrity is equally important. Trust powers interactions with customers, shareholders, employees, and communities. It is manifested through trusted teams, customer/partner relationships, investor trust, and community engagement. Leaders set the tone and exemplify the Trust culture, prioritizing equality, well-being, and safety. Schneider Electric upholds high standards in cybersecurity, anti-corruption, fair competition, and responsible supplier management, and remains mindful of the responsibility to prevent insider trading, deliver accurate financial statements, and protect intellectual property. The Company acts for a climate positive world, efficient resource use, and responsible citizenship.



 Discover our Trust Charter on www.se.com

1.2 Risks, impacts, and opportunities

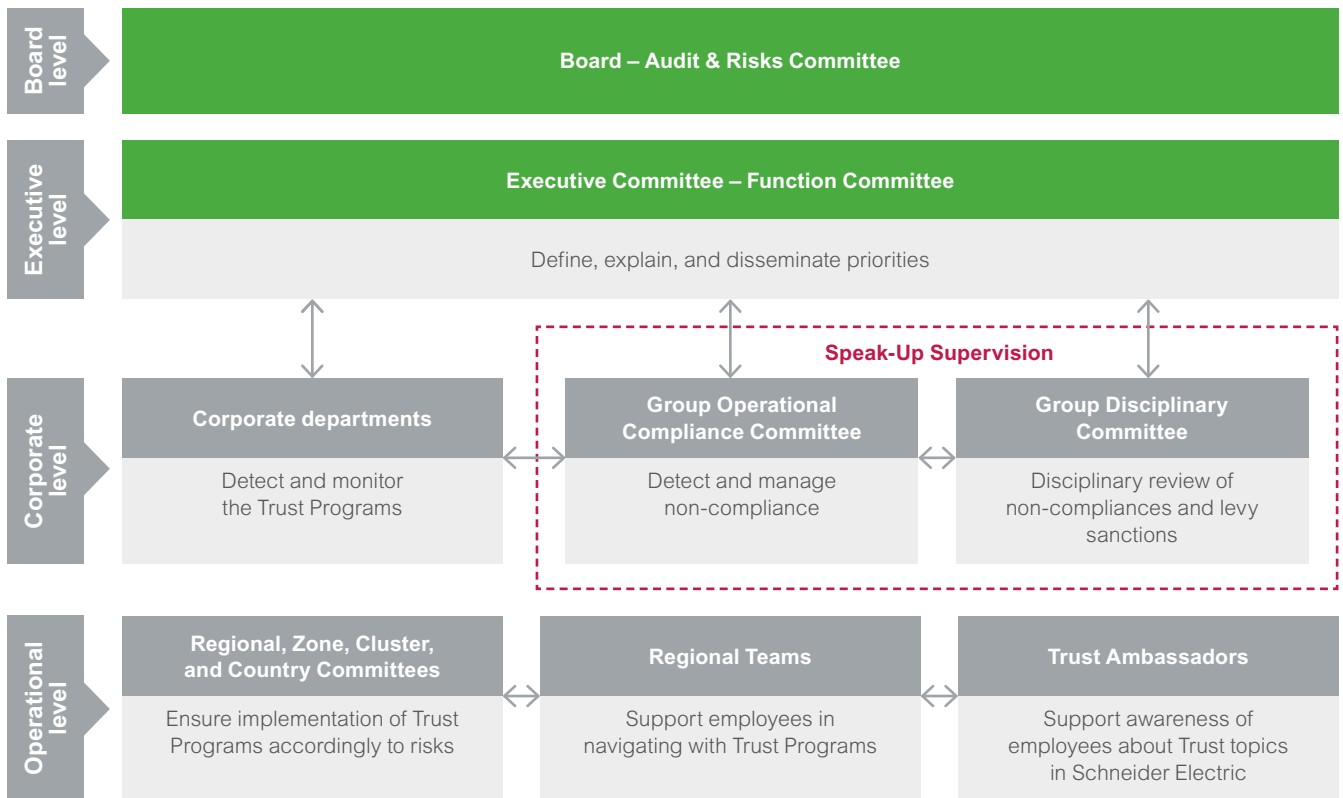
Resilience is a cornerstone in building and maintaining stakeholder trust. Schneider Electric’s commitment to effective risk identification, assessment, and management, coupled with a thorough understanding of potential impacts illustrates the Group’s strategic approach to building resilience in a robust and proactive manner.

Unethical practices or non-compliance of Schneider Electric, its employees or third parties acting in its name and/or on its behalf with applicable laws and regulations may expose Schneider Electric to criminal and civil proceedings, reputational damage, business interruption, and damage to shareholder value. The Group’s exposure to those risks has been increasing for several years, through its geographic expansion, participation in complex projects, and a large range of acquisitions. Moreover, over the past years, there has been an increase in law enforcement by public authorities, new regulations, and higher reputational risk with media exposure. See Chapter 3 on page 324 of the 2023 Universal Registration Document, for specific risk factors.

1.3 Governance

The Trust Programs are managed through a dedicated governance framework:

- **Board level:** Schneider Electric’s Board of Directors oversees the maturity level and effectiveness of the governance and organization, risk management systems, processes and controls, and communication and training through the Audit & Risks Committee.
- **Executive level:** Schneider Electric’s Executive Committee decides the Trust agenda, acts as a sounding board for corporate departments in charge of Trust topics, and coordinates highly transversal programs such as the Schneider Sustainability Impact.
- **Corporate level:** Schneider Electric has created a standalone Ethics & Compliance department, chaired by a Chief Compliance Officer, and reporting to the Chief Governance Officer & Secretary General, to drive the strategy of the Ethics & Compliance program. The department works closely with the Legal, Human Resources, Finance, Digital, Strategy, Quality & Sustainability departments, as well as Internal Control and Audit; which are directly responsible for managing certain specific risks.
- **Operational level:** Regional committees may ensure implementation of the Trust programs (such regional Ethics & Compliance Committees for the Ethics & Compliance Program) in alignment with risks identified. Operationally, they may rely on Regional Teams who drive the implementation in the zone, with the support of Trust Ambassadors and relevant subject matter experts at local levels.



Speak-Up Supervision

Schneider Electric employees must feel free and psychologically safe to share their ideas, opinions, and concerns, without fear of retaliation. To ensure the effectiveness of that Speak Up mindset and related whistleblowing system, the Group has created two specific committees:

- The **Group Operational Compliance Committee (GOCC)** detects and manages cases of non-compliance in accordance with the Whistleblowing Policy and Case Management & Investigation Policy, and reviews monthly the effectiveness of the whistleblowing system. The GOCC is composed of the following members: Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, Group Internal Audit & Control Officer, Group Compliance Director, Group HR Compliance Officer, and Head of Fraud Examination Team.
- The **Group Disciplinary Committee** levies sanctions and remediation actions on serious non-compliance cases to guarantee a fair and transparent disciplinary policy upon request of the GOCC. The Group Disciplinary Committee is composed of the following members: Chief Governance Officer & Secretary General, Chief Human Resources Officer, Chief Compliance Officer (secretary of the Committee), Chief Legal Officer, and one rotating member.

Ethics Delegates, one of Schneider Electric’s Trust Ambassadors



Ethics Delegates is an honors program designed to enable well-respected employees with high personal integrity to support the promotion of the Ethics & Compliance program, influence the behavior of the people and the culture of Schneider Electric, and help embed ethics and compliance in how people do their jobs within their business/location. In 2023, the community had 400+ members.

“I have been an Ethics Delegate for two years in Mexico. I serve as a listening ear, allowing individuals to share their concerns, worries, or any topic they feel the need to discuss. Through this role, I can provide accurate information to effectively manage situations, offer support, peace of mind, and instill hope for positive change”

Paulina Gomez
Ethics Delegate in Mexico

Driving responsible business with Trust

1.4 Trust Charter, Schneider Electric’s Code of Conduct

The Trust Charter (available in more than 30 languages on Schneider’s website), acts as the Group’s Code of Conduct and demonstrates the Group’s commitment to ethics, safety, sustainability, quality, and cybersecurity. It serves as a compass, showing the true north in an ever more complex world. Trust is a foundational value of Schneider Electric, and it is core to its environmental, social, and governance (ESG) commitments.

All Schneider Electric employees are expected to comply with Schneider’s Trust programs. They are based on management commitment which makes its pillars effective and on risk assessment which assists decision making, determining the risks to be treated and the priority to implement the treatment.

Through its Trust programs, Schneider Electric aims to prevent, detect, and mitigate integrity risks including corruption, fraud, violation of human rights, health and safety, responsible workplace (including discrimination, harassment, and sexual harassment), anti-competitive practices, sanctions and export control, tax law, quality, cybersecurity, as well as data privacy and protection. The program design and operation are influenced by the Group’s risk profile, business model, organizational structure, and culture.

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

 Discover our Trust Charter on www.se.com

1.5 Actions and resources



Management Commitment

Rules and policies alone do not suffice. Management sets the Company standards and promotes a culture of integrity and a Speak Up mindset. Leadership at every level of the organization was involved in the design, creation, and deployment of the Trust Charter to ensure that everyone at Schneider Electric is aware of the importance of trust and understands how to get the most out of the Group’s Code of Conduct.

Top management regularly expressed its commitment through statements and extensive communication (called “tone from the top”), such as during the Trust Week organized in June 2023. Its launch was supported by the CEO in a video in which he notably reminded colleagues of the importance of business running on trust and integrity. This integrity is also expressed by middle- and first-line management (called “tone from the middle”) by spreading the right message in their teams and supporting reporting of misconduct.

Management commitment is evidenced by the participation of Schneider Electric’s Chairman who sits on the global Board of the United Nations Global Compact. Schneider Electric also works with other companies and stakeholders to build integrity and common standards. The Group participates in the initiatives of many non-governmental organizations (NGOs) and professional associations, such as Transparency International France, *Le Cercle d’Éthique des Affaires* (The Ethical Business Circle), International Deontology & Compliance Committee of the *Mouvement des Entreprises de France* (Movement of the Enterprises of France), and Anti-Corruption Committee of Business at OECD (BIAC).

Awareness

Internal communication provides employees with essential baseline information on Schneider Electric’s integrity commitment while also raising awareness and understanding of the Trust programs. To do this, the Group created a dedicated intranet page: the Trust Portal, which gives access to resources (policies, useful contacts, sites, guidelines, templates, etc.) to all employees when they face situations in which they need support. The portal aims at giving employees the confidence to alert any unethical behavior they witness and stay informed of new Trust programs or policies. Schneider Electric also regularly distributes videos and other communication assets on integrity-related subjects to its employees.

In 2023, the Trust Week, the largest global internal communication campaign, combined all the pillars of Trust into a single event. The campaign consisted of one keynote and 13 webinars with over 2,000 attendees. By offering different activities and involving all employees in the events the Group noticed a very high level of engagement and impact. Additionally, Schneider Electric communicated all year long on Speak Up mindset, in particular through a video from the CEO and awareness sessions.

As a testimony of rising awareness and engagement to Trust, the Group saw an increase of global policy views of +19% in 2023 compared with 2022, with 21,800 unique views recorded on the Trust Portal, and over 14,000 downloads of the Trust Charter on se.com have been recorded, which takes into account not only employees but all the Group’s other stakeholders.

External communication informs stakeholders of Schneider’s integrity and implementation of the Trust programs. The Group communicates through a dedicated webpage and specific external communications. Schneider Electric also responds to several questionnaires from extra-financial rating organizations related to Trust. In 2023, Schneider Electric was once again recognized as one of the World’s Most Ethical Companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices.

Training

Each year a global campaign of mandatory training is run for all employees, called Schneider Essentials, from March to the end of September aiming at ensuring that all employees are trained on the most important topics covered by the Trust Charter. The training is available in 18 languages in the Group’s Learning Management System. In 2023, Schneider Essentials focused on Trust, Cybersecurity, Sustainability, and Quality, along with additional courses based on function or location. For employees exposed to corruption risks, an Anti-Corruption training is required each year as a functional essential training. The course dedicated to Trust was completed at more than 99% overall.

Several specific trainings are also delivered:

- A dedicated module on Ethics & Compliance was prepared for Country Presidents raising their awareness of their role and responsibility in supporting integrity at Schneider Electric.
- The Trust Programs include trainings for leaders of acquired companies, as a part of the integration process. The training entails a specific focus on what is expected from the leadership teams, including endorsing the programs and actively following up employees’ completion of mandatory trainings.
- In 2023, ad hoc learnings were organized for all employees and managers as part of the Trust Week in June 2023 (e.g, Speak-Up) in sensitive geographic areas (e.g, Brazil and India) or in locations where a specific risk is higher (such as the export control risk).

The Group monitors and discloses its completion rate on trainings on Ethics (Trust Charter and Anti-Corruption for eligible employees) and Cybersecurity, aiming for 100% completion each year (SSE #13). At the end of 2023 SSE #13 achieved a 97.3% completion rate.

Trust

SSE #13






Our 2025 Commitment

100% of employees trained every year on Cybersecurity and Ethics

Feedback received from employees confirm that the trainings are efficient in helping them to act with integrity.

Cybersecurity training: “Great Experiences and Knowledge.”

Trust at Schneider Electric training: “Very useful set of information, makes me aware of how to act when facing dilemmas, or witness a situation that can compromise the ethics of the Company.”

Anti-Corruption training: “Excellent training. Proud to work for a company that operates within strict guidelines to protect the longevity of the business.”

Our progress

2020 baseline	2023 Progress	2025 target
90%	<div style="width: 100%; height: 20px; background-color: #008000; position: relative;"> <div style="position: absolute; right: 0; top: 0; bottom: 0; width: 20%; background-color: #1a3d4d; color: white; text-align: center; font-weight: bold;">97.3%</div> </div>	100%

Driving responsible business with Trust

Third-parties integrity

Third-party relationships may create risks for companies, including corruption exposure and impact on brand and reputation. Conducting third-party due diligence is important to make informed decisions and avoid potential compliance, regulations and reputation issues. In 2023, the Group strengthened its due diligence programs for third parties (suppliers, customers, intermediaries, as well as donation and sponsorship operations).

Schneider Electric is also a third party for its clients and is subject to evaluation as such. The Group regularly responds to questionnaires and other additional requests regarding the Company's compliance policies, programs, trainings, governance, and audit controls.

In 2023, the Group has launched a dedicated internal platform – called Trust Center – to respond to those requests.

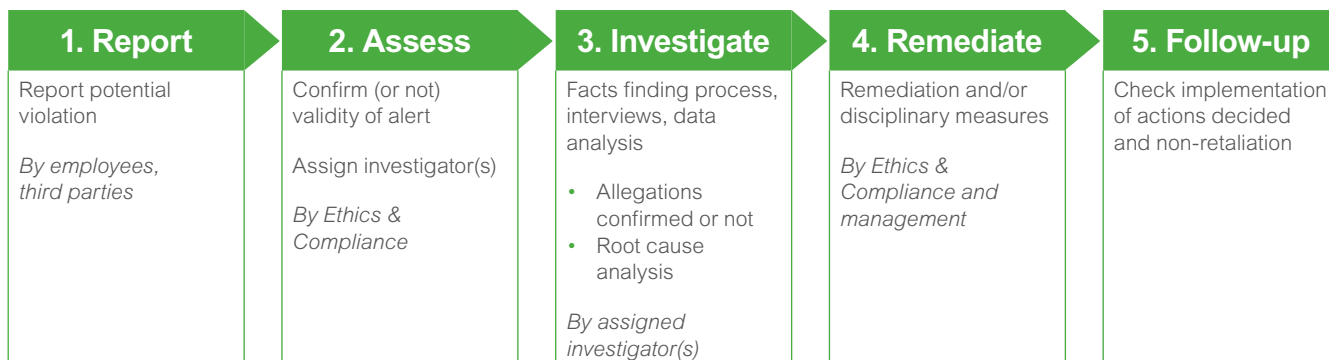
Additionally, M&A operations represent risks for the Company. A specific process and guidelines were put in place to ensure full compliance of M&A operations with anti-corruption, export control regulations and human rights risk. In 2023, they were updated to identify, manage, and mitigate those risks at the earliest possible stage. Guidelines aim to cover the very first steps of identifying potential targets, what to look out for in data-rooms, when and how to interview personnel at the target entity, and finally how the Group plans to integrate the acquired entity through dedicated Trust Standards.

Whistleblowing

As part of the Speak Up mindset, and as developed in the Whistleblowing Policy, Schneider Electric employees have a responsibility to report potential unethical behaviors. To voluntarily report a potential violation of laws and regulations, and/or of the Group's Trust Charter and Group policies, whistleblowers can use all reporting channels available, regardless whether they are employees, contractors, or external stakeholders (suppliers, subcontractors, customers, business agents, etc.)

At Schneider Electric, stakeholders, either internal or external, may report concerns either by contacting an appropriate person in the Group (manager, HR business partner, Legal Counsel, or Compliance Officer) and/or by using the Trust Line, Schneider Electric's whistleblowing system. The latter is available online globally, at all times, and protects the anonymity of the whistleblower (unless there is legislation to the contrary). In compliance with local legislation, this system is provided by an external, impartial third-party company and proposes alert categories, a questionnaire, and an information exchange protocol between the person issuing the alert and the person responsible for the case management.

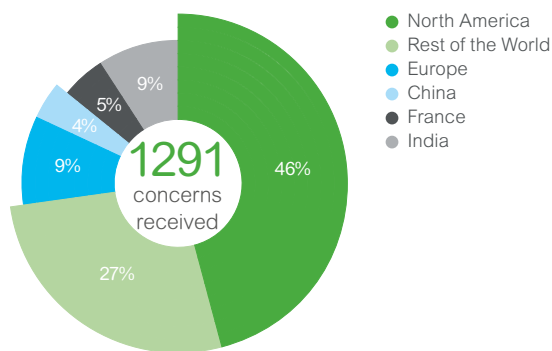
Case management: a structured process led by Ethics & Compliance



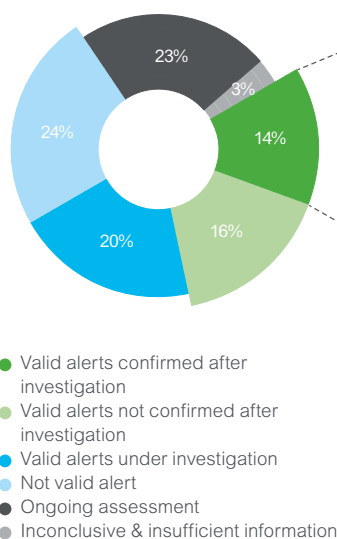
In 2023, Schneider Electric updated its Whistleblowing Policy, and therefore reinforced the protection of the reporter, reported person, witnesses, and other involved people by highlighting rights and responsibilities of people involved. A significant reinforcement of people protection was implemented, in particular:

- a new procedure to ensure Schneider Electric’s zero-tolerance policy against retaliation by prohibiting retaliation or other discrimination,
- a set of protection and care measures that can be offered during investigation, in case he/she needs and as per local legislation, such as: security measures (distancing), accommodations, flexible time management, change of function/service, and psychological support,
- a possibility of internal or external mediation to help rebuild respectful collaboration.

