

Integrated Report 2021

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Life Is On Schneider Electric



This report is an extract from Schneider Electric's 2021 Universal Registration Document.

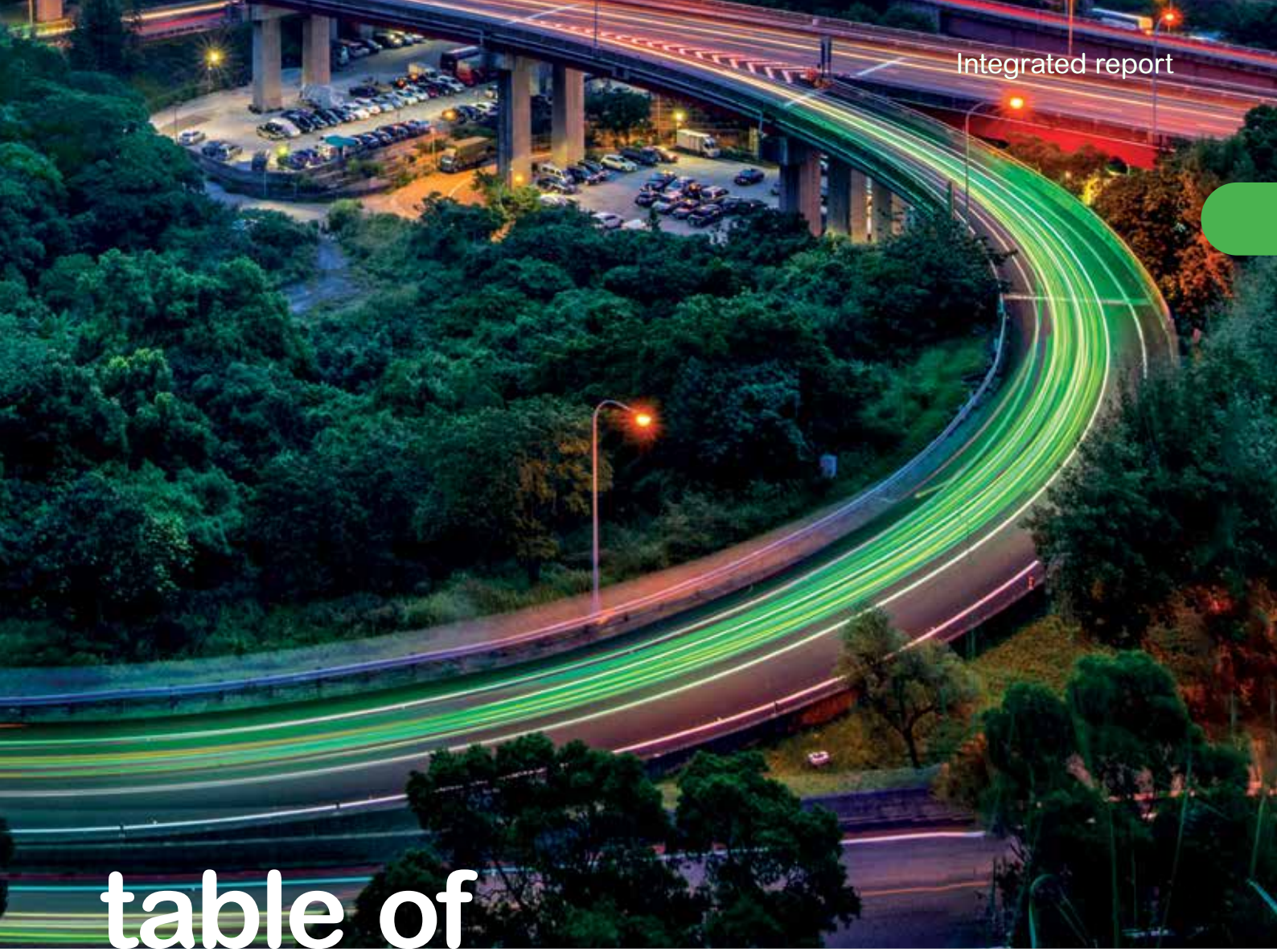


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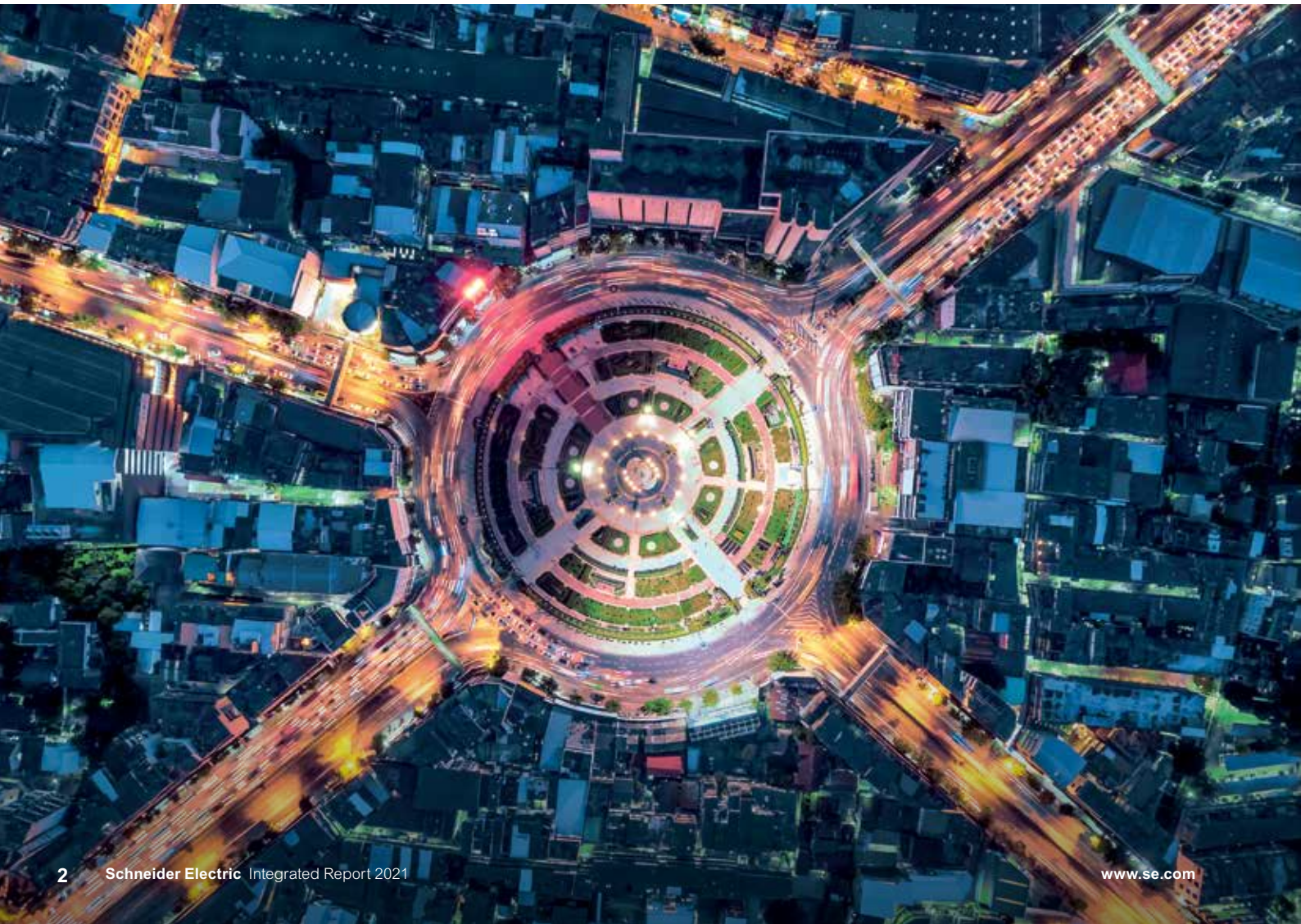
Integrated report