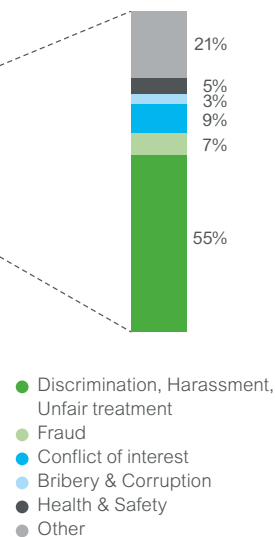
Number of concerns received through our whistleblowing system per region



Status of concerns received* through our whistleblowing system



Distribution of confirmed alerts by type of issue



*as of January 1st, 2024

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To measure the effectiveness of the Trust Line, Schneider Electric created SSI #7 and added a question to its annual employee engagement survey, OneVoice: “I can report an instance of unethical conduct without fear”. In 2021, 81% of employees surveyed answered “yes”. Since then, the Group is working to increase this measurement by 10 points by 2025 as part of Schneider Sustainability Impact. In 2023, 82% of employees surveyed answered “yes” which constitutes an improvement of +1 point over a two-year period.

Corrective actions

Deficiencies in the implementation of the Ethics & Compliance program – and potentially reported through whistleblowing – are analyzed to identify their cause and remedy them with appropriate measures, which can take the form of:

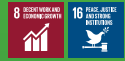
- disciplinary measures decided by the relevant managers together with Human Resources, or by the Group Disciplinary Committee for the most sensitive alerts based on the findings of an investigation and depending on local disciplinary policies and law;
- remediation measures (such as launching a specific audit, reviewing a process, or performing training);
- external actions (such as entering civil litigation or similar legal proceedings).

Monitoring and audit

The Trust Charter and programs are an integral part of the Group's Key Internal Controls (KICs). In effect since 2022, this KIC framework has been enhanced by increasing the number of KICs for the Trust programs aligned with new policies and processes.

Furthermore, the Group's Internal Audit program includes specific tasks related to the Trust programs, and to activities or subsidiaries for which an evaluation of the maturity and effectiveness of the program will be reviewed. Several internal audits were conducted in 2023 resulting in recommendations related to the improvement of the Trust programs.

Trust SSI #7



Our 2025 Commitment

Measure the level of confidence of our employees to report unethical conduct

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

Experience feedback from an employee in India in 2023.

“Throughout the process, I felt extremely supported by the Ethics & Compliance Department. They listened patiently to my concern and assured me of the confidentiality of our discussions and guided me on my behavior and actions with the concerned employee. This really helped during the process of the investigation. It was a long process but there is nothing to get discouraged about. I recommend anyone at Schneider Electric to report any concern and let the Ethics & Compliance Department guide you. Once finalized, you will recognize that you took the right step.”

Our progress

2021 Baseline	2023 Progress	2025 target
81%	+1pt	+10pts

2 Vigilance plan

2.1 Context

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

The Group's vigilance plan reflects this ambition. It also complies with the provisions of the 2017 French law on Corporate duty of vigilance and has been adapted to comply with the Norwegian Duty of Vigilance Law and the German Law of 2023 as well. The plan includes:

- a risk analysis specific to vigilance risks that Schneider Electric poses to the ecosystem and environment (i.e., externalities);
- a review of the key actions implemented to remediate or mitigate these risks;
- an alert system and
- governance specific to vigilance.

In this Universal Registration Document, Schneider Electric reviews the risk analysis and describes the related mitigation actions. Readers are also directed to other sections of the report for relevant and detailed information. The full vigilance plan of the Group is available as a standalone document and can be downloaded from Schneider Electric's website at se.com.



Consult and download Schneider Electric's Vigilance report on www.se.com

2.2 Risk, impacts, and opportunities

Risk assessment methodology

Schneider Electric has developed a specific vigilance risk matrix, using a methodology consistent with other risk evaluations performed at Group level, but focused specifically on adverse impacts Schneider has or may have on its environment and ecosystem. The methodology is based on interviews with internal experts from areas such as Health & Safety, Social Relations, and Data Privacy. These interviews are conducted every year, to take evolutions of the risk levels into account. Since 2021, Schneider includes the risk to local communities living close to Schneider locations and customer project sites. Since 2022, Schneider runs specific workshops that include members of the European Work Council. The conclusions of these workshops have been integrated in the 2023 risk assessment.

The scope of work covers Schneider Electric and its subsidiaries, joint ventures, suppliers, and subcontractors. A review of the downstream supply chain is performed on a sample of customer projects.

Risk categories

For a granular assessment of the risk level and the magnitude of the impact on Schneider Electric's ecosystem, the Group has identified more than 60 natures of risks relating to different risk areas such as Decent workplace, Ethical business conduct, or Offer safety. However, to simplify the reading, they have been grouped into four risk categories that are synthesized as below.

Human rights:

- Decent workplace
- Health and safety

Environment:

- Pollution and specific substances management
- Waste and circularity
- Energy, CO₂, and greenhouse gases (GHG)

Business conduct:

- Ethical business conduct
- Alert system, protection, and non-retaliation

Offer safety and cybersecurity:

- Offer safety
- Cybersecurity and data privacy

Risk location

The Group has focused on four areas where risks may occur:

- **Schneider Electric sites:** these have been segmented based on categories that present a specific level of risk. For example, office buildings, research and development (R&D) laboratories, and production factories each carry a different level of risk.
- **Suppliers:** the level of risk differs based on the type of process and technologies used, and the Group has therefore segmented the analysis by component category of purchase. The risk level is an average assessment. The geographical location is factored in when selecting suppliers for the audit plan.
- **Contractors:** when implementing a customer project, such as building a large electrical system at a customer's site, Schneider Electric works with contractors, leveraging their expertise (civil work, electrical contracting, etc.). This "off-site" project work bears specific risks for contractors. A separate "off-site and projects execution" category for contractors has therefore been defined for the assessment.
- **Local communities:** Schneider Electric has identified two distinct segments: communities located around Schneider Electric sites and communities located around customer project sites. Communities have been assessed against three risk categories: human rights, environment, and business ethics.

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Risk evaluation and scale

The evaluation combines the probability of occurrence of the risk, with the seriousness of potential impacts. The risk level displayed in the matrix is an evaluation before impact of mitigation actions (“gross risk”). After taking into consideration the impact of these mitigation actions, the level of risk may be significantly reduced. However, this “net risk” is not reported in the matrix. Risks are assessed on the following scale:

0 – Non-existent; 1 – Low; 2 – Medium; 3 – High; 4 – Very high.

In this 2023 risk assessment, no “very high” risks were identified.

Key findings

The overall risk mapping exercise across Schneider's value chain is detailed in the matrix below, and can be summarized as follows:

Medium to high risk: Suppliers

Schneider uses a large panel of suppliers across different geographies in the world: more than 53,000 in the first tier, and several million at the level of tier 2 and above.


- **Human Rights** have been identified as a key risk, especially in countries where labor laws and social protection are below average standards. The areas of concern are mostly around safety at work, decent workplace, and labor standards. The most frequent issues detected by Schneider's audits are related to decent working hours, paid leave, and proper resting time.
- **CO₂ emissions** coming from the transformation of raw materials into components, and then the transportation of these components, have been identified as an area of risk. This risk is quantified in the Scope 3 analysis of the Company's carbon footprint.
- **A few very specific pollution risks** are linked with some categories of purchases, due to the nature of substances used (solvents, GHG, etc).

 For more information on actions taken, please see **section 12 on page 34.**

Medium to high risk: Contractors

Among Schneider's 53,000 tier 1 suppliers, 12,000 are off-site contractors (or otherwise called solutions suppliers), working on the construction sites for customer projects.

- **Health and Safety** has been identified as a high risk, mostly linked to the physical injuries that can happen during construction, or when doing services and maintenance operations. Some of the risks are specific to the presence of electrical equipment, and some other risks are more general to a construction site.
- **Business Ethics** is also identified as a risk due to the contractual nature of this activity. Specifically, corruption, conflict of interest and integrity are the most salient subjects.
- **Human Rights** is an area of concern, as these contractors often resort to temporary manpower, contracted for the duration of the construction at conditions that may not respect decent work standards. In several countries, this manpower is also coming from other countries of origin, therefore at risk of being forced labor or in the difficult condition of migrant workers.

 For more information on actions taken, please see **section 13 on page 45.**

Low to medium risk: Schneider entities and sites

Schneider Electric is operating in 100+ countries, with 162 production factories, 84 distribution centers, and about 800 commercial offices and R&D laboratories. The risk evaluation for these locations has been assessed from low to medium, with the exception of cybersecurity, which is considered.

- **Health and Safety** risks mostly concern production sites, especially when the components or equipment manufactured are heavy (medium voltage activities) or when electrical tests are being performed (project execution centers). The risk is also concentrated on the service teams, as their activity is performed on customer sites, and in the frequent presence of powered electrical systems.
- **Human Rights** concerns are linked to working hours and business pressure, these two subjects also being linked to social dialogue. Following the challenge of COVID-19, supply chain disruptions have left little room for teams to rest, therefore increasing the overall fatigue, and its consequences on mental health.
- **Specific situation of cybersecurity** on Schneider Electric sites and systems: as Schneider is a supplier of connected components and software for complex, digital solutions, the Company is a potential target for cyberattacks aimed at reaching its customer's systems. Therefore, Schneider considers this risk as high, and top of the agenda for its support to customers.

Low to medium risk: Local communities

The ongoing risk evaluation for communities living around Schneider Electric sites (factories, offices) demonstrates that the level of risk is mostly low to medium, as Schneider Electric operations are usually located in large, well-structured urban areas. A very limited number of production sites may be an exception to this, and they are the subject of a specific review.

As regards customer projects, the review of a sample of large projects shows that in most instances, impacts on local communities are limited. However, in a few specific cases, interactions with communities are significant, and require greater attention. As these projects are usually very different from one another, a “customized” approach is necessary, both for risk evaluation, and selection of mitigation actions. For more information on actions taken, please see section 14 on page 47.

Special mention of Carbon emissions for customers (Scope 3)

Since the beginning of the vigilance plan in 2017, the focus has been on Schneider operations, on the upstream supply chain and the transformation programs associated (supplier vigilance, contractors, The Zero Carbon Project, Decent Work, etc.). The downstream part of the supply chain has not yet been the subject of an evaluation from a Human Rights perspective. However it has been analyzed from the perspective of climate and CO₂ emissions. Scope 3 carbon emissions have been quantified, and several major action plans are deployed as part of Schneider’s Net-Zero Commitment. Schneider considers that acting on carbon and climate are key responsibilities of the Company. The Duty of Vigilance section does not provide details of these measures. For more information, please see the description of the program included in Chapter 3 “Leading on decarbonization”, page 154 of the 2023 Universal Registration Document.

Schneider Electric 2023 vigilance risk matrix

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

		Schneider Electric sites						Suppliers						Contractors		Communities			
		Offices	Travelers, sales forces	Factories low voltage and electronics	Factories medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customer's project sites	
Human Rights	Decent workplace	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Health and Safety	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Environment	Pollution and specific substances management			●	●	●	●		●	●	●	●	●	●	●	●	●		
	Waste, water, and circularity	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Energy CO ₂ and GHG	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●		
Business Ethics	Ethical business conduct	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
	Alert system, protection and , non-retaliation	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Offer safety and cybersecurity	Offer safety			●	●	●	●		●		●	●	●	●			●		
	Cybersecurity and data privacy	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		

Driving responsible business with Trust

Comparison of the 2023 analysis with 2022:

The following items have evolved:

- In the Decent Workplace section, the level of Human Rights risks for migrant workers has been re-evaluated, as a consequence of the increased migration flows. The origins of these displacements are multiple, from climate change to conflicts or economic hardship. They are not a consequence of Schneider Electric's policies, however, Schneider, like other companies is confronted to that reality. Although the lack of data and measurement does not allow to precisely assess the risk, and Schneider, throughout its field audits has not come across specific cases, temporary workers are more likely to be exposed to this kind of risk, both within Schneider and throughout our supply chain.
- Psycho-social risks remain high and with perhaps a still increasing trend. Although this is difficult to quantify, the impact of a complex business environment and the pressure it entails is having consequences on employee well-being and mental health; this subject is carefully monitored at global and local level.
- Fighting all types of harassment has been the object of specific programs for several years, including awareness actions, a "Speak Up" program, and a reinforcement of our alert system Trust Line. Over the last two years, the analysis of data from the alert system and other alternative tools such as Workers Voice have allowed a much better qualification of the risk level, mainly on sexual harassment and work harassment. The risk level is considered stable, but the actions and the Speak Up program are now better focused on prevention.
- Globally in 2023, the overall Business Ethics risk remains unchanged from 2022, except for Raw Materials where pressure from customer industries results in a higher risk for corruption or conflict of interests. To better qualify this risk, a specific study has been launched in 2023 and will carry on throughout 2024. This study is focused on our key raw materials.
- Schneider's focus on data privacy has allowed to better evaluate the level of risks. In some areas like biometric access control and video surveillance security, our level of awareness has improved and the risk matrix has been updated accordingly. In the global context of an increased digitization at all levels, Schneider's focus on data privacy, as well as cybersecurity is a top priority.
- In the Waste, Water and Circularity section, given the events of 2023 related to water scarcity and droughts, the level of risk has been increased for specific types of factories. Although Schneider is not a massive user of water in its operations, we have decided to increase the focus on operations located in water stressed areas.

2023 German Law on Supply Chain Due Diligence

(Lieferkettensorgfaltspflichtengesetz): Schneider Electric has significant operations in Germany and is subject to the new vigilance law that came into force in January 2023. The Vigilance plan of Schneider Electric was already compliant with most requirements before the German law came into force, and additional actions required by the law have been implemented in 2023, such as a training program for German employees, specific communication to local partners and stakeholders, the appointment of a dedicated expert within Schneider Electric's Germany organization, etc.

2.3 Governance

The plan is governed by the Duty of Vigilance Committee, set up in 2017. The steering committee meets twice a year in normal circumstances. Overall, since its inception, 17 Committee meetings have been held (five in 2017 and twice per year in 2018, 2019, 2020, 2021, 2022, and 2023). The Committee's objective is to provide a discussion on strategic orientation and prioritize initiatives and the resources allocated to their implementation. This Committee also reviews the actions in progress and their results and defines decisions on next steps for action.

Composition of the Duty of Vigilance Committee

Chairman:

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

Management:

- Global Duty of Vigilance Group Coordinator
- Duty of Vigilance Coordinator for German Law Deployment
- Senior Vice-President (SVP), Sustainability
- SVP, Corporate Citizenship
- SVP, Global Safety and Environment
- SVP, Global Procurement
- SVP, Sustainable Supply Chain & Safety
- SVP, Global Customer Projects
- SVP, Human Resources
- SVP, Ethics and Compliance

Experts:

- Environment Performance Measurement
- Sustainable Procurement
- Human Rights

2.4 Group policy

The Group has designed a Vigilance plan that covers all areas specified by the soft laws (UN Guiding Principles on Business and Human Rights, OECD, International Labor Organization (ILO)) and by the existing hard laws (2017 French Law, UK and Australia Modern Slavery Acts, 2023 German Law, etc.). This plan is also fully consistent with Human Rights major actions included in our Decent Work program.

The ambition of our Vigilance plan is to be at the forefront of all these important topics, and from one single corporate program, being able to answer the different requests from all laws and regulations.

2.5 Actions and resources

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

Key Topics	Risk Categories	Policies Implemented and Mitigation Actions
Schneider Electric sites		
Human rights	Decent workplace	See (i) section "11 Human Rights" and (ii) section "4 Employee health and safety" for more details on the deployment of health, safety, and human rights actions on Schneider Electric sites. It covers, notably: <ul style="list-style-type: none"> Schneider Electric's employees' safety; Human rights and people development policies; Well-being programs.
	Health and Safety	
Environment	Pollution and specific substances management	See section "2.3 Leading on decarbonization" of the 2023 Universal Registration Document, for more details on the deployment of environmental actions on Schneider's sites. It covers, notably: <ul style="list-style-type: none"> Certification of its sites to ISO standards; Schneider Electric specific programs to reduce CO₂ emissions; Reduction of SF₆ emissions; Schneider Energy Action program for energy efficiency; Reduction of waste and increased circularity.
	Waste and circularity	
	Energy CO ₂ and GHG	
Business Ethics	Ethical business conduct	See (i) section "1 Trust, Foundation of Schneider Electric's Business" and (ii) section "7 Zero-tolerance for corruption" (ii) for more details on the deployment of business ethics actions on Schneider Electric sites. It covers, notably: <ul style="list-style-type: none"> Internal and external alert systems; Third-party relationship management; Specific anti-corruption actions.
	Alert system, protection, and non-retaliation	
Offer safety	Offer safety	See section "5 High standards for the quality and safety of our products" for more details on the deployment of offer safety actions. It covers, notably: <ul style="list-style-type: none"> Sustainability Quality Excellence; Reliability.
Cybersecurity and Data privacy	Cybersecurity	See section "6 Digital trust and security" for more details on the deployment of data privacy and cybersecurity actions. It covers, notably: <ul style="list-style-type: none"> Cybersecurity by design approach; Personal data protection; Training and awareness on cybersecurity.
	Data privacy	
Suppliers		
Suppliers	Supplier vigilance	See section "12 Sustainable relations with suppliers" for more details on the deployment of actions towards Schneider Electric's suppliers. It covers notably: <ul style="list-style-type: none"> Continuous improvement process based on ISO 26000 standards; Decent Work program for strategic suppliers; Vigilance plan for suppliers; The Zero Carbon Project.
Subcontractors		
Sub-contractors	Subcontractors vigilance	See section "13 Vigilance with project execution contractors" for more details on the deployment of actions towards Schneider Electric's subcontractors (or solution suppliers). It covers, notably: <ul style="list-style-type: none"> Integration of ESG into the project decision making; Vigilance plan for project contractors.
Local communities		
Local communities	Around Schneider Electric sites	See section "14 "Ethical relations with downstream stakeholders" for more details on the deployment of health, safety, and human rights actions around Schneider Electric and customer projects sites. It covers, notably: <ul style="list-style-type: none"> Risk mitigation around Schneider Electric sites; Risk mitigation around customer project sites
	Around customer projects sites	

3 Responsible Workplace

3.1 Context

A responsible workplace is an open and supportive place where all employees, no matter who they are, or where they live in the world, feel uniquely valued and safe to contribute their best. It requires everyone to be treated fairly, to acknowledge and value differences, and everyone feeling free from any type of harassment, victimization, and discrimination.

3.2 Risks, impacts, and opportunities

Not creating a responsible workplace may expose Schneider Electric to liability for harassment or discrimination claims from the person who has allegedly been harassed or discriminated or the alleged perpetrator for failure to protect employees against such conduct. Moreover, the Group could be exposed to reputational risk.

To assess risks relating to the workplace, Schneider Electric conducted a risk mapping exercise as part of the Ethics & Compliance risk mapping, under the Human Rights risk stream, to capture operational risk exposure at zone level, based on local interviews led by the Regional Compliance Officers and the Legal teams. In 2023, 59% of the substantiated valid alerts, reported through whistleblowing, concerned Discrimination, Harassment or Sexual Harassment⁽¹⁾.

The process at regional level is as follows:

- Step 1 – each region defined its local risk universe taking into account local specific risks.
- Step 2 – each region assessed its gross risks and effectiveness of its local mitigation measures, generating a mapping of regional net risks. In addition, a global risk mapping was consolidated at Group level.
- Step 3 – each region defined action plans to reduce the risk exposure. In addition, a set of global action plans was established at Group level.