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Our purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all.

At Schneider, we call this

Life Is On





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

At a glance

Our performance

2021 was a record year, setting the foundation for ongoing sustainable growth. In addition, the Group continued to raise the bar in launching new and ambitious sustainability commitments, covering 2021-25.

Financial KPIs

€28.9B
Revenues — +12.7% organic

17.3%
Adjusted EBITA margin — +140 bps organic

€3.2B
Net Income (Group share) — +51%

€2.8B
Free Cash Flow — 87% conversion rate

€6.13
Adjusted Earnings per Share — +30%

€2.90
Proposed Dividend per Share — +12%

Extra-financial KPIs

#1
World's Most Sustainable Corporation in 2021

3.92/10
Schneider Sustainability Impact score, outperforming 2021 3.75/10 target

347 million
Tonnes of saved and avoided CO_2 emissions to our customers since 2018

1,000
Suppliers committed to the Zero Carbon Project

+4 million
People have access to green electricity in 2021

71%
Highest Employee Engagement Index of all time

Our business

Total employees by geography in 2021

Revenue by geography in 2021

North America

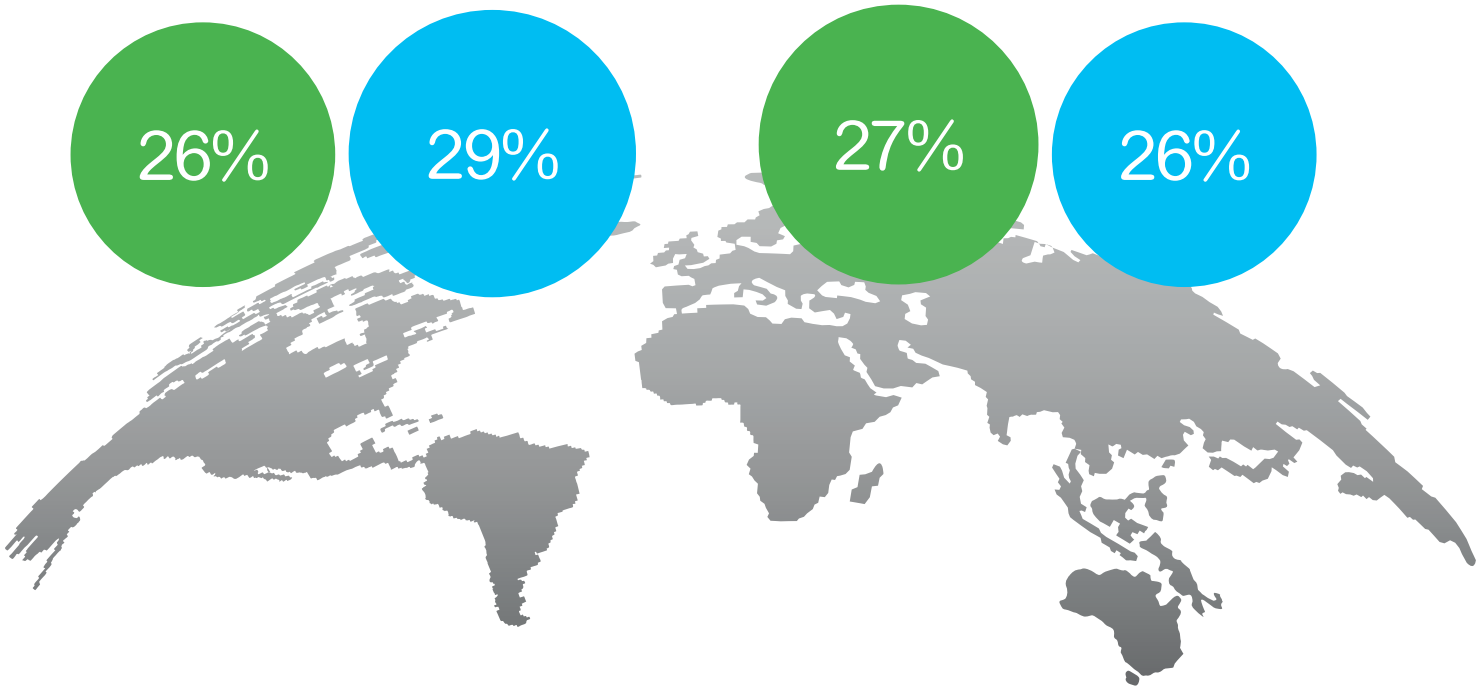
26%

29%

Western Europe

27%

26%



Rest of the World

16%

14%

Asia Pacific

31%

31%

128,000+

Employees in over 100 countries

A statement from Chairman and CEO, Jean-Pascal Tricoire

The past two years have seen challenges, changes and uncertainties that few of us could have imagined back in 2019. The COVID-19 pandemic, the multiple and diverse responses to it, the rapid restart of the economy, a host of climate change-linked disasters, and numerous other disruptions have shaken up supply chains and unsettled business plans the world over.

Many of these developments will stay with us in 2022, and even beyond.

But the world has also had time to learn, to change, and to adapt. Climate action, efficiency, sustainability, digital innovation, and resilience to disruption, uncertainty and change are now top of the agenda for policy makers, businesses and even households around the globe, in a way that was simply not the case just two or three years ago.

Of course, Schneider Electric hasn't been immune to these upheavals. But our efforts, over the past 15 years, to embrace sustainability, digitization and electrification, and to empower all to make the most of our energy and resources, have stood us in good stead.

In fact, if anything, our corporate purpose and positioning have been reinforced and vindicated by what the world has experienced since late 2019. It's never been more important to bridge progress and sustainability for all.

A business model built to support a sustainable future

Schneider Electric received welcome, high-profile external recognition in January 2021, when Corporate Knights ranked us the world's most sustainable corporation for the year. The recognition is a testament to the commitment of our people, our customers, partners and suppliers, who have, year after year, raised the bar, to make a positive impact on our organization, our business and community ecosystem, and on the entire world.

Still, the science is clear: humanity is not acting fast enough to avert climate catastrophe. We all need to do more, and much faster, to leverage the technologies that already exist, and develop new ones for the future.

That's why, also in January 2021, we announced the most ambitious set of sustainability commitments in our history, spanning 2021-2025: to show that even companies that are already sustainability leaders have a responsibility to do even more.

In late 2021, we also committed to being an *Impact Company*. We define that as a company that embraces environmental, social and governance (ESG) values into every dimension of its business. A company that aligns its mission to contribute these values, and that operates with a model that creates local impact, close to the communities it's supporting.

One of the guiding principles of this model is that acting on these principles, and on our purpose, also cements our financial performance. And that's what makes us confident in our long-term sustainable growth.

Accelerating core markets, and new pillars of growth

Two technologies underpin the global economy's transition to a sustainable, more resilient and lower-carbon future: **digitization** and **electrification**.

It's in these areas that we've built our expertise and leadership over the past years – and we're feeling the accelerating demand for these technologies across end-markets ranging from buildings and industry, to data centers and infrastructure.

In addition, to support future growth, we've supplemented this with three incremental growth drivers.

Our **services** offer allows us to provide more value on our installed base, and to better serve our customers across the entire lifecycle.

Our **software portfolio** provides unmatched capabilities in bridging the physical and digital world, allowing customers to reap the benefits of efficiency. Most recently, 2021 saw the finalization of our strategic acquisition of ETAP, as well as the closure of AVEVA's acquisition of OSIsoft. Our next step is the development of a new category of software, through integrating our full portfolio across two core dimensions: the lifecycle and the operational domains. This is the first offer of its kind and has huge potential to support our customers by removing common operational frictions.



"Two technologies underpin the global economy's transition to a sustainable, more resilient and lower-carbon future: digitization and electrification"

Jean-Pascal Tricoire
Chairman and CEO

And then there's our **sustainability business**. Companies all over the world are increasingly eager to become more sustainable, and to reduce their carbon footprints. Our expertise on these fronts has allowed us to develop a full-service offering, spanning ESG consulting services, right through to digital technologies that can bolster energy and operational efficiency, to support customers at all stages of their journey.

Unique operating model to support the transition

All of these growth opportunities are supported by our operating model.

We've strategically built and scaled this around four distinct characteristics: the **integration** of all aspects of our business operations, from sales, to supply chain, to marketing and software; the nurturing of the **largest, open ecosystem of partners**; the principle of having **ESG** values at the heart of everything we do – both by being leaders in our own ecosystem, and by helping our customers along their ESG journeys.

And lastly, our **multi-hub model**. With four regional hubs around the world (North America, Europe, China and India), our local teams can adapt and respond quickly to changing circumstances. It also helps us to attract the best talent anywhere in the world.

Of course, none of this would be possible without our **SE Great People**, who participate and believe in our purpose and mission. Throughout 2021, our 128,000 colleagues demonstrated their adaptability, and their openness to collaboration and innovation, as we all learned and grew in this new, hybrid-working world.

They're also central to the trust we've built with our entire ecosystem. This trust has ensured our resilience through tough times, and strengthened our relationships for the future. Trust is our highest value, reinforced by the establishment of our **Trust Charter** in 2021.

A sustainable future built on trust

Inevitably, many of the challenges of 2020 and 2021 will continue in 2022. But our strategic positioning, our operating model, and our guiding principles make us confident in our future.

Around the globe, companies, governments and people have realized that humanity needs to act fast to make the world both fairer and cleaner – that we need to avert the worst effects of the looming climate crisis. The tools to do so exist: digitization and electrification can help us get towards net-zero. What we need to do now is act. Fast.

Jean-Pascal Tricoire,
Chairman and CEO

An interview with Chief Financial Officer, Hilary Maxson



Schneider Electric delivered a strong performance in 2021, what were the highlights?

In 2021 the key theme was growth, driven both by strong market dynamics and our strategic choices and positioning. Our revenues of EUR 28.9 billion were an all-time high, up +12.7% organically. We delivered a strong improvement in our adjusted EBITA margin which increased by +1.4pts organically, reaching 17.3%, a new record, and surpassing our target of 'around 17%' one year early. We achieved this through good leverage on the higher volumes of 2021, a strong focus on price in the face of inflationary pressures, and continued progress on our operational efficiency plans. The strong operational performance coupled with a reduction in restructuring costs resulted in net income of EUR 3.2 billion, an increase of +51% over 2020.

We delivered Free Cash Flow of EUR 2.8 billion, reflecting strong operational cash flow but also increased working capital requirements at the end of the year due to the strong external demand environment and some supply chain shortages. We retain a strong focus on shareholder returns, and we continue our track-record of progressive dividends for a 12th year, increasing our proposed dividend by +12% to EUR 2.90 per share.

What were the biggest challenges you faced in 2021 and what do you expect in 2022?

Global supply chains came under pressure in 2021, impacting not just Schneider, but across multiple industries and geographies. While the heightened external demand is supportive of future growth, it did present some temporal challenges in customer deliveries for the year and came with associated higher costs both in freight and the sourcing of some components. Our unique global supply chain set-up helped us to navigate these challenges with agility, using lessons learned from 2020, and leveraging our multi-hub model. We also faced the ongoing challenge of a global health crisis, which limited our ability to access customer sites, impacting our Services organization. I want to take the opportunity to thank our customer facing teams, and those working in our factories and distribution centers, for all they did in putting our customers first in these challenging times.

For 2022, we expect these challenges to persist, with cost inflation the new reality and pressures on global supply chains not yet over. We endeavor to meet these challenges with agility, always putting customers at the forefront of our thinking.

What is the outlook for Schneider Electric in 2022?

In 2022, we start-out on the scalable growth journey outlined in our Capital Markets Day. We expect 2022 Adjusted EBITA growth of between +9% and +13% organic. This strong and sustainable performance would be achieved through a combination of topline organic growth, targeted at between +7% and +9%, and Adjusted EBITA margin up +30 bps to +60 bps organic. This implies Adjusted EBITA margin of around 17.6% to 17.9% for 2022.