Fighting harassment and discrimination in the workplace has several positive impacts, including creating a positive work environment which promotes collaboration and productivity, retaining talent, enhancing Company reputation, fostering diversity, and reducing legal risks.

Building a responsible workplace establishes trust for employees. It also encourages talented candidates to join Schneider Electric's safe and comfortable work environment. Additionally, for the same reasons, it retains talents by developing engagement and increasing employee morale. As Schneider's employees are first in the line of defense, the Group has renewed and deployed its Core Values and Leadership Expectations. Each year, employees are evaluated on their global performance, taken into consideration their alignment with the Group's values and corresponding demonstrated behaviors.

3.3 Governance

Schneider Electric has "zero tolerance" for any kind of workplace misconduct. This commitment is a key focus of the Ethics & Compliance program which is led by a dedicated HR Compliance team in the Ethics & Compliance department, under the authority of the Chief Compliance Officer.

HR Compliance defines and deploys measures to prevent harassment and discrimination and other workplace-related conducts at Schneider Electric and manages the most severe compliance cases. Locally, it is operationalized by Regional Compliance Officers under the supervision of their regional Ethics & Compliance Committees defining the local strategy. They are supported by a network of HR Compliance Champions to align with HR roadmap for each function, business, and operation, and Ethics Delegates to raise awareness on Responsible Workplace.

3.4 Group policy

Schneider Electric implemented in 2018 an Anti-Harassment Policy, serving as an employee manual to address and prevent misconduct violating the dignity of employees. In 2023, Schneider has deployed a new Anti-Harassment & Anti-Discrimination Policy which reinforces Schneider Electric's zero tolerance for any kind of harassment (sexual, physical, discriminatory, psychological, etc.) or discrimination (direct or indirect) in the workplace and sets forth clear rules and processes. It also reinforces employees' rights and responsibilities, notably regarding anti-retaliation. Managers and Human Resources Business Partners' roles have been highlighted as well as the possible reporting mechanisms.

3.5 Actions and resources

To build a common understanding and alignment, Schneider Electric also created a mandatory training entitled "Building a Culture of Respect" and assigned it to all employees as part of Schneider Essentials (mandatory for all) in 2021. 98% of employees completed the training. This training was available to all employees in 2022 and 2023. In addition, some specific trainings were deployed in line with local initiatives to prevent sexual harassment in specific countries (e.g. India.).

Due to the sensitivity of workplace-related alerts and the human factor involved, the Group has also created a specific e-learning for its network of HR internal investigators which has been expanded in 2023. This aims to ensure full impartiality and fair common practices everywhere. More than 250 HR investigators were trained. In addition, workshops have been conducted for internal investigators in many geographies, and a pilot mediation program was launched in France.

In 2023, a dedicated communication plan was carried out, promoting the new Anti-Harassment & Anti-Discrimination Policy and raising awareness. Schneider Electric also organized specific communication actions promoting a responsible workplace as part of the Trust Week that took place in June 2023. In addition, Schneider Electric encourages the Speak Up mindset to allow employees and stakeholders to report any violations of the Group's ethical standards or any workplace-related concerns.

(1) As of January 1st, 2024

4 Employee health and safety

4.1 Context

The world in which Schneider Electric operates is changing fast with many drivers such as digitization, new technologies, connectivity of data, and ESG giving opportunities to positively impact Health and Safety. At Schneider Electric, Health and Safety is a value that will not be compromised, as it is one of the five Schneider Electric Trust Charter pillars. In addition, the Group has set ambitious 2025 Health and Safety targets.

As a pillar of corporate social responsibility, providing a safe workplace for employees, customers, and contractors is fundamental. In a world where the Group relies on contractors to deliver its solutions, it becomes important that contractors comply with the Schneider Electric’s Health and Safety program and standards.

Schneider Electric’s ambition is to provide a safe and healthy environment for all its employees and contractors, so they can perform to their full potential, positively impact the safety of our customers, and return home safely.

The ambition is to enhance the safety maturity level by leveraging the employee engagement through our safety culture program, digitization, visualization of data, and contractor Safety Qualification program.

4.2 Risks and opportunities

Health and Safety is one of the risk drivers of the Enterprise Risk Management (ERM) model, which is part of a formal risk assessment, identifying Key Risk Indicators and implementing action plans to reduce risk. The focus of this model is to concentrate at global level, on risks that can result in serious or fatal accidents. This involves looking beyond the top 5 hazards and analyzing the controls preventing accidents from occurring and connects to Schneider Electric’s High Potential Severity (HiPoS) program. Those hazards that have the potential to result in serious accidents have a deeper analysis by global experts, and the learnings are then shared with the full organization.

As well as driving specific actions, the ERM and HiPoS programs also contribute to the annual global Health and Safety Improvement program.

Regarding legal compliance risk, all Schneider Electric sites prepare a Health and Safety legal register, audit themselves against the required regulations and implement actions to close the gaps. The full process is audited as part of the ISO 45001 Occupational health and safety management systems external certification.

Injuries based on the Top Hazards

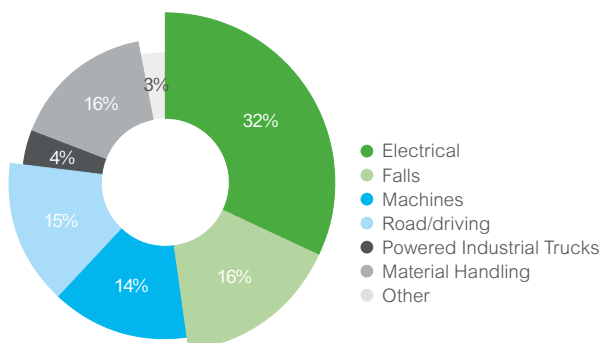


Fig. Last 5 years

4.3 Governance

Schneider Electric has a strong Health and Safety governance in place with several instances of control to ensure the Health and Safety strategy is fully deployed.

Steering Committees

Quarterly Health and Safety Report to Executive level: A report is created each quarter by the VP, Global Health and Safety and presented to the Executive level. The report includes Health and Safety performance vs. targets and Health and Safety program deployment update.

Monthly Global Health and Safety Steering Committee: Each month the Global Health and Safety team share Health and Safety performance vs. targets and Health and Safety program deployment, with the Regional and Organizational Health and Safety VP’s.

4.4 Group policy

Schneider Electric is committed to invest in its people and its workplace as stated in its Group Health and Safety Policy, which is reviewed each year and is fully aligned with ISO 45001 standard.

Each employee plays a key role in identifying and mitigating hazards. This practice applies at Schneider Electric sites, at customer sites and while driving or traveling.

The Group values engagement at all levels and:

- expects each manager to role model Health and Safety as defined in the Global Safety Strategy (see details below);
- empowers employees to take ownership, for themselves and their team of Health and Safety;
- gathers the views of all employees, their representatives, and those working on the Group’s behalf, through consultation, including their participation in reporting and resolving safety improvement opportunities;
- recognizes employees who propose Health and Safety innovations or implement solutions;
- sustains relationships with suppliers, contractors, and customers under the condition that Safety commitments are agreed and met.


The Group provides a safe work environment for all and:

- invests in resources and training to support Schneider’s Health & Safety vision and goals;
- complies to external legal requirements and internal directives.
- embeds Health and Safety into its business practices and is an integral part of all major decisions, from acquisition, product development, the launch of a business and ;change management.
- is determined to eliminate hazards and reduce risks.

Driving responsible business with Trust

The Group communicates in an open and transparent manner and:

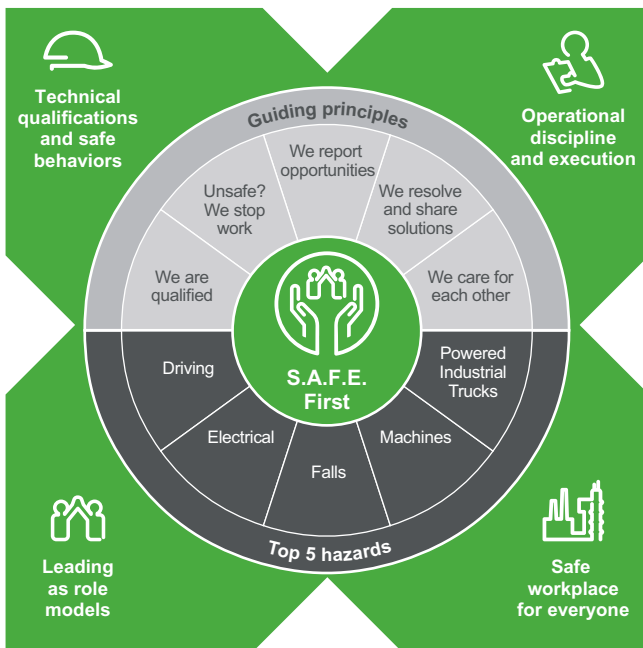
- continually improves its Health and Safety Systems by benchmarking, adopting best available techniques, and through continuous learning;
- captures, analyzes, and communicates safety improvement opportunities, near-misses, and incidents in a systematic manner;
- creates global action plans and shares with all potentially impacted employees to prevent incident (re)occurrence;
- sets Safety and Occupational Health goals and objectives, monitors performance, and reports progress internally and externally.

 Consult and download Schneider’s Health and Safety Policy on www.se.com

4.5 Actions and resources

The fundamentals of the Health and Safety Strategy are:

- “S.A.F.E. First” at its core, developed as a personal reminder to pause and reflect on safety before beginning any task.
- Top five hazards, regularly reviewed to prevent serious accidents.
- Five guiding principles, set the expected Health and Safety behaviors.
- Four strategic priorities, which have been identified as strong levers to deliver the Schneider Electric Policy.



The 2025 vision is connected to the four pillars of the Health and Safety strategy – Technical qualifications and Safe behaviors, Operational discipline and execution, Leading as role models, and Safe Workplace for Everyone.

Each year a global action plan is generated by the Health and Safety corporate team to implement the 2025 vision. In 2024 the plan will cover a safe driving program, reducing cut accidents, machine safety, office and R&D safety, and Health and Safety leadership training for Managers and safety professionals. A local action plan, managed by each region, complements the global plan and includes the improvements identified by the Environment Health and Safety Assessment (EHSA) deployment, the ISO 45001 implementation, and the safety culture assessment. The safety culture assessment has evolved into a program called “Safer Future”, which includes a safety climate tool (NOSACQ50) that is an

internationally recognized questionnaire, which was piloted in 12 countries in 2023. The next step will be to deploy it in the rest of the countries.

Communication, through webinars, safety intranet, and internal social media, is important to ensure that standards are known and implemented to provide a safe workplace for everyone and make safety performance visible, so that leaders can take action to continuously enhance risk prevention.

Each quarter, Schneider Electric focuses on key topics “Quarterly H&S Spotlights” to raise awareness of both workplace Health and Safety and human factors, promoting the importance of safety globally, through training materials, posters, employee videos, and a quarterly video message from Schneider Electric’s top leaders.

Schneider Electric engages employees by using the internal social media tool, Yammer, to post Health and Safety updates, interact with the community, and collect feedback from employees. Schneider Electric also encourages employees to report safety opportunities, which are translated into risk reduction actions to engage employees in the Health and Safety program. In 2024, the completion rate of improvement actions connected with the safety opportunities will be measured.

Audits and engagement

Integrated Management System (IMS) – ISO 45001: The key elements of certification to ISO 45001 includes annual site management review and internal site audit program, and external audit program at site and corporate level. This external certification is in place for 211 locations, including 176 manufacturing and logistics sites and the headquarters.

Annual Environmental Health and Safety Assessments (EHSA): To ensure successful implementation of the Schneider Electric Health & Safety strategy, annual EHSA’s are performed in industrial and customer facing sites worldwide, by the site Health & Safety team and validated by the regional H&S specialist. This assessment is a global process which measures compliance against H&S directives and identifies improvement opportunities and recognizes excellence. The EHSA digital Tool has been deployed in manufacturing and logistics locations in 2022. 96% of sites have carried out a self-assessment and for 84% of sites the assessment has been validated by regional H&S expert.

Global Risk Consultants (GRC) perform loss prevention audits for industrial sites to ensure that the required standards for fire prevention and emergency planning are in place.

Externally published Health & Safety KPI’s are audited by an independent third party as part of our non-financial performance reporting.

Health and Safety performance results

In 2020, Schneider set a five-year safety target to reduce the Medical Incident Rate (MIR) to 0.38 by 2025, from a 0.79 baseline in 2019. The Medical Incident Rate (MIR) is the number of work-related medical incidents (including injuries and occupational illnesses) multiplied by one million hours (average hours of 500 employees working for one calendar year) divided by the total hours worked. Work-related injuries and occupational illnesses requiring medical treatment are included. Medical Incidents, where the Injured Party requires hospital treatment for more than 24 hours, are classified as Serious.

Trust
SSE #14



3 CONSECUTIVE YEARS AWARD

0 RECORD FOR NO ACCIDENTS



Our 2025 Commitment
0.38 or below Medical Incident Rate

We believe that all accidents are preventable, and use the MIR indicator to measure progress made against this target. The Schneider Electric 2025 target of 0.38 MIR represents one accident per 1,450 employees per year, which is a big step towards Schneider Electric's ambition of 0 accidents. Every accident that Schneider Electric avoids, prevents pain and suffering that a Schneider Electric employee and their friends and family would have experienced.

Our progress

2019 baseline	2023 Progress	2025 target
0.79	0.51	0.38

The MIR performance has reduced to 0.51 in 2023, meaning that we are at 2% off target, which represents a 68% progress of the 2021- 2025 program. 2023 was the best performance ever showing a MIR reduction of 12% compared to 2022, this translates to 154 medical incidents, of which 2 were classified as serious, without any employee fatalities.

As a result of all the Health and Safety programs deployed over the last 8 years, Schneider Electric has been very successful in meeting goals for the reduction of workplace injuries and illnesses, including those injuries resulting in lost time days. The frequency of incidents (Medical Incident Rate, (MIR)) has been reduced by 56%, and the severity of incidents (Lost Time Incident Rate (LTIR)) by 55%.



Recognition and awards

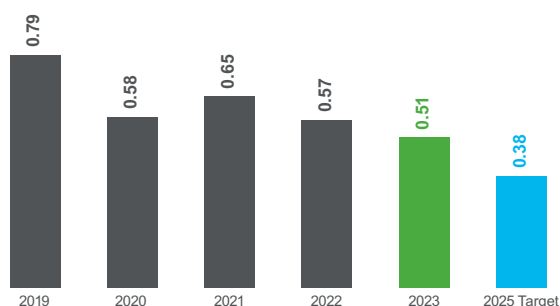
95 locations won the Operational Excellence award including several GSC sites. This represents 78% of all North America (NAM) locations.

Schneider NAM has also won the Corporate Culture of Safety award given to organizations with 50 or more locations achieving Occupational Excellence. Schneider Electric UK & Ireland has been awarded the RoSPA Gold Medal (6 consecutive Golds) Award for health and safety performance and the RoSPA Fleet Safety Gold Medal (7 consecutive Golds) Award for managing occupational road risk.

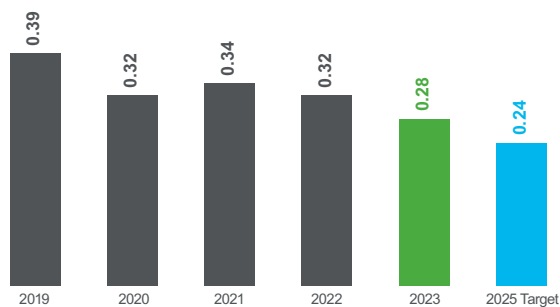
Schneider Electric Canada has been awarded a partnership in injury reduction. Schneider Electric Perú received an award from the insurance company RIMAC for its excellence in the category "Best Comprehensive Occupational Risk Management."

Employee safety participation trend

MIR historical trend



LTIR historical trend



Future evolutions

Safety is a never-ending journey towards excellence. Schneider Electric's vision is for all employees and contractors to work in a safe and healthy workplace, so they can perform to their full potential, positively impacting safety for its customers, and therefore always returning home safely to their family.

This translates into the following Health and Safety two-year improvement plan aligned with the 2025 vision:

- to strengthen Health and Safety knowledge, skills, and abilities of all employees and contractors.
- to equip all leaders to role model Health and Safety at every opportunity and encourage employees to speak up and engage in Safety program.
- to accelerate transformation with digitization and data analytics, and promote local innovation to accelerate Health and Safety maturity.
- to develop and implement effective controls for high-risk activities and to sustain a safe workplace for everyone.
- to positively impact all stakeholders through effective communications.

5 High standards for the quality and safety of our products

5.1 Context

Schneider Electric holds dear the trust customers and employees place in its products and services to protect themselves and their property. Moreover, Schneider recognizes from events in other industries the value that customers place on quality and the significant damage to the brand loss of customer trust and perception of quality can bring. Therefore Schneider raised its already high expectations to include setting a new standard for quality in our industry. Continuous quality improvement is therefore central to the organization's strategy and foundational to achieve its overall business purpose and mission. Recognizing the opportunity that delivering superior quality would bring, the Group continues and accelerated its Company-wide quality transformation.

5.2 Risks and opportunities

Schneider Electric operates globally with a wide-ranging portfolio of customer solutions. The corresponding complexity of the product portfolio and supply chain brings with it risks and opportunities for quality. Many of the Group's solutions serve essential industries where product quality and safety are a critical topic. Product malfunctions or failures could result in Schneider incurring liabilities for tangible, intangible damages, or personal injuries. The failure of a product, system, or solution may involve costs related to the product recall, result in new development expenditure, and consume technical and economic resources.

Schneider Electric's products are also subject to multiple quality and safety controls governed by national and supranational regulations and standards. Maintaining compliance with new or more stringent standards or regulations could result in capital investment.

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

- Design-related safety and quality concerns
- Manufacturing and logistic problems
- Field execution and services related
- Software security and quality
- Supplier and supply chain related

The above-mentioned risks could significantly impact the Group's financial performance. The business reputation of Schneider Electric could also be negatively impacted. Indeed, the Group has been impacted by several recalls. With the quality transformation, Schneider Electric has established the visionary goal to eliminate product recalls by 2025 (SSE #15).

5.3 Governance

The Group policy is realized through a robust Quality Management System (QMS), which is improved continuously to fulfill expectations of all relevant parties. It is in full alignment with the Group's Trust Charter, Schneider Electric's Code of Conduct, as well as in compliance with ISO 9001 standard: 230 Schneider Electric manufacturing sites have achieved their ISO 9001 certification.

At Schneider Electric, the customer satisfaction and quality network covers all layers, functions, global supply chain, operations, and lines of businesses. Within presence of quality throughout the Group, Schneider seeks to create a culture of quality and spread the customer-first mindset everywhere.

Schneider has strengthened the governance by creating the role of Chief Sustainability and Customer & Quality Officer reporting directly to the CEO. Together they and the Executive Committee hold regular operating rhythms to review the status of quality across the Company and guide the quality transformation journey.

The quality transformation is further informed with first-hand experience gained from regular leadership reviews of Schneider operations worldwide. During the process reviews, visiting leadership personally compares the current standard to actual conditions and to industry best practice to identify necessary corrections and opportunities for improvement.

5.4 Group policy

In 2023, under the leadership of the new CEO, the Group elevated our commitment to quality through a new quality policy, stating:

"We rise to a new challenge! Meeting quality, product safety, and reliability requirements is our baseline at Schneider Electric; but we aim for more! Our customers expect nothing less than continuous improvement and innovation beyond expressed needs, to set new industry standard. Quality, product safety, and reliability demand the active engagement of all, without exception because the quality of our solutions is the safety of our customers."

The policy of Schneider is to only propose products, solutions, and services which are safe when properly used for their intended purpose or for other reasonably foreseeable purposes which also contribute to the sustainability ambitions of the Group. It is the obligation of Schneider to notify customers of safety issues caused by its offer that may result in bodily injury or property damage, and include instructions for immediate remedial actions, even after the end of the useful life of the offer.

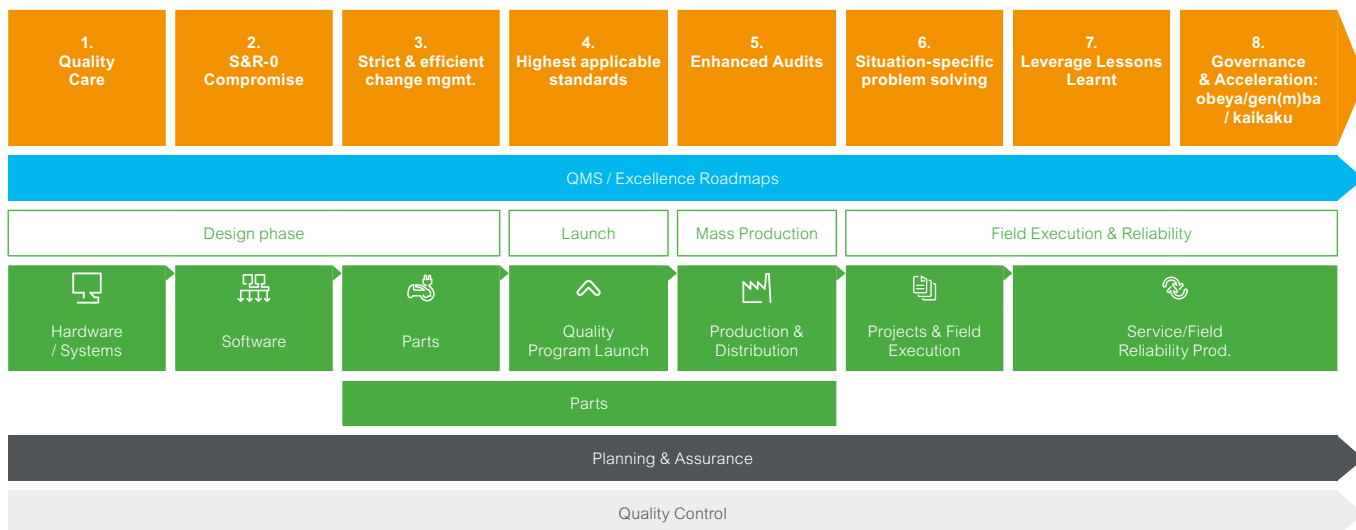
Schneider Electric benefits from a full set of quality directives that require the application of systematic processes to properly address potential offer safety issues discovered inside or outside Schneider. These processes are to be used for all offers sold or manufactured by Schneider Electric. They are:

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

5.5 Actions and resources

In support of the new Quality Policy, Schneider continues its company-wide transformation as illustrated hereafter.

Quality strategy



Quality strategy

Schneider’s Quality strategy seeks to embed quality throughout each value stream from the earliest moments of design, through industrialization and launch, in production and supply chain, and in the field. In each of those lifecycle phases, the key principles are applied. In 2023 the Group made significant progress in the quality transformation.

Building Quality culture, the Group emphasizes the role and responsibility of every employee from the front line to the CEO for Quality as highlighted in the new Quality Policy. A Quality Academy was created with the mission to enable employees throughout the Company with learning and development. The Group also launched Quality Fundamentals across the value stream and held hundreds of radical week-long Quality Improvement workshops wherein thousands of employees learned the Quality Fundamentals through hands-on kaizen-style implementation.

Quality Management System and Internal Audit

Strengthening and simplifying the QMS processes and Internal Audit. To ensure complete implementation and disciplined adherence to processes, the Group is significantly strengthening the quality of the internal audit program. This program will now cover both system audits and process audits simultaneously, evolving internal audits into valuable tools for continuous improvement and risk mitigation. Furthermore, Schneider Electric has enhanced collaboration with certification bodies to ensure adherence to globally recognized quality standards and to increase the value of audits beyond mere compliance.

The scope of audits within the QMS has expanded to encompass compliance, strategic alignment, process optimization, and continuous improvement. This approach adds value by uncovering insights that drive meaningful changes and contribute to the overall success of the organization. In highlighting the Group’s commitment to continuously improving the QMS, fostering collaboration with external stakeholders, and leveraging audits as powerful instruments for driving positive change, we demonstrate our dedication to excellence.

Quality in design phase

The Group accelerated its commitment to Safety, Reliability, and Robustness with the launch of a brand-new Design for Safety and Reliability Standard with new mandatory Quality Fundamentals for Design domain, to increase both safety, robustness, and reliability of new offers; the Customer Satisfaction and Quality (CS&Q) function puts a strong focus on stopping any launches that do not comply to quality standards. In addition, roles and responsibilities were better defined and the number of resources focused on design quality has greatly increased.

Recognizing the importance of software and firmware, Schneider established a new Software Quality Leader position and created Software Quality Fundamentals based on Development, Security, Operations and Agile development principals.

Driving responsible business with Trust

Quality in industrialization and launch

Through the process improvement efforts, the Group recognizes the opportunity to integrate and strengthen existing industrialization procedures with “Advanced Product Quality Planning” (APQP) which seeks to introduce new products with outstanding quality. As APQP matures it would enable the Group to bring together the Design, Industrialization, Manufacturing, and Service teams to co-create solutions that are more reliable, robust, manufacturable, and serviceable, contributing to the sustainability goals of the Group.

Therefore, the Group reinforced quality in Industrialization by adding Quality Fundamentals, based on APQP from the Automotive Industry Action Group, for prototypes, pre-series, and launch. Roles and responsibilities were redefined, and the resources refocused on industrialization quality will continue to expand. This adoption of the highest applicable standard positions Schneider Electric for even more proactive identification, prioritization, and mitigation of product and process risks. This “zero-defect” and data-driven program aims to ensure our products achieve 100% first time right and on-time flawless launches. The resulting safety, robustness, quality, and cost optimization strives to exceed our customers' expectations.

Quality throughout the Supply Chain

Demonstrating its zero compromise on safety and regulatory requirements, the Group rigorously sustains a living Potential Failure Mode and Effects Analysis process whereby the most important risks are identified, and in 2023 a breakthrough level of risk elimination or mitigation actions were taken across the Supply Chain.

The Group pursues a twin strategy of “back to basics” while it accelerates and leverages its digitization. The “quality basics” were developed and are being deployed or strengthened across the Group. To deploy the quality basics special radical change events (kaikaku) were held to immediately implement quality basics in all regions and products, implementing the basics on hundreds of manufacturing and distribution center lines across the Company. The radical change events serve to build quality capability in participants and organizations, further strengthening the Group quality culture.

To further the quality culture and accelerate transformation, the Group developed a Quality Index to measure quality-centric behaviors and outcomes for all plants and distribution centers. The new Quality Index provides transparency and focus to the quality transformation; recognizing leading plants for their quality and identifying any lagging plants in order to allocate regional or global resources for success.

Shifting from reactive to proactive quality, the Group has strengthened its change management processes wherein changes to the supply chain are now evaluated early and at key milestones, their potential risk and quality gaps are closed before the start of production, preventing potential problems from ever occurring.

Three major initiatives were launched with our supply base in 2023. First, the Supplier Qualification process was analyzed and updated for efficiency and robustness including the addition of the Quality Fundamentals, addition of software supplier qualifications, and counterfeit component programs. Second, the Group is standardizing on widely known APQP process with external suppliers for new project offers. In addition to new offers, the Group launched a program to apply Production Part Approval Process (PPAP) to legacy critical parts and changes of suppliers. In 2023 the Group executed over 1000 new PPAPs. Finally, in support of the strategy, the Group continues to invest in building quality expertise, most recently expanding battery and electronics competencies.

Continued implementation of digital solutions for real time process control and statistical process control, traceability, and other digital capabilities to over 500 manufacturing lines. Leveraging Schneider's formidable Smart Factory capabilities, the Group is innovating ways to digitally build-in quality. From process quality assurance and control to reducing administration, the Group has identified hundreds of applications for Artificial Intelligence (AI) and Machine Learning.

Quality in projects and Field Services

The Group enhanced the efficiency of service and project execution by incorporating risk management and mitigation strategies throughout the entire process, from offer definition to maintenance. The Group also so integrated Quality Fundamentals for Project and Service into daily activities to strengthen processes and establish standardization for proactive identification, prioritization, and mitigation of risks. By implementing this approach, we seek to improved safety, robustness, quality, and cost optimization, surpassing our customers' expectations while ensuring their safety. Additionally, this will help us establish consistent standards across the Company.

Quality improvement

Schneider Electric's “Issue to Prevention” process continues to deliver valuable insights to root causes of problems and their responding improvement opportunities. The process was further strengthened through the implementation and verification of corrective and preventive actions, and by creating a mechanism to share learning horizontally across the Group.

Schneider has an Offer Safety Alert (OSA) process to alert the relevant Line of Business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects. The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in the customers' best interest. Through the combined effects of the Quality Strategy, the Group made progress setting a new standard for the industry by declaring and driving toward zero recalls.

Trust

SSE #15



Our 2025 Commitment

Reduce total number of safety recalls issued to 0

In 2023, the Group issued 23 product recalls as approved by the OSAC, vs. 24 in 2022. In addition to Safety, the Group understands the significance of recalls for their large environmental footprints consisting of reproduction of the recalled units and multiplications of packaging and transportation.

While the count of recalls has not changed significantly year-on-year, the quantity of parts affected reduced 98% vs. prior year, and the cost of poor-quality materially declined. The radical improvement is attributable to earlier detection and significant progress implementing the Quality Strategy throughout the value stream.

For each alert, Schneider reaches out to customers impacted by the recall to arrange for product replacement. Investigation will be conducted on products returned to Schneider's premises to determine the final root cause of the safety issue. The returned product thereafter will be assessed on its reusability and parts which could not be reused will be scrapped according to the local environmental regulations.

It is the ambition of the Group to eliminate recalls through the adoption and rigorous execution of a quality system consisting of the highest available standards.

Our progress

2020 baseline	2023 Progress	2025 target
25	23	0

6 Digital trust and security

6.1 Context

Schneider Electric commits to provide solutions to achieve a greener low-emissions future, a shift mostly driven by digitalization and fueled by innovation. Data and cloud driven digital solutions play a key role in that endeavor supporting optimization and efficiency initiatives for organizations.

While this hyperconnectivity and subsequent digital enablers provide transformative business and operational value, they also increase the attack surface, thus cyber risks, in an already dynamic threat landscape. This is compounded by the fact that the Group is aggressively developing software, firmware, and digital services, operating in 5 continents and in more than 100 countries with complex regulations, sourcing goods and services from more than 50,000 unique suppliers.

Cybersecurity, product security, and data protection are essential business imperatives for Schneider Electric. The Group takes a risk-based and threat-informed approach for its cybersecurity strategy, managing cyber risks holistically for its operations, customers, its supply chain and its subsidiaries, working to shape a Company-wide cybersecurity culture while partnering with experts to reach the highest cyber standards.

6.2 Risks, impacts, and opportunities

Schneider Electric recognizes that the security of its offerings and its ability to safeguard its customers' data while complying with regulations is key to building sustainable relationships. To reach the highest level of trustworthiness, the Company continuously enhances its security posture through five core pillars:

1. Cybersecurity fundamentals and awareness.
2. An enterprise-wide, risk-based approach.
3. Cyber defense, threat intelligence, and incident response and recovery.
4. Supply chain and installed-base security.
5. Customer and authority relationship and expectations.

By diligently implementing these pillars throughout everyday operations, Schneider Electric aims to continuously build resilience and nurture Trust, while mitigating risks over its digital and operational landscapes.

Schneider Electric works collaboratively with the ecosystem sitting along its value chain (suppliers, authorities, customers, etc. especially those in critical infrastructure) to build trust so to raise the defense level of the industry at large and strengthen digital trust.

Driving responsible business with Trust

As a result, the Group is:

- a founding member of the ISA Global Cybersecurity Alliance and a member of both the Paris Call and Cybersecurity Coalition.
- a signatory of the Cybersecurity Tech Accord and works with partners towards addressing supply chain security.
- an active contributor to the World Economic Forum's Cybersecurity Center, sitting at the advisory board of its Oil and Gas group to strengthen resilience across the industry, leveraging collective intelligence and expertise. Public reports are an output of this strong collaboration, as well as tighter connections with leaders from other companies.

6.3 Governance

Cybersecurity, product security, and data protection are integral to the Group's corporate strategy and digital transformation journey, and at the core of our Trust Charter. In addition to corporate commitment, Executives play a crucial role through the sponsorship of the Executive Committee and oversight from the Board of Directors.

A central body governs the Company-wide cybersecurity portfolio, coordinating the execution of strategic and operational initiatives, and orchestrating a broader community of security practitioners distributed across businesses and territories.

For all security practices and initiatives, monthly updates on projects and reports on metrics are orchestrated centrally to allow continuous improvement of all capabilities.

Schneider Electric is committed to doing business responsibly, earning and sustaining trust by relying on mechanisms, not just on intentions. Therefore, the Group aim to apply objective, transparent, and data-backed decision-making processes.

6.4 Group policy

Cybersecurity policies are foundational to the Group's security posture as they are compulsory for all employees and contractors. They set management's tone and provide requirements for secure behaviors (people), practices (processes), and environment (technology) throughout the Company.

The Company's overarching General Information Security Policy and all supporting security policies are in line with broadly recognized standards and regulations such as ISO 27001, NIST Cybersecurity Framework, ISA/IEC 62443, and General Data Protection Regulation (GDPR).




Our public security-related policies can be found in the Cybersecurity and Data Protection Posture page on www.se.com

Requests	Schneider received and handled 1,400 requests related to cybersecurity, product security, and data protection in 2023, stemming from customers and authorities.
Maturity	The Group averaged a score of 800 with BitSight during the course of 2023. It have 4 sites ISO 27001 certified ⁽¹⁾ . Our global product penetration testing labs are CREST certified ⁽²⁾ . 10 internal audits were conducted in 2023. Schneider received a score of 3.2 in a 2023 annual NIST maturity assessment by a top consultancy.
Training	Its mandatory training has been performed by 99% of employees in 2023. On top of the annual mandatory training, the Group deploys role-based cybersecurity training for its Admins, HR, R&D, and customer-facing employees. 95% of the customer-facing employees obtained their "Cyber Badge" in 2023.
Industrial security	1 Cyber Leader per site monitors alerts and vulnerabilities and supports incident response. 100% of sites are monitored in real-time for physical and digital penetration. Since 2022, every new line is ISA/IEC 62443-3-3 & 2-4 Security Level 2 compliant.
Supplier risk management	Out of ~52,000 unique suppliers tiered, ~5,000 are monitored, according to their criticality and exposure. ~50% of critical risk profile suppliers went through C-level security discussions. Exposure-based cybersecurity and data privacy Terms & Conditions for all new suppliers.
Vulnerability management	Throughout 2023, the Group's Vulnerability Management process has been certified ISO/IEC 30111:2019. Security notifications are published, in response to vulnerabilities reported, on Schneider Cybersecurity Notification Portal ⁽³⁾ .
Cyber defense	Security Operations Center (SOC) operates 24/7 across Schneider's worldwide digital and operational landscape. In 2023, the Group did not experience any cybersecurity incident impacting materially its financial statement. 100% of high severity incidents are contained and debriefed at the highest level of the Company. Schneider leads periodical crisis simulations with its critical infrastructure clients and authorities.

(1) For more information, visit the "Cybersecurity and Data Protection Posture" page on www.se.com
 (2) Read the press release "Schneider Electric's Global Security Labs receive CREST pen-test accreditation" on www.se.com
 (3) Acces Schneider Cybersecurity Notification Portal from www.se.com


6.5 Actions and resources

Schneider Electric seeks to align with broadly recognized standards and has received several recognitions for its cybersecurity, product security, and data security performance.



ISO 27001 demonstrates our ongoing commitment to manage our high value assets securely in compliance with regulations.

See the certification



CREST Certification for Penetration testing acknowledges Schneider Electric's product security teams for their skills and proficiency when it comes to testing the resilience and security of the Company's products and systems.


See the certification



Our global Secure Development Lifecycle process and central office is certified to Maturity Level 4 of the TÜV Rheinland Cyber Security Management (CSM) certification, as well as the ISASecure® SDLA certification.


See the TÜV Rheinland Cyber Security Management certification

See the ISASecure® SDLA certification



Schneider Electric's Vulnerability Handling & Disclosure process is certified with ISO/IEC 30111:2019 and ISO/IEC 29147:2018 standards. This affirms our commitment to address vulnerabilities affecting our products and protecting our customers.

See the certification



Schneider Electric was certified mature based on international information security standards such as ISO 27001, NIST Cybersecurity Framework and Cybersecurity for ICS, PCI-DSSs and GDPR.

See the certification

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

Trust

SSE #16





Our 2025 Commitment

In the top 25% in external ratings for Cybersecurity performance

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

Monitoring performance enables the Group to measure its improvement: from a baseline of 520 in January 2018, we scored 800 for the year 2023. Schneider Electric's external rating since 2018 has risen by +56%.

Our progress

2020 baseline	2023 Progress	2025 target
Top 25%	<div style="background-color: #4CAF50; width: 100%; height: 15px; margin: 0;"></div>	Top 25% Top 25%

Driving responsible business with Trust

6.6 Data privacy and protection

Schneider Electric implemented the GDPR requirements and launched specific training to manage the major challenges of this regulation. This training is mandatory for Schneider Electric employees in Europe and key functions.

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

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

- Internal Data Privacy Policy and Binding Corporate Rules.
- Training and awareness campaigns.
- Processing registers.
- Online Privacy Policy and privacy notices.
- Digital assets privacy assessment process.
- Data breach management and notification process.
- Maturity assessment and audit controls.

A governance ecosystem is in place including a Group Data Protection Officer (DPO), a DPO network, an implementation team, Data Privacy & Protection Champions, and Steercos.

Schneider Electric is rolling out its Global Data Privacy & Protection compliance approach beyond GDPR in China, the USA, and India and is globalizing its standards to address new regulatory challenges like the People's Republic of China's Personal Information Protection law and the California's Privacy Rights Act. A new data protection addendum has been deployed, including the new Standard Contractual Clauses of the European Commission.

7 Zero-tolerance for corruption

7.1 Context

Corruption is illegal and refers to the abuse of entrusted power for private gain. It damages ecosystems by eroding trust and confidence, which are crucial for sustainable economic and social relationships. Additionally, corruption poses threats to the rule of law, democracy, and human rights. It undermines good governance, fairness, and social justice, distorts competition, hampers economic development, and jeopardizes the stability of democratic institutions and the moral fabric of society. In recent years, global anti-corruption regulations have been strengthened. Many countries now have stricter controls and impose sanctions for misconduct to combat corruption effectively.