You held a Capital Markets Day in 2021. What will drive shareholder value in the coming years?

At the CMD, we set our 2022-2024 targets and longer-term ambitions. Between 2022 and 2024 we expect organic revenue growth of between +5% to +8%, on average, and a continued improvement of our adjusted EBITA margin of between +30bps to +70bps organic, annually. We expect this to translate into a step-up in our Free Cash Flow, over-time, to around EUR 4 billion by 2024. We upgraded our longer-term ambitions to at least 5% organic growth in revenues on average across the economic cycle with an opportunity to further expand adjusted EBITA margin and Free Cash Flow beyond 2024.

These ambitions represent a step-change in performance from past years, driven by long-term trends of digitization for efficiency, and electrification for sustainability that are pervasive across the end-markets we serve. We expect opportunities in these end-markets to remain dynamic, and for growth to be augmented by our focus on Software, Services and Sustainability. As we move into a period of scalable and sustainable growth, our revenue profile is shifting; becoming more digital and more resilient. We expect an evolution in contribution from our Digital Flywheel, moving towards c.60% of Group revenues by 2025, from c.50% today. Within this, our strategic focus on more Software & Services is expected to drive an increase of +5pts on these elements, to c.23% of Group revenues by 2025. Software & Services also presents an opportunity for revenues to be more sticky, more resilient and with a greater proportion to be recurring in nature, increasing by +15pts to c.45% recurring by 2025.

As CFO, I am excited with the opportunities that lie ahead of us, we have the portfolio, the technologies and the great people required to enable sustainable growth for years to come, as we remain committed to generating further value for all of our stakeholders.

Hilary Maxson,
Chief Financial Officer

2021 Financial Performance Highlights

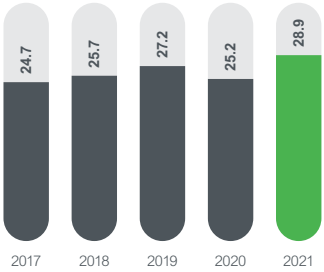
2021 was a record year setting the foundation for ongoing sustainable growth. The Group generated all-time high revenues, adjusted EBITA margin and Net Income. Free Cash Flow was impacted by working capital requirements, while operating cash flows remained strong.

Demand for the Group's products, systems, software and services remained at high levels throughout 2021. As with all companies, the Group faced pressure from tightness in global supply chains, but responded with agility, leveraging its unique, digitized model for the benefit of customers.

Revenue

In billions of euros

€28.9B

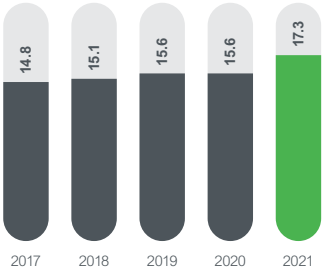


Revenues were up +12.7% organic (+14.9% reported) with strong growth from both businesses and across all four regions. There was strong demand across the Group's four end-markets, as revenues rebounded to above 2019 levels on an organic basis. FX impacts were negative -1.3% due to the strengthening of the EUR against the USD. There was positive scope impact of +3.5% from recent acquisitions.

Adjusted EBITA margin

In % of Group revenues

17.3%

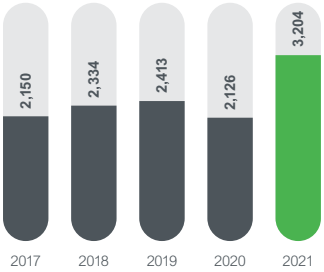


Adjusted EBITA reached EUR 5.0 billion, a margin of 17.3%, expanding organically by +140 basis points. The margin expansion was driven through a combination of pricing actions to compensate for inflationary costs, industrial productivity, and execution on the Group's operational efficiency plan. Both businesses contributed to the margin expansion.

Net Income (Group share)

In millions of euros

€3,204M

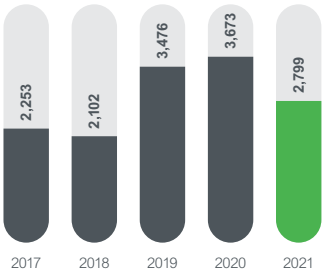


Net Income (Group share) reached EUR 3.2 billion, up +51% on last year. Restructuring costs were -EUR 225 million, down EUR 196 million on last year. Other Operating Income and Expenses were -EUR 21 million, mainly consisting of some disposal gains offset by M&A and integration costs. Net financial expenses reduced by EUR 102 million, while the Group's effective tax rate was 23.2%, in line with expectations.

Free Cash Flow

In millions of euros

€2,799M

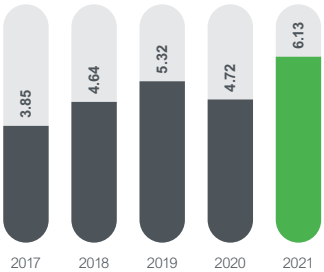


The Group generated EUR 2.8 billion of Free Cash Flow, reflective of the strong operating cash result of EUR 4.5 billion. Working capital evolution was negative EUR 853 million, reflective of the strong external demand environment. Net capital expenditure of EUR 817 million remained stable as a percentage of sales at around 3%.

Adjusted Earnings Per Share

In euros

€6.13

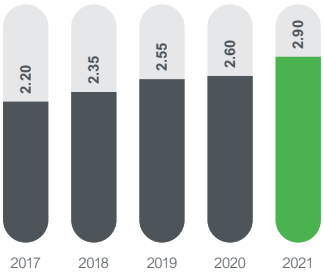


Adjusted Earnings Per Share was EUR 6.13, up 30% on last year, mostly driven by the strong operating performance. The weighted average number of shares in issue remained broadly stable compared to last year.

Dividend Per Share

In euros

€2.90



The proposed dividend is EUR 2.90 per share, up 12% on last year, subject to approval at the Annual Shareholder's Meeting to be held on May 5, 2022. The proposed dividend would be paid on May 19, 2022, and represents a continuation for the twelfth year of the Group's progressive dividend policy.

Key Achievements of 2021

January

Schneider Electric announced as the world's most sustainable corporation, achieving the number one position on Corporate Knights' 2021 Global 100 Most Sustainable Corporations in the World ranking, out of more than 8,000 companies assessed. The jump from 29th place in the 2020 ranking reflects Schneider's consistent progress towards and commitment to sustainability excellence.

Most Sustainable Corporations in the World
2021
GLOBAL100

February

Schneider Electric introduced its vision for "Industries of the Future" at the ARC Industry Forum. Renewing its commitment to transforming the industrial sector through open, sustainable technology, its next-generation framework and winning formula for industrial settings is founded around three core pillars: universal automation, sustainable efficiency, and software-centric automation. EcoStruxure™ Automation Expert is Schneider Electric's first offer based on the universal automation vision, capable of unlocking step-change improvements in efficiency and sustainability impossible a decade ago.