7.2 Risks, impacts, and opportunities

Engaging in corruption exposes organizations to legal proceedings, prosecutions, and sanctions for companies and individuals. Companies accused or convicted of illicit behavior may then suffer a serious public relations backlash and expose themselves or individuals to being debarred from public tenders/ public funds. They may also be subverting local social interests and/or harming local competitors while the cost of funding corruption may be perceived by investors as a hidden "tax" or illegal overhead charge, thereby increasing costs for companies, and further down the chain, their customers.

Schneider Electric's exposure to corruption risk materializes through various factors, in particular:

- Organic growth and mergers and acquisitions in countries with a high perceived level of corruption;
- Business model relying on a large ecosystem of partners, including accountability for activities performed on behalf of the Group;
- Participation in complex projects in sector at risk, such as oil and gas, where the amounts invested may be very high and with end-users from the public sector subject to more restrictive anti-corruption regulations.

To meet the legal obligations specified by the December 9, 2016, French law known as the Sapin II law, the Company launched a risk mapping exercise focusing on corruption risks in 2018. In 2021, this risk assessment was updated as part of the new Ethics & Compliance risk mapping, which focuses in particular on Corruption and Conflicts of Interest. In 2023, 11% of the substantiated valid alerts, reported through whistleblowing, concern a potential violation of the Anti-Corruption Policy⁽¹⁾.

(1) As of January 1st, 2024

The process at regional level was as follows:

- **Step 1** – each region defined its local risk universe taking into account local specific risks.
- **Step 2** – each region assessed its gross risks and effectiveness of its local mitigation measures, generating a mapping of regional net risks. In addition, a global risk mapping was consolidated at Group level.
- **Step 3** – each region defined action plans to reduce the risk exposure. In addition, a set of global action plans was established at Group level.

All action plans were implemented in 2021 and 2022. In 2023, Schneider Electric established risk maps for newly acquired entities currently being integrated.

By contrast with those risks, there is competitive advantage in approaching this proactively. Companies can experience significant improvements when they hold themselves to high standards of integrity. The primary benefits range from increasing employee satisfaction, improving workplace culture, maintaining legal compliance, and strengthen public reputation. It can also reinforce the engagement and loyalty of customers, partners, suppliers, and local communities.

Multiple studies indicate that companies that have anti-corruption measures significantly increase profits compared to companies that do not. Indeed, such an approach will attract customers, investors, employees, and suppliers who are concerned about risks as well as those who value integrity. It is then translated directly into tangible benefits, including risk reduction, cost savings, and sustainable growth.

7.3 Governance

As stated in the Trust Charter and Anti-Corruption Policy, Schneider Electric has zero tolerance for corruption and is committed to comply with all applicable anti-corruption laws. This commitment is demonstrated by strong and continuously developing Anti-Corruption actions, which are part of the Ethics & Compliance program. The Ethics & Compliance program is led by the Ethics & Compliance department, under the authority of the Chief Compliance Officer, to ensure its efficiency through a dedicated Compliance Program team in close collaboration with the Anti-Corruption Controls and the Fraud Examination teams.

The Compliance Program team is made of a central team, covering Policy, Awareness, Learning & Change Management; Compliance Operations; and Risk & Control, and is locally operationalized by Regional Compliance Officers under the supervision of their regional Ethics & Compliance Committees defining the local strategy, and supported by a community of Ethics Delegates.

7.4 Group policy

Schneider Electric published and rolled out a revised Anti-Corruption Policy in 2019, meeting the requirements of the French Sapin II law, to take into account results of the Corruption risk mapping and to provide employees with examples illustrating situations they may face. This policy acts as a handbook to be consulted when in doubt about the appropriate behavior to adopt. It is not intended to address every issue one may encounter, but it provides appropriate examples of corruption risks and offers guidance to resolve many ethical dilemmas.

To reinforce the Anti-Corruption Policy, Schneider Electric has established specific policies and procedures on Conflict of Interest and Gifts & Hospitality. Both policies were updated in 2023, accompanied by extensive digitalization, simplification, and clarification of the processes. These enhancements were made with a particular focus on providing practical examples to facilitate comprehension. To ensure that employees grasp the modifications effectively, a range of informative and explanatory resources have been made readily accessible.

7.5 Actions and resources

Management commitment

Group management demonstrates unwavering commitment to anti-corruption efforts through their actions and initiatives. The Anti-Corruption Policy was updated in 2021 and signed by the Chairman and CEO. Management regularly releases informative videos, which are extensively communicated to all employees, and which highlight the Company's zero-tolerance policy towards corruption, emphasizing the importance of integrity and ethical decision-making at all levels of the organization.

The program is supervised at Board level, by the Executive Committee through the Group Function Committee, and through dedicated committees, notably for the anti-corruption controls program. These committees also approve certain program actions, including risk mapping. Management has also made some call for actions to all middle- and first-line managers through dedicated communication channels.

Awareness

In 2023, several communication campaigns on anti-corruption were organized within the Company, with specific focus on third-party management and anti-corruption controls, gifts and hospitality, as well as conflict of interest to support the 2023 Annual Conflict of Interest Disclosure Campaign for targeted employees exposed to corruption risks. The objective was to effectively communicate updates on the anti-corruption program, enhance employee awareness of corruption risks, and equip them with the necessary tools to address it, encouraging them to seek help whenever needed.

Schneider Electric organized a live event on December 7, 2023, to raise awareness about combating corruption. The event aimed to educate employees on preventing unethical conduct. An external speaker shared his personal experience with corruption – including time spent in prison – and provided practical advice to avoid similar situations. Schneider Electric reiterated its anti-corruption policies and processes, ensuring employees were well-informed. The event saw over 5,000 employees actively participating and engaging in discussions. A recording of the session will be available throughout 2024.

Driving responsible business with Trust

Training

Schneider Electric has developed a suite of anti-corruption e-learning, providing guidance on real life risk scenarios, designed to meet the trainees' needs and expectations. Trainings are supported by videos from top leaders demonstrating the "tone at the top", are available in 14 languages, and is mandatory for targeted employees exposed to corruption risks, as identified by the corruption risk mapping. In 2023, those e-learning were rolled out to more than 40,000 employees, with a completion rate of 98.5%.

Moreover, the year saw ad hoc anti-corruption learnings delivered to specific audience in functions deemed to be priorities (e.g. Services).

Third-Parties Due Diligence

Schneider Electric has established procedures to prevent, detect, and manage corruption risks in business relationships. These procedures involve steps such as risk assessment, screening, investigation, review, and audit. They ensure that adequate actions are taken to mitigate risks effectively.

Customers & Suppliers: When forming relationships with customers and suppliers, Schneider Electric employs a meticulous screening and continuous monitoring process to assess the risks of anti-corruption and export control.

Business Agents: Schneider Electric updated its policy on intermediaries in 2023. It aims to minimize their use, except for specific exceptions.

Sponsoring & Donations: To ensure legal and ethical operations in sponsorship activities and mitigate corruption and reputational risks, comprehensive risk screenings are conducted. Additionally, Schneider Electric's Philanthropy program is governed by strong practices, including thorough due diligence to assess donation-related risks in compliance with laws and local contexts.

Anti-Corruption Controls

Schneider Electric implemented enhanced accounting control procedures to prevent corruption. In 2022, a cross-functional program was launched, involving Accounting, Internal Control, Digital, Ethics & Compliance, Procurement, Sales, and Marketing teams. The program focused on digitizing preventive and detective controls, with sponsorship from Executive Committee members. Priorities were determined based on the 2021 Ethics & Compliance risk assessment, covering areas like Gifts & Hospitality, Travel & Expenses, Sponsorship, Donations, Business Agents, Marketing Development Funds, and Performance Bonuses. Most entities have implemented the designed controls in 2023.

In addition, Schneider Electric continued to execute in 2023 – like in 2022 – the central monitoring of key processes of the Anti-Corruption program such as Business Agents, Conflict of Interest and Anti-Corruption training results. The outcome of these controls is regularly shared with key stakeholders to ensure continuous process and design improvements.

7.6 Focus on responsible lobbying, political activity, and donations

Through its Trust Charter, Schneider Electric has taken a clear stance with regards to responsible lobbying, political influence activity, and donations. As a global Company, Schneider has a role to play in the public debate addressing leading issues with the global community. It is necessary that the Group states its positions clearly, participates in technical discussions, and supports responsible public policy development. Donations and lobbying activities are risks specifically addressed in the Anti-Corruption Policy.

Schneider believes that this representation of interests should be conducted in a transparent and fair manner, allowing third parties and stakeholders to understand its activities, positions, and statements. In particular, Schneider Electric does not engage in political activity or political representation, and does not make any payment to political parties in relation to its public representation. In 2023, Schneider Electric was not involved in sponsoring local, regional, or national political campaigning.

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

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

From 2019 to 2023, the Group discloses membership fees expenses towards trade associations, business coalitions, and think-tanks that are dedicated by those organizations to lobbying or advocacy. Generally, the budget allocated to lobbying in these organizations is small as these associations mostly organize business workshops, peer-learning groups, or work on standardization. Schneider Electric updated its reporting methodology compared to previous years and since 2022 discloses the budget allocated to lobbying or representation rather than total membership fees. The data collected covers the main Group geographies, in particular Europe, and also including, North America, China, India, Indonesia, and or the Philippines.

Total contributions globally amounted to about €0.5 million in 2019, €0.6 in 2020, €1.2 million in 2021, €1.1 million in 2022 and €1.4 million in 2023.

The largest contributions and expenditures concern two main engagement topics:

- The first is "Sustainable energy for all": Schneider Electric believes that energy management and energy efficiency are critical to move towards a new energy landscape and therefore supports a policy framework that unleashes business and climate opportunities related to the new energy landscape. Contributions and expenditures on this topic amounted about €0.9 million in 2023 (€0.6 million in 2022) globally.
- The second is "Powering the digital economy": the Group supports the emergence of the digital economy to bring new opportunities for businesses and people and therefore supports a policy framework that facilitates the digital transformation globally. Contributions and expenditures on this topic amounted about €0.3 million in 2023 (€0.2 million in 2022) globally.

8 Compliance with Competition Law

8.1 Context

As outlined in Schneider Electric's Trust Charter, upholding fair competition and complying with applicable antitrust and competition laws is a core business principle for Schneider Electric and governs our activities across the world.

Competition law sets out the legal framework to ensure that markets remain open and competitive and to protect customers from market arrangements where competitors agree not to compete with each other. Although the scope and content of competition law may vary from jurisdiction to jurisdiction, it is generally prohibited for companies to (i) enter into agreements with its competitors which, for example, seek to fix prices or otherwise limit competition, and (ii) abuse a dominant position on a given market.

Schneider Electric has a strong brand and is present in many markets and at many levels of the supply chain. The activities of Schneider Electric are subject to a variety of competition laws and regulations on both national and supranational levels, affecting all aspects of Schneider Electric's business strategies and day-to-day operations. Any violation can cause severe consequences for Schneider Electric, and the individuals involved in such activities, including substantial fines and a serious loss of reputation.

8.2 Risks, impacts, and opportunities

Schneider Electric's Competition Law Compliance Program is an integrated and essential part of Schneider Electric's commitment to trust and serves to:

- identify and assess risk areas where the Group may be exposed to anti-competitive behavior;
- manage potential risks through internal procedures, escalation routes, and controls;
- prevent potential anti-competitive behavior through training and communication;
- detect early violations of competition law through a strong risk awareness throughout the business and accessible reporting mechanisms;
- manage any exposure to violation of competition law.

To raise awareness about applicable competition laws and manage areas of risk, Schneider Electric's Competition Law Compliance Program is based on:

- Policies, guidelines, and procedures.
- E-learning and in person trainings.
- Internal controls and audits.
- Internal reporting mechanisms including local management, HR, Regional Compliance Officers, Legal, and Schneider Electric's whistleblowing tool Trust Line.

The whistleblowing system of Trust Line for employees and external stakeholders such as suppliers is managed to identify any inappropriate practice or behavior with competitors or business partners that may be reported.

8.3 Governance

Schneider Electric's Competition Law Compliance Program is endorsed by the Board of Directors and has backing from Executives and Senior Managers.

The Competition Law Compliance Program is managed by a Global Competition Law team with full support from the Global Legal team. It is continuously assessed and adapted to developments in applicable antitrust and competition laws and the interpretation of such laws as well as the development of Schneider Electric's activities and market presence.

8.4 Group policy

Schneider Electric published and deployed an updated and enhanced Group Competition Law Policy in 2022. In addition, nine topic specific Competition Law Guidelines were also launched in 2022 including topics related to information exchange, procurement, distribution, e-commerce, and mergers and acquisitions.

Both the Group Competition Law Policy and the Competition Law Guidelines have been translated into over 30 languages and are accessible to all employees via Schneider Electric's internal policy platform.

8.5 Actions and resources

During 2023, Schneider Electric continued the work started in 2022 to strengthen our Competition Law Compliance Program. This work included:

- A continued deployment of the updated Group Competition Law Policy and the nine topic specific Competition Law Guidelines that were launched in 2022.
- The development and launch of 16 topic specific e-learning modules accessible to all employees globally via Schneider Electric's internal learning platform.
- The development of guidance documents and template agreements.
- Targeted in-person Competition Law trainings to employees in identified risk teams and roles.

One of the key cornerstones to a successful Competition Law Compliance Program is continuous efforts to train employees and communicate the Group Competition Law Policy, the accompanying Guidelines, and other internal rules and recommendations. During 2023, a focus has been on providing targeted in person competition law trainings to employees in identified risk teams and roles. Raising awareness of competition law risks and providing various forms of trainings to the business will continue to be an essential part of our program in the years to come.

Considering the size and scope of Schneider Electric as a global company, another cornerstone to a successful Competition Law Compliance Program is to reinforce the Program across the Group, including:

- strengthening connections with other internal functions, including marketing, purchasing, data, HR.
- determine and coordinate existing compliance efforts in other areas, including commercial compliance, ethics and compliance.
- reinforcing compliance network across the entire geographic scope of the Group, including local legal teams and regional channels.

9 Compliance with tax regulations

9.1 Context

The current international tax system in which the Group operates is made of multiple complex international and local tax regulations since all the countries in the world have their own set of tax rules.

To operate responsibly, ethically and efficiently in this complex and uncertain environment the Group believes that a fair and sustainable Group tax policy is a fundamental requirement. It aims at preventing operational, transactional, and reputational risks.

9.2 Group policy

The Group's global Tax Policy focuses on four key principles:

Governance and Control

- The Tax Policy is endorsed by the Tax Department and the Group CFO and validated by the Audit and Risks Committee.
- The tax department reports to the Group CFO and is a global function which allows consistency and standardization wherever possible. In addition, dedicated tools and processes, as well as a strong presence of tax experts in the most significant countries, ensure strong and consistent decision process.
- Regular reports are done on noteworthy new tax regulations and risks to the Audit and Risks Committee.

Compliance with national and international tax regulations

The Group and the Tax department are committed:

- to comply with the national and international tax laws, rules and regulations as the ones set out by the OECD regarding notably the minimum 15% taxation implemented under the Pillar 2 set of rules;
- to respect in good faith both the letter and the spirit of the law;
- to align the tax strategy with the Group's commercial strategy and operational activity, to challenge the in-house reading and interpretation of the law, with external tax advisors as required to ensure correct analysis and treatment are conducted.

Transparency and Trust

All employees with tax responsibilities or activities are committed:

- to cooperate openly and transparently with the tax authorities on the Group's tax affairs and to disclose relevant information in a timely, positive and professional manner for them to carry out their audits;
- in the event a tax discussion arises, to work proactively to seek a consensual agreement, where possible, and reach solutions.

Last and whenever necessary, the Group discusses issues and raises questions to the tax authorities to obtain clarifications in a preventive manner. As an example, the Group made the election for the "Trust relationship" ("Relation de confiance") regime existing in France.

Preserve value and competitiveness

The Group strives to preserve the value created by its operations. The Tax Department assists operational business by providing tax advice and determining the tax positions best suited to operational reality.

The Tax Department thus contributes to creating value and protecting shareholders' assets by limiting tax risks while remaining compliant with national and international tax regulation.



The Group's detailed Tax Policy can be consulted on our website at www.se.com

10 Export Control and Sanctions

10.1 Context

International, foreign, and national export control laws and regulations govern the transfer of goods, services, and technologies within a country or between countries and/or their nationals. Elements that may trigger restrictions and licensing requirements may include but are not limited to, countries, parties, products, and end-uses.

Schneider Electric, being a multi-national corporation with international operations spanning across more than 100 different countries worldwide, must constantly ensure full compliance to such laws and regulations by implementing a robust corporate export control compliance program. Any implications may result in a significant impact on the Group's businesses, results, reputation, and financial position.

Albeit that Schneider Electric's product portfolio only has a limited product range that may have dual-use goods features as well as non-dual-use goods (e.g., breakers) that may be used in sensitive applications; restriction or licensing requirements may apply to these products, especially if associated with politically sensitive countries and destinations.

10.2 Risks, impacts, and opportunities

The key risks for export controls and sanctions are related to conducting business with restricted parties, sharing restricted software, technology, products, or services without a license, and ensuring those we do business with abide by applicable export control and sanctions regulations. These risks create opportunities for Schneider Electric to develop and automate processes related to third-party screening, export control classification for products, software and technology, and ensuring we obligate our third-parties through contractual commitments to comply with applicable export controls and sanctions regulations.

Schneider Electric's robust Export Control Program increases our competitive advantage by demonstrating our commitment to ethical business practices and compliance with international regulations and sanctions.

10.3 Governance

Schneider Electric has comprehensive policies and processes to ensure compliance with applicable export control laws and regulations (Schneider Electric Export Control Program) and to mitigate the above-described risks. The Global Export Control Center of Excellence, as part of the Global Legal and Risk Management function, oversees the monitoring and enforcement of the Schneider Electric Export Control Program. The Global Export Control Center of Excellence team continuously monitors and reviews export control activities to identify potential risks. Schneider Electric has established mechanisms for reporting any suspicious or non-compliant activities and takes appropriate corrective actions via the Trust Line and Trust Center.

The Schneider Electric Export Control Program includes, but is not limited to: embargo and restricted country, denied party, dual-use goods, and sensitive end-user screenings; incorporation of export control provision in the main sales and procurement contractual template; and conducting of regular awareness and online/classroom training sessions for all relevant Schneider Electric employees.

The Global Export Control Center of Excellence team conducts regular training programs to educate all Schneider Electric permanent and temporary employees about export control regulations, their responsibilities, and the potential risks and consequences of non-compliance. The goal is to foster a culture of compliance by promoting awareness and providing resources for employees to seek guidance.

The Schneider Electric Export Control Program will continue to evolve to meet the requirements of the ever-changing regulatory global landscape.

10.4 Group policy

Schneider Electric's export control approach is articulated around our mission to provide education, advisory, business operations support, and enforcement of the Export Control Policy and strategy. The policy outlines our commitment to prevent the unauthorized export of goods, services, technologies, and information that could pose risks to national security, international trade, or other regulatory concerns. The roles and responsibilities of businesses, functions, and employees to ensure export control compliance are clearly defined. The responsibilities include designating individuals or teams responsible for overseeing export control activities and implementing necessary controls. The policy, signed by the Group Chief Executive Officer, sets the tone from the top, and is applicable to all Schneider Electric employees.