OSIsoft. is now part of AVEVA

March

Schneider Electric's majority owned subsidiary AVEVA successfully completed the acquisition of OSIsoft, a global leader in real-time industrial data software and services. OSIsoft's PI System is a leading platform for data acquisition and data structuring for its customers, specialized on the mission-critical applications on which AVEVA and Schneider are focused.



April

Schneider Electric launches the Zero Carbon Project. Under the new initiative, the Company will partner with its top 1,000 suppliers – which represent 70% of Schneider's suppliers emissions – to halve their operations' CO_2 emissions by 2025. The initiative is part of Schneider's 2021-2025 sustainability goals and is a concrete step towards limiting the rise in average global temperatures to 1.5°C or less by 2100, as targeted by the Paris Agreement.

May

Schneider Electric ranked 4th in Gartner's Top 25 Supply Chain Award, for the second consecutive year, and 1st in Europe. The inclusion is the 6th time that Schneider has featured on the Top 25 list, and it underlines the Company's consistent efforts to strengthen and digitize its supply chain operations.

Gartner

etap Powering Success

June

Schneider Electric successfully completed the acquisition of Operation Technology, Inc. (ETAP), the leading software provider in electrical network design and simulation. The closing of this transaction will further enhance the Group's software capabilities in the "Design" phase of lifecycle digitization.



July

Schneider Electric is recognized by Microsoft as the company's 2021 Sustainability Changemaker Partner of the Year Award winner. The award recognizes the impact Schneider has had helping its customers set and achieve decarbonization goals using its flagship EcoStruxure™ software solutions, which are underpinned by Microsoft technologies.

August

Schneider Electric received top ranking by Vigeo Eiris, the principal European environmental, social, and governance (ESG) rating agency and part of the Moody's Group. Schneider has also been included among the world's top ESG performers in the mid-year reviews of the FTSE4Good Index and Euronext Vigeo Eiris indices.

EURONEXT vigeo eiris INDICES WORLD 120

September

Schneider Electric's Lexington, Kentucky plant is recognized by the World Economic Forum as a Sustainability Lighthouse – one of only three worldwide. The World Economic Forum has also recognized the Company's Smart Factory in Wuxi, China as an Advanced Lighthouse – the fourth Schneider Electric factory to receive this distinction to date, joining the Lexington, Kentucky; Batam, Indonesia; and Le Vaudreuil, France factories.



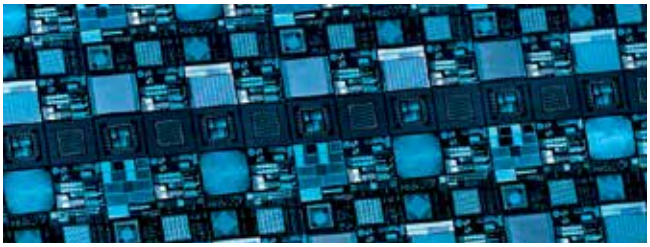
October

Schneider Electric announced the launch of new state-of-the-art connected PrismaSeT Active switchboards, ComPacT™ molded-case circuit breakers, and PowerLogic™ HeatTag sensors for its EcoStruxure™ Power architecture. These innovative offers, poised to revolutionize electrical distribution, pave the way for the 100% connected building, where efficiency is maximized, and facility staff can foresee power loss and electrical fire risks.



November

Schneider Electric joined other industrial leaders and pioneers to form UniversalAutomation.org (UAO), an independent, not-for-profit association managing the reference implementation of a shared source runtime. For the first time, IT and OT software vendors, industrial end users, OEMs, and academics will share a common automation software layer across their automation technology – regardless of brand. The organization seeks to create an entirely new category of industrial automation and unleash the full potential of Industry 4.0.



December

Schneider Electric wins four awards for Sustainability and Smart Home leadership at the CES 2022 Innovation Awards, recognizing its commitment to sustainability and innovation. The company's Wiser Energy Center receives recognition in both the Sustainability and Smart Home categories for redefining home energy management and resiliency. Merten Ocean Plastic receives praise as the first home energy solution made from recycled ocean plastics, while the new Odace Sustainable collection made from recycled materials is named as a Sustainability category honoree.

CES INNOVATION AWARDS 2022 HONOREE

Proud of 2021's Sustainability Achievements

The Schneider Sustainability Impact is a scorecard demonstrating that rapid, disruptive changes for a more sustainable world are possible across diverse, complex topics.

We are committed to taking urgent action to co-create a brighter future aligned with the United Nations Sustainable Development Goals (SDGs), consisting of 17 objectives and measuring our impact with transparency. The SDGs are about protecting the planet, alleviating poverty, and achieving worldwide peace and justice.

SCHNEIDER SUSTAINABILITY IMPACT

3.92/10

outperforming 3.75/10 target for 2021

In 2021, the Schneider Sustainability Impact (SSI) achieved a great score of 3.92/10[1] exceeding its 3.75/10 target for the year. Schneider Electric also received top ESG recognitions and is on track to achieve its 2025 ambition.

6 Long-term Commitments	11+1 targets for 2021-2025		Baseline[2]	2021 Progress[3]	2025 Target
Climate	1.	Grow Schneider Impact revenues	70%	71%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	263M	347M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operations	0%	1%	50%
Resources	4.	Increase green material content in our products	7%	11%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	13%	21%	100%
Trust	6.	Strategic suppliers who provide decent work to their employees[1]	--	In progress	100%
	7.	Level of confidence of our employees to report unethical conduct[1]	81%	+0pts	+10pts
Equal	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	41/25/24	41/27/26	50/40/30
	9.	Provide access to green electricity to 50M people	30M	+4.2M	50M
Generations	10.	Double hiring opportunities for interns, apprentices and fresh graduates	4,939	x1.25	x2.00
	11.	Train people in energy management	281,737	328,359	1M
Local	+1.	Country and Zone Presidents with local commitments that impact their communities	0%	100%	100%

(1) The SSI provides an overall measure of the Group's progress on its sustainability goals on a scoring scale of 10. This is achieved by converting each KPI's performance on a 10-point scale, considering that base year performance receives a 3/10 score and the 2025 objective translates to a 10/10 score. The overall score of the tool is the average of each KPI's score with equal weight excluding the local commitment (SSI #+1). As an exception, in 2021, two other KPIs are excluded: SSI #6, as the program is still in development, and SSI #7, because 2021 is the baseline year.

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

(3) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all of the SSI indicators (except for SSI #6, SSI #7 and SSI #+1), in accordance with ISAE 3000 assurance standard.

Climate

Schneider is on the CDP Climate Change A List for the 11th year in a row.

Collectively, Schneider Electric's PPA advisory clients have contracted for more than 10,000 megawatts of wind and solar power globally, a volume equivalent to over 300,000,000 metric tons of CO_2.



Resources

Schneider was recognized as the Best Global Sustainable Supply Chain Organization by GSSC in 2021.

First company in the world to publish its biodiversity footprint followed by bold commitments to fight biodiversity loss.



Trust

Schneider awarded the Ethisphere 'most ethical company in the world' recognition for the 10th consecutive year.

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

Equal

The Financial Times awarded Schneider Electric the title of 'Diversity leader'.

Successful projects such as opening the biggest fish farm in West Africa in Senegal, equipped with renewable electricity and supporting local communities.



Generations

Committed to train 10,000 underprivileged young adults in Africa through the newly created French Southern African Schneider Electric Education Center.

25,000+ students up for a sustainable challenge – a record number of registrations to our global Go Green competition.





Local

100% of countries committed to act for communities: launching 200+ local initiatives.

Joining forces to support COVID-19 relief in India thanks to 6,500+ contributors from 48 countries taking actions to support emergency needs and recovery for education thanks to the Tomorrow Rising Fund.





Business

Market trends – All electric, all digital

At Schneider Electric, we believe a more electric and digital world is key to reaching the 1.5°C increase trajectory needed to slow climate change and enable a resilient future. The disruption caused by the events of the past two years highlight how we need to build a more sustainable and resilient world.

We need to save 3x more CO_2 emissions by 2030



Current pledged savings, post COP26, by 2030 leading to ~2.7° rise

Minimum required savings by 2030 to limit to 1.5° rise



Source: Schneider Electric™ Research Institute Scenario: Back to 2050

Solutions to increase sustainability and resilience exist and are available today. Three megatrends highlight the shift to a world becoming all-electric and all-digital:

- **Electricity makes energy greener**: electricity is the most efficient energy and offers the best path for decarbonization.
- **Digitization builds a smart future:** digital tools make the invisible visible, enabling more effective waste reduction and efficiency improvements.
- **Digitization creates resilience:** data analytics and insights enable more agile operations and continuity.

All electric

Decarbonization of power supply by increasing electricity in the energy mix from 25% in 2018 to 80% by 2050

Increased electrification in mobility, industrial processes, homes and buildings



All digital

Growing need to aggregate exponential amount of data

Expansion of Internet of Things (IoT) in industrial processes driving abundance of data

New business models with artificial intelligence (AI), algorithms and digital platforms



What we do

Industries of the Future

Schneider Electric is committed to driving innovation in the industrial world. With technology, innovation and partnerships making up the core of our offer, we help industrial businesses achieve new levels of efficiency, resiliency and sustainability.

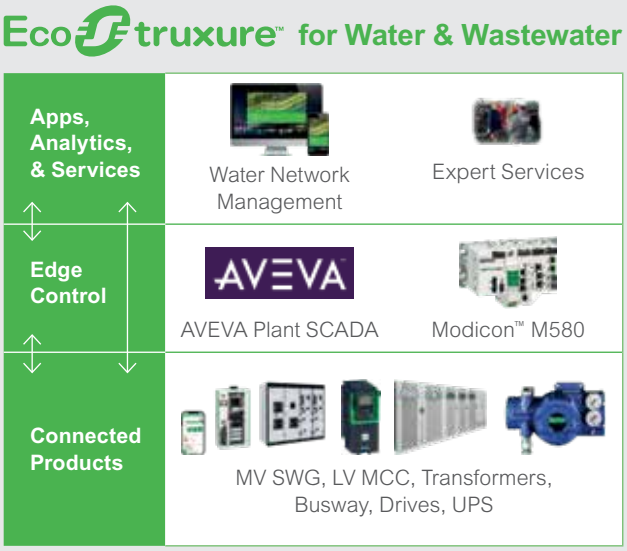
As a global manufacturer, named the most sustainable corporation in the world in 2021, with an end-to-end network of smart factories and distribution centers--including four designated by The World Economic Forum as Advanced Lighthouses--Schneider is on a mission to make industries of the future eco-efficient, agile and resilient through open, software-centric industrial automation.

Our next-generation framework and winning formula for industrial settings center around three core pillars: **universal automation, sustainable efficiency, and software-centric automation**. These create a foundation for protecting the environment and improving health and safety, while enabling real-time data sharing and remote operations that create step-change improvements in productivity and cost reduction. These core pillars are delivered through our innovative and unique EcoStruxure™ solutions and services, built from the legacy of world-leading and award-winning brands such as **Modicon, Foxboro, AVEVA, Triconex, TeSys, Altivar, Eurotherm, and Harmony**.

20% improvement in production efficiency in the largest African desalination plant

Schneider Electric worked with Al-Galala desalination plant in Egypt to improve their production efficiency and support the increasing water demand driven by population and economic growth. A complete EcoStruxure™ for Water and Wastewater solution has been delivered, including Schneider Electric expert services and leading-edge industrial software from AVEVA. Benefits for the customer are tangible:

- 20% improvement in production efficiency
- Complete integrated solution
- Optimization in design stage



Innovations introduced in 2021 include:

- **UniversalAutomation.org (UAO)** was formed by leaders and pioneers across industry to advance the world in industrial automation. Co-founded by Schneider Electric, UAO represents the first time that vendors, end users, OEMs, and academics will share a common automation software layer across their automation technology, regardless of brand.
- **EcoStruxure™ Automation Expert v21,** Schneider Electric's own universal automation offer, expands into the water and wastewater market.
- Next generation **Lexium MC12 multi carrier system** offers our original equipment manufacturers (OEMs), machine builders, and end-users unprecedented simplicity and flexibility from installation and integration to operation and maintenance.
- **Motor Management** innovations provide a holistic lifecycle solution for advanced asset management and energy efficiency, from "Design & Build" to "Operate & Maintain". Using next-generation digital simulation and design tools to optimize safety, performance, and sustainability, these advances are helping industries of the future thrive.
- Schneider Electric and **Wilo** partnered to provide complete solutions for energy efficiency and water conservation for sustainable buildings, municipalities, utilities, and industrial water applications.

>100
smart factories and distribution centers

30%
improvement in workforce efficiency using digital solutions (Hubei Sanning Chemical Industry Co., Ltd.)

50-70%
less energy required (Oxford Energy Solutions Inc).