10.5 Actions and resources

The Schneider Electric Export Control Center of Excellence has streamlined and standardized export control and sanctions processes globally. A change management process with a supporting communications and training plan has been developed and executed transversally across Schneider Electric. This includes but is not limited to a change review board to review regulations, impact, and give guidance to ensure compliance. A key initiative has been the automation of third-party screening. In 2023, Schneider Electric has developed a new capability to automatically screen all legacy and newly created/modified third-parties for risks of anti-corruption and export control. The Group integrated authoritative data sources of third parties with a best-in-class external screening engine which is updated with the latest regulatory and sanction lists in real-time. A dedicated screening team was formed to independently review potential matches arising and flag entities by risk level with a new screening flag attribute. Third-party master data systems synchronize the screening flag values with major business systems in real time to ensure consistency. Screening flags are used to develop upstream and downstream processes needed to mitigate risk as explained in the relevant sections of this document.

Additionally, the Export Control Center of Excellence is subject to periodic internal compliance reviews and audits to assess the effectiveness of export control measures, identify any areas of non-compliance, and implement corrective and preventive actions. In parallel, the topic of export control is also part of Schneider Electric's KICs program applicable to all Schneider Electric Entities and their subsidiaries. This helps ensure ongoing compliance to current export control regulations and continuous improvement.

In 2024, the Global Export Control Center of Excellence team aims to evolve with data-driven program, quantitative performance improvement objectives that allow for predictive analysis and are aligned to Schneider Electric's export control strategy.

All existing and new export control risks will be continuously monitored and managed with mitigation plans. The Export Control Center of Excellence team and its extended network will continue to evolve.

11 Human rights

11.1 Context

Human Rights issues have been increasing in terms of risk exposure and geopolitical influence. New challenges are emerging, due to social, economic, and digital disruptions, such as forced labor, living wages, migrant workers, or AI. As a global company operating in over 100 countries, Human Rights have been a main priority for a long time. Schneider Electric's ambition goes beyond compliance with existing regulations.

11.2 Risks, impacts, and opportunities

In accordance with the 2017 French duty of vigilance law and its ambition to behave as an exemplary company, Schneider Electric implemented a specific Vigilance plan. In 2023, Schneider reviewed and updated its "Duty of Vigilance risk matrix" which highlights the risks the Group poses on its ecosystem including its sites, suppliers, contractors, and local communities (for more details, please see page 11).

This review of risk covers fundamental Human Rights. This includes some rights that may be threatened as a result of the evolution of the geopolitical context: increased flow of migrant workers and threats of modern slavery⁽¹⁾ as a consequence of regional conflict and wars, pressure on working hours and individual income as a result of tension in the supply chain, and accelerated inflation.

11.3 Governance

The strategic part of the Human Rights policy as well as the measurement and its full deployment is led by the Corporate Citizenship Department, composed of Human Rights experts supported by Human Resources and Global Supply Chain Departments as well as countries, Internal Audit team and Compliance functions.

Human Rights Global Policy has been validated in 2022 by the Chief Strategy and Sustainability Officer, Chief Governance Officer and Secretary General, the Chief Human Resources Officer, and the Executive Vice President Global Supply Chain.

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

Partner of *Ressources Humaines sans Frontières* since 2017, Schneider Electric joined in 2023 the action-research project "Lab 8.7" that gathers pioneer companies to work on preventing the risks of child labor, forced labor, and more broadly indecent labor in supply chains.

The Group is also patron of the Global Compact "Labour and Decent Work" working group. In September 2023, Schneider Electric has committed to take action as an early mover of the Forward Faster initiative of the United Nations Global Compact in the area of the living wage. Lastly, Schneider Electric is part of the Equity Action platform of the World Business Council for Sustainable Development (WBCSD).

11.4 Group policy

Schneider Electric's Human Rights Policy is articulated around three principles:

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

Schneider Electric's Global Human Rights Policy⁽²⁾ is applicable to all Schneider permanent or temporary employees working on Group premises. It also aims to inspire external stakeholders. For all human rights risks identified above, and based on the "Protect, Respect, Remedy" principles, the policy provides a framework and gives guidance to employees and teams on how to behave in their daily operations or when facing a specific situation.

In 2022, Schneider published the second version of its Global Human Rights Policy. The Company intends to increase its commitments by stating clearly its position on new challenges such as migrant workers and AI. It confirms the Group's engagement to strive for the respect of all internationally recognized Human Rights and to ensure that Human Rights are respected for everyone, everywhere, at all times. The new policy, includes eight new topics: respect and dignity, human rights in cyberspace, migrant workers, conflicts minerals, intergenerational solidarity, human rights activities within the Group's supply chain, civic space and human rights defenders, and access to a healthy environment. Full deployment was finalized in 2023 and the creation of an e-learning is planned for 2024. The Policy is available in 9 languages.

In 2023, as part of the deployment of the Human Rights policy and in line with Schneider Electric's vision, the Group decided to go include a focus on migrant workers. Guided by the "Dhaka Principles for migrating with dignity", Schneider Electric published internal guidelines for migrant workers. The document provides a frame that will help Schneider Electric's teams, as well as partners such as recruitment agencies, ensure that any migrant worker related to Schneider Electric is protected from any abuse or malpractices.



Find Schneider's Global Human Rights Policy on www.se.com

(1) Report: Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (ilo.org)

(2) Human Rights Policy Institutional Document | Schneider Electric (se.com)

Alignment with international standards and frameworks

Schneider Electric endorses the following principles or guidelines:

- The international human rights principles encompassed in the Universal Declaration of Human Rights (as part of the International Bill of Human Rights), which sets out a common standard for all types of organization.
- The OECD Guidelines for Multinational Enterprises, which formulate recommendations for companies, including for the respect of human rights.
- The ILO Declaration on Fundamental Principles and Rights at Work.
- The UNGPs which precisely define the roles and responsibilities of States and businesses on these matters. Schneider Electric is committed to these Guiding Principles and to the United Nations Convention on the Rights of the Child.
- The Institute for Human Rights and Business Dhaka Principles for migrations with dignity

The procedures implemented by Schneider Electric, notably its Vigilance plan and Ethics & Compliance program, ensure that the Group adhere to the EU Taxonomy “minimum safeguards” requirements referred to in Article 18 of Regulation (EU) 2020/852.

Specific policies

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

Policies	Policy description	Reference in this URD and online
Human resources		
Diversity, Equity & Inclusion	Applies to the entire Company and covers all facets of diversity, as Schneider Electric wants to reflect the communities in which the Group operates. This policy is based on respect and dignity, which are the foundations of fairness and equity.	Pages 216 to 225 of the 2023 Universal Registration Document Consult and download the Policy: https://www.se.com/ww/en/about-us/diversity-and-inclusion/
Family Leave	Provides a framework so that every employee, in every country, can take leave specifically to enjoy some of life's special moments with their families.	Page 221 of the 2023 Universal Registration Document
Anti-Harassment & Anti-Discrimination	States Schneider Electric's commitments to have zero-tolerance for any kind of harassment or offensive behavior.	Page 219 of the 2023 Universal Registration Document Consult and download the Policy: https://www.se.com/fr/fr/download/document/GAHP/
Flexibility@Work	Defines global Flexibility@Work pathways, mandatory and recommended, to ensure consistency and equitable treatment in the application of flexible work arrangements across business units and countries for all eligible Schneider Electric employees.	Page 220 of the 2023 Universal Registration Document
Employee Benefits	Defines the global principles, standards, and governance for the provision of employee benefits at Schneider Electric.	Pages 237 to 239 of the 2023 Universal Registration Document
Health & Safety		
Health & Safety	States the rules and guidelines applicable to all Schneider Electric employees, and also to specific populations performing specialized tasks. It is supported by learning tools, and is the subject of an annual “Global Health & Safety Day”.	Pages 121 to 123 of the 2023 Universal Registration Document Consult and download the Policy: https://www.se.com/ww/en/download/document/SE-Health-Safety-Policy/?ssr=true
Travel	Defines the rules applicable to travelers, including the safety guidelines, procedures, and processes to ensure the safety of Schneider business travelers at all times.	
Security	Defines the global scope of security applicable to all entities, locations, and activities. This policy also emphasizes the crucial role of managers to ensure security.	Page 336 of the 2023 Universal Registration Document

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11.5 Actions and resources

In front of the risks described in section 10.2, the Group engaged into several programs that span across its supply chain and its workforce.

Internal actions

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

Internal actions regarding respect and dignity, freedom of association, health and safety, working time and leave, wages and benefits, harassment, discrimination, diversity and inclusion, and development of competencies are described in section 2.5 on page 210 of the 2023 Universal Registration Document.

Schneider Electric is implementing training programs that are specific to the policies listed above, to raise the level of awareness of employees and give them advice on how to react or behave in specific situations. Some of these trainings are mandatory, others are part of recommended training paths. Such programs cover a very wide area of topics, from anti-harassment to well-being, how to overcome bias and how to develop an inclusive culture. For more details, see section 2.5.3 on page 226 of the 2023 Universal Registration Document.

Specifically, for health and safety, the Group maintains a follow-up of safety metrics. Incidents are reviewed with management, corrective actions are implemented when necessary, and communications are sent to relevant teams throughout the Company. When needed, a global safety alert can be launched to alert all relevant employees. Schneider Electric organizes a yearly "Global Health & Safety Day", to inform all employees and keep the level of awareness high on this key topic. For more details, see section 4 on page 17.

External actions

A core commitment regarding Human Rights is, the transformation program related to Decent Work launched in 2021. This program is based on 10 fundamental Human Rights pillars, with the aim of ensuring dignity for workers and protecting their rights. This program is being rolled out to the Group's employees and strategic suppliers. For more information, please see section 12.12 on page 42.

The Group has also engaged into Duty of Vigilance program. As part of this program, Schneider Electric is performing audits of risky suppliers to identify potential gaps and suggests areas for improvement. For more information, please see section 12.6 on page 37.

Incubation of a Social Excellence Program. For more information, please see section 12.13 on page 43.

12 Sustainable relationships with suppliers

12.1 Context

Maintaining a sustainable relationship with suppliers is crucial for ensuring ethical sourcing, minimizing environmental impact, and fostering long-term business resilience. By prioritizing sustainable practices and open communication with suppliers, companies can enhance supply chain transparency, reduce risks, and contribute to overall industry sustainability goals.

Schneider Electric is the most local of global companies, with a presence in more than 100+ countries and a revenue and employee footprint almost evenly distributed across major geographies. While this provides a balanced market position, it also results in a supply base that is almost evenly distributed across the world. In 2023, Schneider Electric sourced goods and services from more than 53,000 suppliers, across more than 60 categories, amounting to approximately €17.5 billion. This diverse supply base represents a unique combination of mature companies operating on a global scale, from small and medium scale enterprises serving local or niche markets and categories which require simple assembly to complex manufacturing activities. Deeply committed to advance all United Nations Sustainable Development Goals (UN SDGs), and delivering solutions for sustainability and efficiency, Schneider Electric is in a unique position to influence and support its supply chain partners to progress and embrace more sustainable social and environmental practices.

12.2 Risks, impacts, and opportunities

Owing to the location, size and nature of the Group's operations, its operating environment is directly impacted by climate change, resource scarcity, and human rights issues across its global supply base. While the impact of Schneider's own operations is relatively limited, the footprint of its wider supply chain is more significant and affected by the evolving trends. As an example, GHG emissions from its upstream supply chain are estimated to be 25 times higher than its operations emissions.

Key risks identified by the Vigilance risk assessment include human rights (in particular safety at work, decent workplace, and labor standards), GHG emissions (especially coming from the transformation of raw materials into components and their transport), and pollution risks linked with some specific purchases categories.

By taking a combined approach to proactively managing upstream supplier risks through Schneider Electric's Vigilance plan, while also driving ambitious sustainable development programs and processes, Schneider Electric secures the impacts on its business resilience and increases its attractiveness to customers, investors, or new talents.

12.3 Governance

Vigilance plan

For many years, Schneider Electric has measured its sustainability performance through a dashboard called SSI and has set up specific governance bodies to ensure that sustainability is positioned within every part of the Group's strategy, from the Board of Directors to the operational levels. The SSI is a transformation scorecard demonstrating that disruptive changes The SSI is completed by a second level of programs called SSE to keep focus on other long-lasting programs. The Vigilance plan corresponds to SSE #17. For this particular program, Schneider Electric established a transversal governance mechanism to proactively screen, identify, and mitigate sustainability risk from suppliers and embed preventive controls into the procurement processes and integrate in the day-to-day operations. The plan is governed by a Steering Committee, set up in 2017, chaired by the Executive Committee member in charge of the supply chain, and composed of senior leaders. The Steering Committee objective is to provide decisions on strategic orientation, prioritize initiatives and allocated resources, review actions in progress, and define decisions on next steps for actions.

12.4 Group policy

The Group's global procurement mission is aligned with our strategy of delivering customer value through transformation of energy management. Schneider Electric does this by contributing to top line and bottom line growth, while establishing a leadership position in sustainable sourcing. Key priorities of quality, innovation, cost, cash, and sustainability are supported by our people, our tailored, connected, sustainable Supply Chain and Digitization. As a key part of our end-to-end supply chain, we count on our suppliers to be strong contributors across all aspects of performance.

Schneider Electric embeds sustainability at every stage of supplier lifecycle. It starts with the mission of the global procurement organization, which embodies sustainability in its core. In addition to top line growth and bottom-line impact, sustainability in sourcing operations is one of the three key enablers for procurement function and firmly institutionalized.

In order to sensitize all current and potential suppliers about expectations and various stages of collaboration with Schneider Electric, a Guide Book is documented, initially launched in 2016 and updated regularly. The document articulates expectations for suppliers on sustainable development in the following five areas: environment, fair and ethical business practices, sustainable procurement, labor practices, and human rights, and subsequently dwells on various stages for approval, qualification, and performance evaluation.



Consult and download Schneider's Supplier Guidebook on the Suppliers page on www.se.com

Supplier collaboration steps

Schneider Electric deploys a fourth-step process comprising of a Supplier Qualification process (SAM), Parts / Products Qualification process (SQM), Supplier Performance Process (SPM), and Supplier Development Process (SDP) to qualify new and legacy suppliers for continued business association, where sustainability performance is a key evaluation criteria.

Supplier Qualification (Supplier Assessment Module (SAM))

The journey of a new supplier starts with the SAM, when a supplier's capabilities are assessed to assure alignment with Schneider's expectations. This process has a dedicated evaluation on labor, ethics, environment, and occupational Health and Safety, in addition to other elements. It is a questionnaire-based evaluation combined with on-site audits by Schneider Electric auditors. For all new suppliers, it is mandatory to undergo this evaluation and only approved partners can proceed to the next stage of functional and technical audits required for business qualification.

Part/Product Qualification Process (Supplier Qualification Module (SQM))

Post the successful approval module the suppliers undergo supply qualification, which evaluates the technical feasibility with respect to the supplies, and after successful completion the supplier can begin the commercial association by supplying products to Schneider Electric.

Supplier Performance Process (SPM)

During the commercial stage the performance of the supplier is constantly evaluated by the SPM. Different functional teams evaluate different performance parameters, including sustainability as one of the pillars, and the overall performance has an impact on the nature of business relationship (strategic or non-strategic).

Supplier Development Process (SDP)

Also during the commercial stage there is a collaborative process to drive systemic and sustained improvements on identified gaps to reach specific expectations.

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Schneider Supplier Portal – Supplier Relationship Management (SSP-SRM)

The results of approval and performance evaluation are available in real time on the Schneider Electric supplier portal (SSP-SRM) and are accessible to global supply chain community, making supplier interactions/decisions more fluid and preventing any supplier with poor sustainability performance from entering into the supply base.

The supplier's performance is tracked by Schneider Electric supplier leaders on a monthly or pluri-annual basis depending on the severity of the risks and classification of the supplier. All business reviews with suppliers and internal functional business reviews with department Executives cover sustainability performance as a key criteria of evaluation.

General Procurement Terms & Conditions

All Schneider Electric suppliers must abide by the General Procurement Terms & Conditions: each supplier undertakes to apply the principles and guidelines of the ISO 26000, and the rules defined in the ISO 14001 standard.

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



Consult and download Schneider General Procurement Terms & Conditions from the Suppliers page on www.se.com

Supplier Code of Conduct

The foundation of Schneider Electric's sustainability ambition is its own Supplier Code of Conduct. It is the mother document of all supplier relationships and lists out the basic expectations with its suppliers across, but not limited to, environment, human rights and decent work, fair business practices, sustainability procurements, and occupation health and safety. The document also provides access to remedy by means of Trust Line, which is the ethics hotline of Schneider Electric. Any partner can access this help line to raise concern associated with ethical or sustainability standards with respect to business association. The Supplier Code of Conduct is also included in General Terms & Conditions, and in all other contractual documents.



Consult and download Schneider Supplier Code of Conduct from the Suppliers page on www.se.com

Supplier Screening Program

Before entering a relationship with a supplier, all Schneider Electric legal entities must ensure that the supplier is adequately evaluated, screened, and approved. Schneider Electric must carefully select, appropriately monitor, and continuously manage its suppliers' relationships throughout the entire course of a business relationship. Clear boundaries and efficient processes ensure that risks are taken to avoid any form of bribery, corruption, or export control sanction and regulation violations.

All suppliers are subjected to due diligence involving risk assessment, screening, investigation, review, or audit to verify facts and information about a particular subject.



To find out more about our Third-Party Screening in relation to Export Control and Corruption, please refer to **section 10 on page 30**.

12.5 Sustainable Procurement framework and strategy

Schneider Electric has deployed a Sustainable Procurement framework, which institutionalizes mechanism to proactively screen, identify, and mitigate sustainability risk from suppliers and embed preventive controls into the procurement processes. This ensures sustainability is embedded in the routine operational activities of all procurement team working around the world.

The framework also identifies thematic areas across ESG spectrum, where Schneider Electric has material impact and can play an industry transforming role. Collaborating and engaging with supply partners to develop maturity on climate action, circularity, and human rights, and challenging status-quo allows us to unlock newer areas of growth. The Group's ambitious sustainability roadmap leads its partners to define the next wave of evolution of industry, making them fore-runners who shape the future. This pursuit of sustainability helps identify new and several hidden avenues of efficiency, operational improvement, and creating and capturing new markets, which provide competitive advantage and positively correlate with financial performance. All engagements within Schneider Electric and its supply base establish that sustainability is good for business and has to be looked at as an opportunity.