15%
Energy savings of up to 15% and production efficiency improved by 20% (Veolia Water)

What we do

Buildings of the Future

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

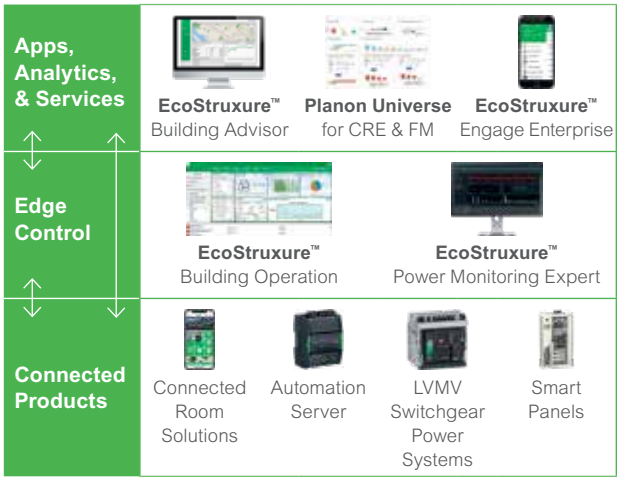
- **Sustainable** and return resources to our planet rather than just use them.
- **Resilient** and ready for the unexpected.
- **Hyper-efficient,** leveraging real-time data to be more responsive and deliver more for less.
- **People-centric** with safe, healthy, and welcoming environments that improve comfort and productivity.

Global demands for sustainability are forcing the industry to examine the role buildings play in producing carbon emissions and costly waste. The IEA estimates that the construction and operation of buildings consume 30% of the world's energy, and account for almost 40% of annual global CO_2 emissions[1].

For building owners and operators seeking to meet sustainability targets, Schneider Electric offers a comprehensive, step-by-step approach to move from strategy and implementation to operation, optimization and green certification to achieve a net-zero building.

With our services, software, and solutions, customers can increase their building valuation, meet or exceed investor and tenant expectations, and reach net-zero targets, while contributing to a better environment.

EcoStruxure™ for Buildings



Headquarters of the future – London, England

The Dar Group, a leading, privately-owned professional services group, is putting EcoStruxure™ Building Graph to use at its new 19,000-square-foot European headquarters in London to create a sustainable, resilient, hyper-efficient, and people-centric work environment. Using real-time data monitoring, the collaboration has resulted in:

- A new smart and sustainable European headquarters building.
- LEED "Platinum" and BREEAM "Excellent" certification.
- Carbon emission reductions of 18.5%.
- A people-centric working environment focused on employees well-being and experience.
- Real time building monitoring.

Innovations introduced in 2021 include:

- **EcoStruxure™ Connected Room Solutions for Hotels:** Allows for integration and control of light, blinds, temperature and other occupant amenities at the guest room level. It enables a personalized and people-centric environment, while contributing to energy and carbon reduction goals.
- **EcoStruxure™ Building Graph:** Building operating system links the complex network of interactions between humans and buildings, connecting data across systems and Internet of Things (IoT) devices, enabling data accessibility and application development.
- **EcoStruxure™ Building Advisor:** A digital twin for your HVAC system, Building Advisor monitors the health of your HVAC assets and BMS and identifies opportunities for optimization of occupant comfort, maintenance prioritization, and overall building performance.

30%

Buildings consume 30% of the world's energy, via construction and operations

40%

Buildings account for almost 40% of world's annual CO_2 emissions

80%

of the buildings that will exist in 2050 have already been built[2]

(1) https://www.iea.org/topics/buildings
(2) https://www.ukgbc.org/ukgbc-work/net-zero-whole-life-roadmap-for-the-built-environment/

Homes of the Future

At Schneider Electric, we bring to life sustainable and smart homes of the future by connecting the lifeline of your home – electricity – with digital, to help achieve carbon-neutral goals. We design solutions to:

Make homes more sustainable

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

Make homes more resilient

Schneider Electric's advanced technology helps customers secure homes against electrical hazard risks, cyber threats and power interruption. Unfortunately, defaults in electrical installations are more regular than we think, causing damage and losses. And they tend to become even more frequent with the ever-increasing number of natural disasters. One of our solutions, "Wiser" monitors the health of homes at any moment, so you can call an electrician before any harm is done. It also ensures that your critical appliances are powered even during outages.

Make homes more efficient

Digital solutions enable greater electrification. To deliver more efficiency, Wiser connects, controls and monitors devices, whether connected or not. For example, through an efficient temperature control you can save 20% to 30% in energy consumption, without compromising on comfort. Through real-time monitoring of your energy use, you have visibility over the electrical consumption of your home appliances and can put that information into action to reduce your electricity bill.

Make homes more personal

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



Hexaom
ENSEMBLE POUR BÂTIR L'AVENIR

Customer testimony:

"As an innovative and committed advocate for the environment in the construction sector, Hexaom strives to make homes increasingly environmentally friendly and energy efficient. Our goal is to develop homes that are affordable, adaptive and self-reliant in terms of their energy needs. There are many such solutions on the market, across various fields, but they are largely complementary and lack an integrated "systems approach". That is why we are proud of our partnership with Schneider Electric, which together with Wiser Energy Center has now enabled us to offer a turnkey system of energy self-consumption".

Sébastien Perrissoud,
Innovation Leader at Hexaom

Innovations introduced in 2021 include:

- **Square D energy center:** A smart panel for resilient energy and more efficient homes, offering grid-to-plug home energy management. Recognized by the National Association of Home Builders Global Innovation Awards.
- **Merten System switch:** First switch in the world to be Cradle to Cradle Certified® Silver.
- **Square D:** Smart home enabled switches, dimmers, and sensors in North America.
- **Wiser home automation additional features:** presence detection, cameras, and water leaks detection.

CERTIFIED cradle to cradle PRODUCTS PROGRAM

29%

of worldwide electricity is consumed by residential segment(1)

20%

Homes contribute up to 20% of carbon dioxide emissions(2)

>€3.6B

of property is damaged due to electrical fault(3)

(1) International Energy Outlook 2019 (EIA)
(2) UN environmental Program 2020
(3) International Energy Outlook 2019, End-use consumption is increasingly shifting toward electricity

What we do

Infrastructure of the Future

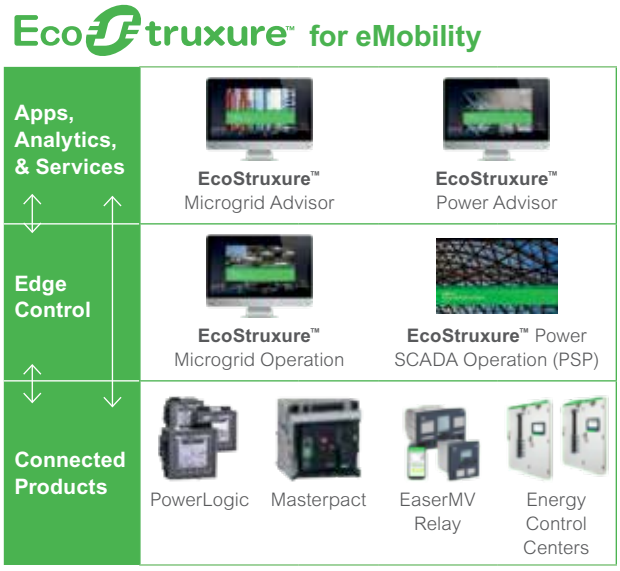
Infrastructure is the backbone of society. Schneider Electric's technology, services, and expertise enable cities and companies to make infrastructure more reliable, safer, greener, and more efficient.