Sustainable Procurement Framework 2021 – 2025

Vision: Collaborate with global supplier network for an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.						
Environment 			Social 			Governance
The Zero Carbon Project Reduce CO ₂ emissions from top 1,000 suppliers' operations by 50% (SSI #3)	Green Materials Increase green material content in products to 50% (SSI #4)	Sustainable Packaging 100% packaging uses recycled cardboard and no single-use plastic (SSI #5)	REACH/RoHS Continued adherence and compliance to regulations governing hazardous materials and conflict minerals	Conflict Minerals/Cobalt	Decent Work 100% of strategic suppliers provide decent work to their employees (SSI #6)	Social Excellence Deploy a "Social Excellence" program through multiple tiers of suppliers (SSE #12)
<ul style="list-style-type: none"> • Supplier Approval Module (SAM) & Quality Mgt (SSQM) • Sustainable Development, Environment, Ethics & Compliance Terms & Conditions • Quarterly Business Review • Trust Line • Sustainability throughout our Procurement Excellence System 						
ISO 26000:		Improve sustainability profile of suppliers through leading ESG practices (strategic suppliers)				
Duty of Vigilance:		4,000 suppliers assessed under Vigilance Program (SSE #17)				
Supplier Code of Conduct:		Summarizes the most fundamental requirements from Schneider Electric towards its Suppliers				

12.6 Vigilance plan for suppliers

Supplier risk categories and audit plan

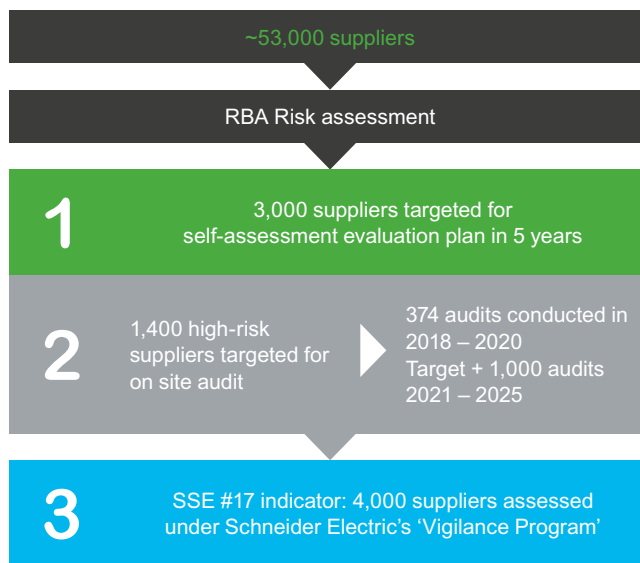
In order to evaluate and mitigate the sustainability risk from its global suppliers, Schneider Electric conducts a risk evaluation of its entire supply base on an annual basis. This evaluation covers sustainability risks and specific parameters such as the type of industrial process used by the suppliers, their technology, and the geographic location. This allows the Group to factor in risks that may arise from a country's specific situation (social, political, etc.). These parameters are compiled in a third-party independent database (RBA methodology, ex-EICC, of which Schneider Electric has been a member since January 2018). Schneider Electric's entire network of about 53,000 tier 1 suppliers is processed through this methodology and is refreshed every year with the new supplier baseline in order to identify high risk suppliers.

Overall plan

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

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

For the Group's 2023 plan, about 1,400 "high risk" suppliers have been identified; this number varies depending on the year.



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On-site audits

Schneider Electric's on-site audit questionnaire and audit methodology are fully aligned with the RBA framework. The RBA framework is linked to the Duty of Vigilance risk matrix categories as follow:

- Human Rights and decent workplace: 36 questions
- Health and safety: 40 questions
- Environment: 21 questions
- Offer Safety: non-applicable in RBA framework. More details about Schneider's Quality strategy are provided in section 5 on page 20.
- Business Conduct: 11 questions
- Cybersecurity: non-applicable in RBA framework. More details about Schneider's end-to-end cybersecurity approach are provided in section 6 on page 23.
- In 2023, the Group conducted 212 initial on-site audits with suppliers (audits conducted for the first time with a supplier). These audits allow Schneider Electric to identify non-conformances and request the supplier to implement corrective actions. Re-audits were then conducted to review the corrective actions implemented to remediate non-conformances identified during the initial audit and validate the closure.

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

Most non-conformance found in 2023 were related to health and safety, labor standards, and management systems (34%, 26%, and 21% respectively). Graph 3 provides the breakdown of non-conformances by topic and graph 4 by geography.

For the most serious non-conformances, each case is escalated is to the Chief Procurement Officer. An analysis of the 114 "top priorities" raised in 2023 shows the following issues are the most recurring:

- Labor standards (60% of top priority non-conformance issues): lack of respect of working time and resting days (time measurement systems are often insufficient); and wages for regular and overtime hours correctly calculated and paid to all workers.
- Health and safety (25% of top priority non-conformance issues): insufficient fire alarm and protection systems; and appropriate controls for worker exposures to chemical, biological, and physical agents.
- Environment and management systems (15% of top priorities): insufficient waste management and pollution prevention systems.

As of end of 2023, Schneider Electric has closed 97% of 2022 and 36% of 2023 non-conformances (all types). Schneider Electric's approach is to help suppliers remediate the issues by sharing good practices and providing them with guidance and training. When non-conformances are not remediated (mainly top priorities), escalation to the Chief Procurement Officer may lead to the end of the business relationship. In 2023, one business relationship with a supplier was decided to be stopped due to Vigilance plan. In 2023, Schneider Electric implemented a program to review a selected number of audits that were carried out in previous years to review whether the non-conformances resolution measures were still in place and durable. So far, no major drift has been identified, confirming the efficiency of the program; only one case was identified, due to the complete change of supplier management team, and later closed.


Self-assessments


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

During 2023, 953 suppliers submitted answers. Procurement teams reviewed the answers and identified some suppliers where on-site audits will be conducted in 2024.

Trust

SSE #17





Our 2025 Commitment

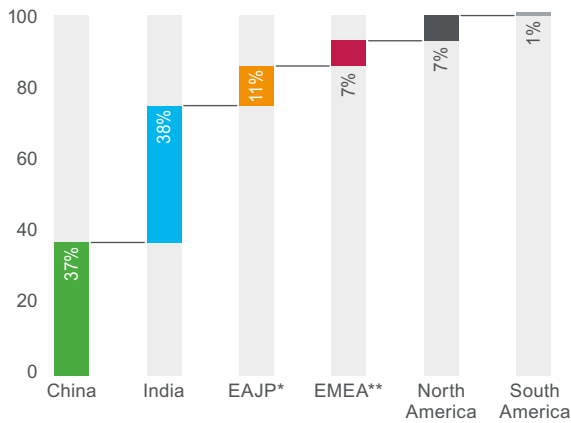
4,000 suppliers assessed under our 'Vigilance Program'

Overall, the resolution of non-conformances identified since the program's inception in 2017 has supported the improvement of the working conditions for 320,000 employees.

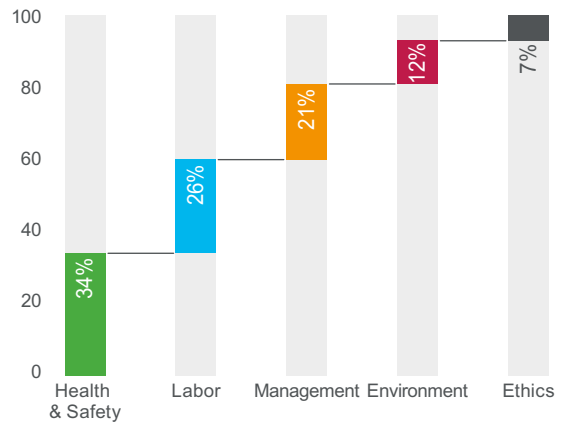
- Labor: during an audit, Schneider Electric identified a small-sized company active in assembling that made employees' payment delayed. Payroll records were reviewed and indicated that monthly wages had been delayed for more than one month. The supplier realized the situation and proceeded to correct it. Five months after the audit, the situation was corrected. During the on-site closure-audit, Schneider Electric validated the resolution, and the non-conformance was closed. The supplier now manages its payments properly and assures employees' monthly wages are paid on time.
- Health and Safety: During an audit at a large panel builder's site, Schneider Electric's auditor identified 2 non-conformities. Operators were found to be working without appropriate Personal Protective Equipment (PPE) which could have long-term effects on their health. Supplier had not taken any action before implementing the process, and thanks to the audit, immediately ensured that the workers had the required masks, gloves, and full body protection. Subsequently, a PPE deployment, usage, and management system was set, and stakeholders were identified to manage this process on the long term. Secondly, the fire alarm/fire detection system was not in operation due to a faulty control panel. An analysis of the root cause showed that the contract for the maintenance of the emergency system had lapsed a year ago, leading to a failure of the system. The supplier worked with its safety contractor to analyze the root cause, and subsequently implement remediation actions. A comprehensive maintenance plan was implemented following this event.

2020 baseline	2023 Progress	2025 target
374	3,248	4,000

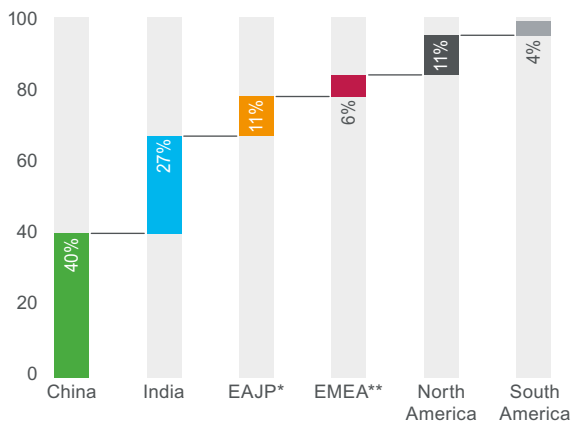
% Risky suppliers identified in 2023 by geography – Graph 1



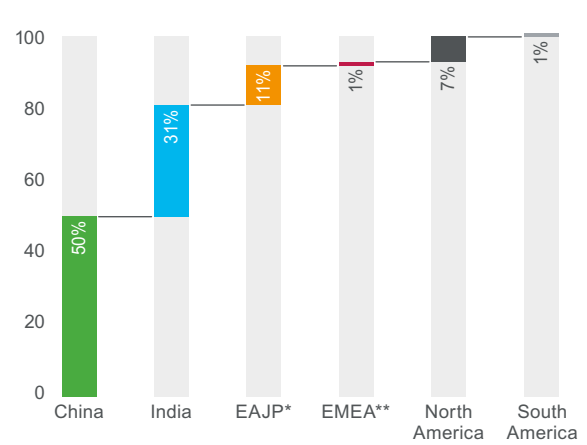
% Non-conformances in 2023 by topic – Graph 3



% Audits carried out in 2023 by geography – Graph 2



% Non-conformances in 2023 by geography – Graph 4



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

Impact

From the beginning of the program in 2017 to the end of 2023, about 1,000 suppliers had been audited on site, and 12,000+ non-conformances were raised, and subsequently remediated. The 212 on-site audits performed in 2023 have allowed Schneider to raise 2,100+ non-conformances. Out of these non-conformances, 110+ are assessed as “top priority” and are given very specific attention during the re-audits of the suppliers. Schneider Electric’s objective is to close 100% of all types of non-conformances identified, whatever their priority level.

Driving responsible business with Trust

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

Sustainable development is one of the pillars to measure supplier performance, allowing the highest-performing suppliers to become and remain “strategic” suppliers. Performance resulting from the EcoVadis/ ISO 26000 evaluation is a key element of the sustainable development strategy and Supplier Risk Management process. The results of the assessment are an integral part of the business reviews scheduled between buyers and suppliers on a quarterly to yearly basis. The goal is to share with suppliers all improvement plans to put in place before next assessment, in order to improve all aspects of their sustainability posture, based on facts and clear recommendations.

Strategic suppliers are identified based on several criteria (quality, productivity, delivery, innovation, sustainability, etc.) and represent the supply base with the best overall performances, to whom Schneider Electric is allocating business. This supply base is regularly reviewed by Procurement Commodities teams (minimum once per year) so to update strategic business decisions. This dynamic process allows highest-performing suppliers to become or remain our “strategic” suppliers, while worst performing ones are demoted from this status.

The Group has set out to engage all its strategic suppliers in a process of continuous improvement in sustainability. At the end of 2023, strategic suppliers represented c. 56% of Schneider Electric’s purchases volume. Strategic suppliers who have passed the third-party evaluation process cover approx 90% of total strategic purchasing volume.

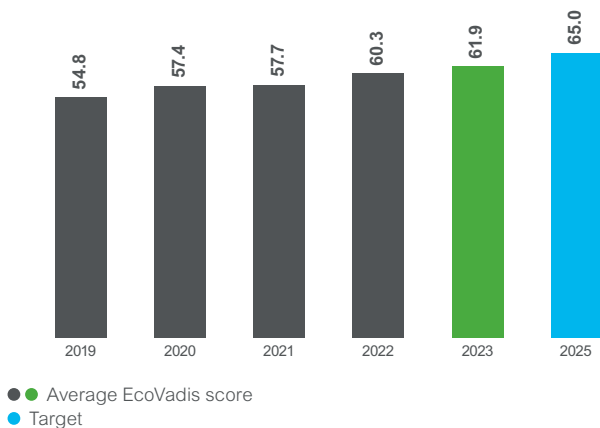
In 2018, the Group took on the ambitious target of achieving +5 points out of 100 in the average ISO 26000 assessment score of its strategic suppliers up to end of 2020 as part of the SSI. At the end of 2020, +6.3 points were achieved, with an average of 57.4 points.

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

Both in 2022 and 2023, targets were achieved with an increase of 1.6 points each year, ending 2023 with 61.9 points as result.

Overall, since end 2017 the average ISO26000 score of Schneider’s strategic suppliers has increased by almost 11 points.

ISO 26000 Program Progress



Note that average score of 100,000 companies assessed by EcoVadis is approximately 46 points. It means Schneider’s strategic suppliers’ sustainability position is much more mature than the global average.

12.8 Conflict Minerals Program

In August 2012, the US Securities and Exchange Commission (SEC) adopted the Conflict Minerals rule as part of the Wall Street Reform and Consumer Protection Act. As defined by the legislation, “conflict minerals” include the metals tantalum, tin, tungsten, and gold, often called “3TG”, which are the extracts of the minerals cassiterite, columbite-tantalite, and wolframite, respectively.

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

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

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

Schneider Electric is working with an expert third party, collecting information from its suppliers to identify the source of the minerals in question and ensure they are recognized as “conflict-free” within established international standards such as the Responsible Minerals Initiative (RMI), the London Bullion Market Association (LBMA), and others. is the Group is committed to contribute to this responsible sourcing initiative as well as responding to its customers’ potential concerns, even though this represents a long-term effort, namely on data collection.

At the end of 2023, more than 75% of relevant suppliers have replied. 94% of the identified smelters and refiners in Schneider Electric's supply chain were designated as compliant (low- or medium-risk) with a recognized third-party validation scheme or actively engaging in same approach (equivalent to approximately 69% of the relevant spend being compliant). The Conflict Minerals campaigning period starts in June and ends with issuing our Final CMRT in next March. The campaign includes all the 5 due diligence steps recommended by the OECD. Schneider Electric is actively working with its suppliers and closely monitors its supply chain to comply with the Conflict Minerals regulations and meet the Customers' expectations as much as possible. Based on current knowledge, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefited armed conflict in the covered countries, nor supported illegally operating or sanctioned entities.

Where are 3TGs used?

Tin – Used in electronics and batteries, wire, cable coatings, resistors, solder, and more; often used to coat other metals to prevent their corrosion and to create alloys.

Tantalum – used in electronics, capacitors and resistors, and wires; galvanized, hardened, heavy duty, tempered or heat-treated steel.

Tungsten – commonly used in heat-resistant and wear-resistant alloys; in hardware, wires, joints and filaments.

Gold – not highly corrosive and highly conductive to electricity, it is commonly used in electronics, connectors, switch and relay contacts, soldered joints, wires, and more.



Consult the page dedicated to Conflict Minerals Program on www.se.com

Cobalt and Mica program

Mid-2020, Schneider Electric added cobalt to its Conflict Minerals Compliance program and added Mica in 2021, shifting to an Extended Minerals Program. Cobalt and Mica sales have been identified as potentially funding or supporting inhumane treatment, including human trafficking, slavery, forced labor, child labor, torture, and war crimes in known CAHRA. These areas are identified by the presence of armed conflict, widespread violence, or other risks of harm to people, and are often characterized by widespread human rights abuses and violations of national or international law.

Mica and Cobalt usage:

Mica – in electronics it is used in transistors, capacitors, and resistors, ideal for high-speed applications as it can withstand incredibly high temperatures.

Cobalt – used in the cathode of the rechargeable lithium-ion and nickel cadmium batteries.

The program focuses on the responsible cobalt sourcing, used as a key element for lithium-ion batteries in Schneider Electric's supply chain. At the end of 2023, with 91% data collected (that is relevant to 99% of the spend of selected suppliers), 97% of the identified smelters and refiners identified in the Group's supply chain were designated as compliant with a recognized third-party validation scheme or actively engaging in same approach. Therefore, the Group has no reason to believe that any Cobalt or Mica the Group sourced, have directly or indirectly financed or benefited armed conflict in the covered countries, nor supported illegally operating or sanctioned entities.

12.9 REACH and RoHS

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

Schneider has chosen to go further than the European REACH and RoHS regulations. The approach is rolled out in the Group over the whole product portfolio and to all suppliers, regardless of their geographic origin. To support the REACH and RoHS projects, Schneider has implemented a data collection process supported by a dedicated team to gather the required information from its suppliers. This has allowed it to significantly reduce its response time to collect such information and therefore be quicker to respond to its customers' inquiries. In addition to data collection, the Group put in place a review process for this data to guarantee its quality. Through this process, the level of verification required for a given supplier can be adjusted in order to make the controls more stringent in cases where deviations have been detected. Furthermore, the team in charge of supplier environmental data collection has extended its scope, and by increasing the coverage of FMD (full material disclosure) in the collected data, it is able to gain information on compliance against additional regulations such as Persistent Organic Pollutants, The Toxic Substances Control Act, Proposition 65 and more.

12.10 The Zero Carbon Project (SSI #3)

The Company aims to achieve 25% absolute reduction in carbon emissions across its entire value chain by 2030 and Net-Zero emissions across the entire value chain by 2050. This means that all Schneider upstream suppliers need to transition towards clean energy. Reaching this ambitious target is a long-term transformative process. As a first step and to onboard the suppliers, Schneider Electric launched The Zero Carbon Project in 2021, which aims to cut 50% of operational carbon emissions from the top 1,000 suppliers by 2025 (SSI #3). At the end of 2023 SSI #3 achieved a 27% performance and has laid the ground to accelerate decarbonization in the coming years.



Consult our webpage dedicated to The Zero Carbon Project in the Sustainability section on www.se.com

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12.11 Green materials (SSI #4) and sustainable packaging (SSI #5)

Green Materials (SSI #4)

An important element of Schneider Electric's Net-Zero transformation is the elimination of the embedded carbon in purchased materials. This is a challenging undertaking as low-impact raw materials would often need to be co-developed. This requires strategic collaboration between suppliers, R&D, engineering, environment, and business teams, to ensure critical criteria are met. Schneider Electric launched a green material program to increase the proportion of "green material" in Schneider products to 50% by 2025 (SSI #4).

The scope of this initiative includes about 30% of Schneider's procurement volume and includes the following materials:

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

Other materials such as fabricated steel components, other non-ferrous metals (such as copper, silver or brass), and thermoset (direct and indirect), will be considered for the next phases. At the end of 2023, 29% of materials in scope were qualified as "Green", following specific criteria.

Sustainable Packaging (SSI #5)

Since 2021, Schneider Electric is implementing a Sustainable Packaging program, which aims at ensuring all cardboard used in the packaging of Company products are recycled and all single-use plastics are phased out by 2025 (SSI #5). To achieve this transformation, a two-pronged approach is deployed. On one hand, a cross-functional team is deployed across business units to review the packaging design, and explore and authorize the use of alternate materials for packaging; on the other hand, Procurement teams across regions engage with suppliers to ensure the deployment of the roadmap by the suppliers to meet the prescribed requirements.

Dedicated categories of packaging material were included, resulting in 63% of the packaging spend in scope attributed to sustainable packaging at the end of 2023, vs. 45% in 2022.

12.12 Decent work

Supply chains help companies leverage global capabilities and benefit from collective genius; at the same time, they help economies progress and engage in global commerce. However, the benefits of this global integration are often unequally distributed. One of the areas where this inequality is prominent is the working conditions and rights available to the workers in their workplace. According to the United Nations, over 700 million workers lived in extreme or moderate poverty in 2018 and as per estimates by civil society organizations, more than 50 million people are trapped in modern day slavery worldwide, with more than 70% being women and children.

The extent and severity of the crisis requires a systematic, preventive approach and not mere rectification of observed malpractices. The focus needs to be opening dialogue and normalizing universal worker rights irrespective of the geography or the context of employment.

The Decent Work program aims to ensure that any opportunity of work, extended to the employees is, productive and delivers a fair income, and provides security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize, and participate in the decisions that affect their lives, and equality of opportunity and treatment for all individuals. The program takes inspiration from principles of decent work promulgated by the ILO and also leverages concurrent issues, to make it comprehensive.

Implementation

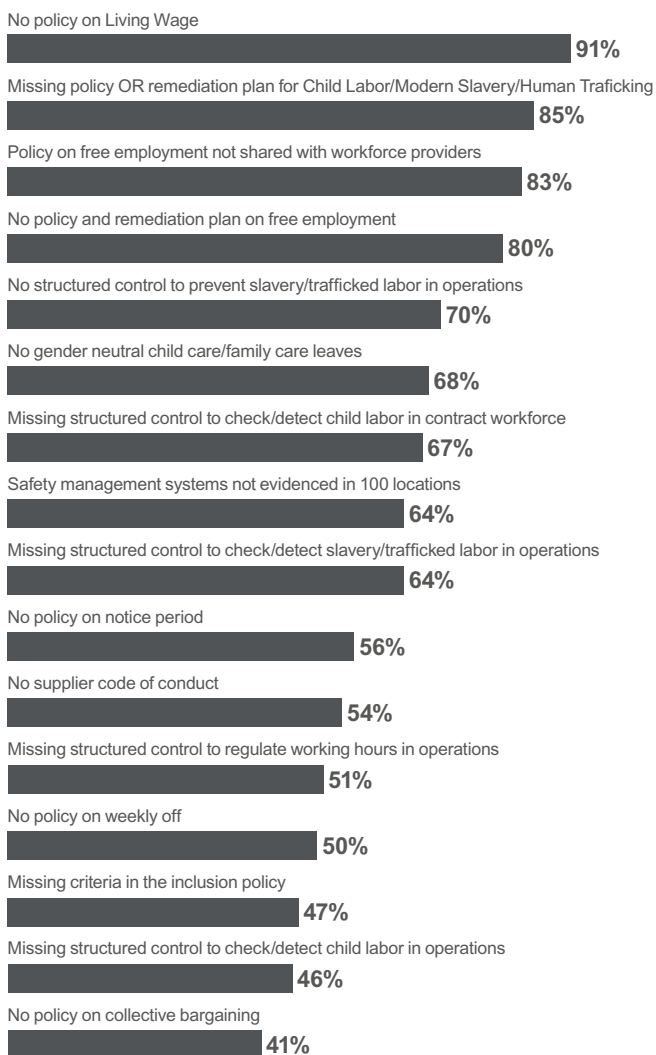
The scope of the program includes strategic suppliers across direct (also known as production) and indirect (known as non-production) procurement.

The initiative adopts the approach of a development program, acknowledging that the program criteria may be new for many suppliers who will need support with capacity building, and constant engagement throughout implementation. To facilitate the execution by suppliers in a gradual way, the program is split in two stages.

The evaluation of supplier performance is carried out through an online questionnaire that is rolled out via SSP-SRM – Schneider's supplier relationship portal. A specifically trained team of associates from the Global Procurement Services (GPS) lead the launch of the initiative. The suppliers are required to respond to the questions and upload evidence to support the responses. All responses and accompanying evidence are evaluated to meet the minimum criteria of decent work. Specially equipped reviewers assess the supplier responses, including the evaluation of the accompanying documentation. The reviewers come from within Schneider Electric as well as third-party agencies who specialize in similar evaluations. In cases where the supplier actions do not meet the minimum requirements, feedback is given, and corrective actions need to be implemented by the suppliers in a timely manner. Upon rectification, the information needs to be resubmitted along with the evidence for the re-evaluation.

To better engage suppliers and identify the common areas of improvement for deploying more effective supplier capacity building initiatives, the responses were analyzed. Below is the summary of the most frequent gaps identified during the year.

Most frequent Non-conformances



Owing to the dynamic nature of the supplier categorization, Schneider Electric reviews the list of eligible suppliers on an annual basis and ensures inclusion of relevant suppliers in the program. In addition to English, the program requirements are also translated into Mandarin, including trainings to ensure adequate coverage for suppliers.

12.13 Supplier Diversity program in the United States

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

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

- Small Business Enterprise (SBE);
- Veteran (VET);
- Disabled-Owned Business Enterprise (DOBE);
- Minority-Owned Business Enterprise (MBE);
- Women-Owned Business Enterprise (WBE);
- Historically Underutilized Business Zone (HUBZone), and
- LGBTQ+-Owned Enterprise (LGBTBE).

Trust

SSI #6

Our 2025 Commitment

100% of our strategic suppliers provide decent work to their employees

As of December 2023, 802 strategic suppliers are invited to participate in the Decent work program, out of which 683 suppliers are successfully onboarded and invited to respond to the questionnaire, which has been shared with them. 536 suppliers responded to the survey. It takes multiple rounds of review, engagement, clarification and capacity building with each and every supplier to ensure all the parameters are successfully met. By end of 2023 over 168 suppliers were classified as conforming to the stage 1 requirements of the program..

Our progress

2022 Baseline	2023 Progress	2025 target
1%	21%	100%

As of end of December 2023, the Group is on target to spend more than 7% of its total US Procurement spend with uniquely diverse businesses. This represents an increase of nearly 3% vs. 2022. Schneider Electric is aware of the work it has to do in this area and is committed to growing its program within, and outside, the US to bring more opportunities to the diverse business community.

In 2023, Schneider Electric enhanced its Supplier Diversity program in the following ways:

- Expanded relationships with supplier diversity partner organizations;
- Performed data cleansing exercises quarterly to reflect the diversity more accurately in its supply chain;
- Updated policies, procedures and web site content to more fully articulate its efforts in supplier diversity ;
- Conducted robust training across the North America organization for both procurement and other employees who have authority to purchase good/services on behalf of the company.

Driving responsible business with Trust

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

12.14 Social Excellence program

In its efforts to strive towards more social excellence in its supply chain, Schneider Electric is relying on the Duty of Vigilance and Decent Work programs. In addition, the Group is also experimenting other means to go further and expand its coverage beyond tier 1 suppliers.

To that purpose, in 2023, Schneider Electric has initiated three other pilot initiatives as part of the Social Excellence program:

- Upstream mapping of suppliers: identifying suppliers beyond tier 1 and using a tool allowing a more direct communication, and a monitoring of crucial business, environment, and Human Rights parameters. In 2023, 170 suppliers are being processed.
- "Workers Voice" in sensitive geographies: in collaboration with 16 suppliers located in Vietnam, with the help of an expert company in digital stakeholder engagement, Schneider Electric has reached out directly to the workers employed by these suppliers, to assess the situation for a specific number of Human Rights. The first results are conclusive, as more than 1330 workers participated to the survey, which represents more than three times the minimum threshold of statistical significance.
As this is a first pilot approach, results need to be taken with caution as we are still on a learning curve. However, to share our first observations, we can note the following:
 - On the positive side, observed that 88% of workers reported that they feel treated with respect, 92% that they are entitled to pay leave when sick, and 91% understand and have a clear copy of their work contracts.
 - Regarding areas that require additional attention, 20% of workers reported that they have already witnessed sexual harassment, 19% reported that the stress from their jobs affects their personal life, and 16% reported that they have already been unfairly treated or discriminated against. These areas will be followed carefully and actions will be taken in 2024 to mitigate the risks identified through this survey.
- Raw material mapping initiative: Schneider Electric has selected 8 raw materials to be studied, starting from the extraction level, and then moving along the transformation cycles. The objective is to better understand and map potential Human Rights issues present in these industries, how these may affect our portfolio of products, and what actions the Group could take to mitigate any negative impact.

13 Vigilance with project execution contractors

13.1 Context

Schneider Electric's products and solutions are usually combined into larger systems such as electricity distribution and energy management in a building, or production process automation in a factory. The building of such systems can be complex and typically involves several different parties before they are commissioned by end-customers.

For Schneider Electric, there are two options: to sell components through channel partners who take the responsibility to build and deliver the system; or to build and deliver the system directly for the end customer, as a project. This second option requires coordinating several project contractors (panel manufacturers, system integrators, building contractors, etc.), usually on the premises of the end-customer. These projects are primarily off-site (mostly on customer premises, existing or future), and they involve several different parties, global or local.

Therefore, relationships with contractors are specific to a contract, and not necessarily recurrent. In 2023, Schneider Electric worked with approximately 12,000 solution suppliers (with a total spend of approximately €1.2 billion).

13.2 Risks, impacts, and opportunities

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

Business Ethics: Projects that are conducted in countries where business ethics standards are insufficient may be subject to ethical risks such as corruption, bribery, or pressures of a similar nature.

Cybersecurity: Some subcontractors may have digital interactions with the end-customer and Schneider Electric at the same time. Therefore, their level of cybersecurity and data protection may create some risks for the project and the final customer.

A rigorous management of subcontractors supports a reduction in risks of incidents or accidents on site, and therefore protects workers, the communities living around the project site, and the final customer's employees and assets.

Driving responsible business with Trust

13.3 Governance

The overall governance for this topic is under the responsibility of the Duty of Vigilance Steering Committee. The implementation of actions is a joint responsibility between Procurement teams and Global Customer Projects teams.

13.4 Group policy

In 2021, the Group introduced an evolution of its project decision-making process. From the moment a business opportunity is identified to the moment it becomes an official offer from Schneider Electric to the customer, a project goes through several selection milestones that ensure its technical, operational, legal, and financial feasibility. Crucial milestones have been added over the last years to that process, to reinforce its compliance to the highest ethical, environmental and human rights standards. Among the elements reinforced:

- Detection and management of any corruption or export control regulation violations during business relationships with our contractors and customers through automated third-party screening. In 2023, Schneider Electric has developed a new capability to automatically screen all legacy and continuous screening of new and modifications of Third-Parties for risks of anti-corruption and export control. A specific focus is put on third-party due diligence implying several steps to ensure that any risk identified is met with an adequate risk mitigation action. For more information, please see sections 10 on page 30, and 7 on page 26.
- Early identification of the environmental and Human Rights risks that the project may create for the ecosystems and communities potentially affected. This risk assessment can be reinforced by an expert third-party report whenever needed. The risks are prioritized and escalated through the selection process to ensure that any decision is consistent with the highest ethical and Human Rights standards, and that any project execution plans for the adequate prevention and mitigation actions to be implemented. In 2023, around 80 projects have been subject to this process as part of the test pilot. In 2024, this process will be applied to a larger number of projects.

13.5 Actions and impacts

Out of the 12,000 solutions suppliers, Schneider Electric has identified about 140 solution suppliers categorized as "high risk". Since 2018, around 90 of those suppliers have been audited, with 12 audits performed in 2023 leading to Schneider raising 121 non-conformances. Out of these non-conformances, 12 were assessed as "top priority" for 4 suppliers.

The most recurring non-conformances with high-risk solution contractors are related to management systems, in particular in terms of establishing adequate management reviews and defining responsibilities for implementation of management systems.

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

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

14 Ethical relations with downstream stakeholders

14.1 Context

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

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

14.2 Risks, impacts, and opportunities

The risk overview exercise has been carried out for the top 30 Schneider Electric sites throughout the world and a selection of 40 customer projects (18 formally reviewed so far) and is still in pilot mode. The main risks that have been explored were related to the impact of Schneider Electric's activities on the local infrastructures such as transportation and mobility, access to energy or water, access to staple-good and utilities, safety, and protection against ethical breaches.

Opportunities have also been identified in the form of improvement of infrastructures, better access to education, support to socio-cultural local projects, and improvement of local employment.

14.3 Governance

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

14.4 Group Policy

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

Vigilance with local communities complements other actions aimed at building ethical relationships with downstream stakeholders, such as:

Customer Screening Program

Schneider Electric performs automatic risk-based due diligence on its clients and projects, involving risk assessment, screening, investigation, review, or audit to verify facts and information. This covers export control and compliance risks (sentences or adverse media hits related to act of corruption, bribery, fraud, money laundering, or unethical practices). The due diligence implies several steps, which form an end-to-end process ensuring that adequate risk mitigation actions are handled, including but not limited to terminating the relationship and blocking any related payment.

Business Agents Process

Before entering into a relationship with a Business Agent, all Schneider Electric entities must ensure that the designated Business Agent is adequately evaluated, screened, and approved in accordance with the process set forth in the Business Agent Policy. Management must carefully select, appropriately monitor, and continuously manage its Business Agents throughout the entire course of a business relationship.

Sponsoring & Donations Screening

Compliance due diligence is the process that involves risk and compliance check and conducting a review to verify facts and information about a particular subject or entity. Specific policies were deployed regarding Donations (Philanthropy Policy) and Sponsoring (Sponsorship Policy).

Driving responsible business with Trust

14.5 Vigilance with communities living around Schneider’s sites

Vigilance risk assessment for Schneider Electric’s 30 largest sites

The overall result shows that the level of risk to local communities living around Schneider Electric sites is “low” in most cases, due to the fact that Schneider is usually located in large, urban, or peri-urban areas. Factories are mostly located in already existing dedicated industrial areas, with stable infrastructures and transportation networks, and Schneider Electric’s presence does not have an impact on these areas.

Among the top 30 sites, the Group only identified a very limited number that may have a “moderate” impact on local communities and found no site where Schneider Electric could have a “high” or “very high” impact.

It is to be noted that risks can also have positive impacts, as it is part of Schneider Electric’s policy to include local parameters in its Sourcing Policy: providing employment, including using a percentage of local companies and contractors for services (catering, maintenance, etc.).

14.6 Vigilance with communities living around customers’ project sites

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

To identify the main sites presenting potential risks, Schneider Electric has pre-selected 40 customer projects based on the combination of two criteria: country risk and customer activity. Country risk is a compound of several external publicly available indicators (transparency, human rights, etc.). Customer activity is based on the industrial process specific to the end-customer. For illustration, the top five risks are ranked as follows:

Top country risk	Top customer activity risk
Chad	Mining, minerals, and metals
Mauritania	Oil, gas, and petrochemicals
Angola	Power and grid
Nigeria	Life sciences
Tanzania	Water

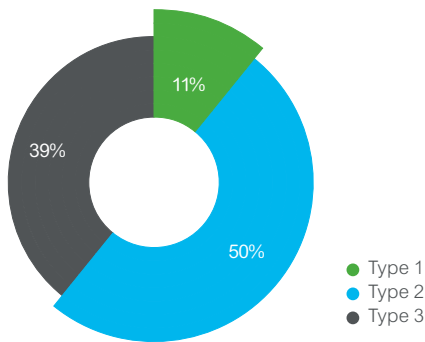
Evaluating the impact for selected sites

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

- **Type 1:** Schneider Electric provides switchgear and/or industrial equipment, is also the main contractor for the project, and is present on site. Mitigation actions can be decided and implemented by Schneider.
- **Type 2:** Schneider Electric provides switchgear and/or industrial equipment, but it is not the main contractor. Mitigation capabilities are limited.
- **Type 3:** Schneider Electric provides software and control, and is mostly working remotely, being present on site only for final testing and commissioning. Mitigation capabilities are very low.

As of end 2023, 18 projects have been reviewed and results can be summarized as follows:

Breakdown of projects by type



Type 1: 2 projects – Schneider operating as the main contractor

- Renovation of Medium Voltage electrical substations.
- Very large city, dense urban area.
- Sites already existing, limited surface (1 building).
- Limited civil work (refurbishing) in a closed area.
- Almost no impact on population living nearby (2 days street closing).

Type 2: 9 projects – Schneider as one of the suppliers to a large contractor or customer

- 4 projects are Medium Voltage equipment ex-works delivery: no presence on customer site.
- 2 projects are reinforcements of safety systems on existing mining sites.
- 3 projects are very large new projects on land.
 - 2 are for a customer expanding a refinery
 - Large civil work on previously unoccupied land.
 - End-customer and local authorities are in charge on site.
 - 1 is for a customer building an irrigation network for agriculture.
 - Location in a semi-desertic area – no population living on site.

Type 3: 7 projects

- Projects are mostly software systems, that do not involve any on-site work as there is no hardware to deliver and install.

Although this analysis is done on a limited sample, it points to the following conclusions:

- A large majority of Schneider projects are having limited impact on local communities as they are either:
 - Not located close to any populated area;
 - Taking place on already built facilities;
 - Delivered ex-works to the client, with no on-site involvement from Schneider;
 - Involving software offers only, that are entirely delivered remotely.
- A minority of projects involve large civil works on-site, that may affect the local environment or local communities. This almost only happens when the end-customer is conducting a complex and highly specialized project (refinery, factory, extraction site, etc.). In these instances, Schneider is only one of the several vendors, and does not handle relations with local population. In such cases however, Schneider wishes to apply the highest level of ethical and responsible commitment in its relations with the end-customer to ensure that the project complies with high sustainable and ethical standards.

Focus on EACOP project

EACOP (East Africa Crude Oil Pipeline), along with the Tilenga project, is operated by a joint venture between two states (Uganda, Tanzania), and two private companies (CNOOC, TotalEnergies). It consists of several extraction sites, and a pipeline to connect these sites to a port on the Indian Ocean coast.

The Group provides equipment for the supervision and safety of the infrastructure and contributes to the integration of renewable energy sources to reduce the CO₂ emissions.

Schneider has commissioned an independent third-party expert, to conduct a risk assessment based on the International Finance Corporation performance standards on Environmental and Social Sustainability. The assessment has been updated with the status of discussions with the EACOP joint venture, local stakeholders (Individuals or NGOs) and Total Energies. In addition Schneider Electric organized a field visit on the project site (in Uganda and Tanzania), led by its Chief Compliance Officer.

Based on these assessments and observations, Schneider Electric estimates that EACOP joint venture, local authorities and local stakeholders are addressing the Environmental and Human Rights concerns raised by certain local stakeholders and media outlets. As the project continues, Schneider Electric will continue to engage with stakeholders and to monitor relevant remediation actions.

Overall, Schneider Electric is confident that the work with EACOP is consistent with its ethical and sustainability standards.



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