Grids

Sustainable, flexible, efficient, and resilient power grids are fundamental to accelerate the energy transition. In addition to providing innovative electrical equipment, such as switchgear that uses pure air instead of the SF_6 greenhouse gas, the company equips grid operators with data gathering, management, and analytics capabilities that unlock **grids of the future**. These digital grid transformations further enable the decarbonization of buildings, industry, and mobility.

Transportation infrastructure

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



Brookville Bus Depot

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

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

Innovations introduced in 2021 include:

- **SM AirSeT and RM AirSeT** are digital MV switchgear ranges using pure air technology, eliminating the need for the SF_6 greenhouse gas.
- **EcoStruxure™ ADMS** (Advanced Distribution Management System) latest release provides utilities with new capabilities in coping with far-reaching effects of climate change
- **EcoStruxure™ DERMS** (Distributed Energy Resource Management System) provides active network management for greater grid flexibility.
- **EcoStruxure™ Power Automation System** provides digital automation for more efficient operation and maintenance programs.
- **EcoStruxure™ EV Advisor** is a platform for building owners and EV drivers to control EV charging remotely.
- **ETAP Train Power Simulation - eTraX™** is software for designing, analyzing, and managing AC and DC railway infrastructure.

80%

of global CO_2 emissions come from the production and consumption of energy(1)

60%

rise in CO_2 emissions from transportation by 2050 in absence of mitigation measures(2)

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

Data centers of the Future

Data centers are the lifeblood of the digital world. From massive cloud data centers enabling global peer-to-peer communications for billions of people, to the smallest micro data centers supporting expanding edge computing applications, data centers must be sustainable, resilient, efficient and adaptive.

Critical attributes of evolving data centers:

Sustainability – Sustainability is more than just reducing power consumption, it's about creating direct customer benefits. Beyond just tracking their company-based emissions, data centers must account for the emissions of their upstream and downstream supply chain. Robust data is the key to rounding out an organization's sustainability profile.

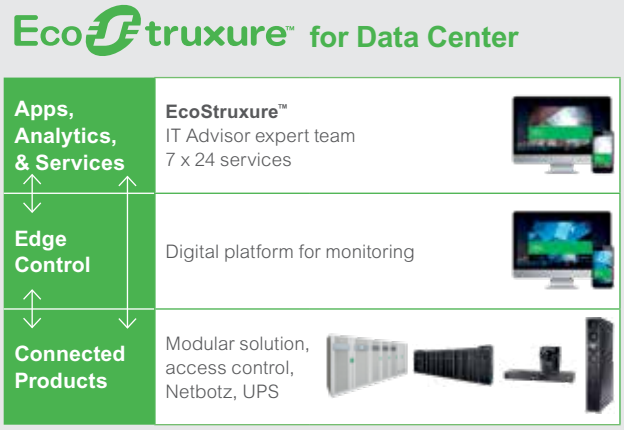
Resilience – By reducing exposure to hazards and associated risks, like unanticipated blackouts, data center owners can mitigate unplanned downtime. Through monitoring and data analysis, data center teams can proactively avoid uptime threats and support business continuity.

Efficiency – Data center efficiencies, which often encompassed only process and hardware performance efficiencies, will soon include human resources, CapEx, and total cost of ownership (TCO) efficiencies. By equipping devices with intelligent sensors and adding more digital services and remote monitoring capabilities, data centers will drive more efficient operations.

Adaptiveness – A new threshold for business success has emerged: deliver goods and services with speed and precision. As customers demands increase, data centers must also adjust. More agile designs now allow data center owners to pivot, quickly scaling up or down to handle changing consumer demands.

China International Intellectech Corporation (CIIC) boosts energy savings

As part of the Zhongzhi Group, CIIC is a leading human resources company in China, serving more than 20,000 customer companies across the country. By deploying Schneider Electric's low footprint Uniflair™ InRow™ Cooling and Hot-Aisle air containment system, CIIC succeeded in boosting energy efficiency and achieving a PUE (Power Usage Effectiveness) of 1.5°C, while reducing the required system footprint space by 70 square meters.



Innovations introduced in 2021 include:

- **Galaxy VL:** The new, energy-efficient Galaxy VL is designed to help data centers grow while minimizing footprint and cost of ownership. As a Green Premium™ product, it delivers top performance, supports sustainability objectives, and fills a previous gap in the market for the midrange power segment.
- **Monitoring and Dispatch Services:** Designed for single-phase systems within edge environments, Monitoring and Dispatch Services provide both customers and partners with advanced remote troubleshooting and on-site support. End users can reduce OpEx, improve cost predictability, and reduce costly business interruptions.
- **Smart-UPS Ultra:** The first of its kind, APC Smart-UPS Ultra is redefining the single-phase UPS, making it lighter and more powerful. It uses lithium-ion technology to power distributed IT and edge computing sites to ensure uptime and resilience.

Leading change in the data center industry

"The data center industry has unique characteristics, such as high energy intensity, rapid growth, large power consumption, and water usage, that require specialized metrics. Standardizing these metrics will help with adoption, improve benchmarking, and progress sustainability within the industry."

Schneider Electric Energy Management Research Center, Guide to Environmental Sustainability Metrics for Data Centers

1-2%

Estimated global energy consumption by data centers(1)

50%

Growth in IT sector electricity demand by 2050(2)

50%

Reduction in carbon intensities of data centers by 2030(2)

(1) https://www.science.org/doi/full/10.1126/science.aba3758
(2) https://www.se.com/ww/en/insights/tl/schneider-electric-sustainability-research-institute/digital-economy-and-climate-impact-2

Our Business Model

Our mission is to be your digital partner

Our advantages and resources

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

People	Innovation	Environment	Partners and suppliers	Financial strength
128k+	1,000+	51	650k+	A-/A3
employees worldwide, in 100+ countries	patent applications filed globally in 2021	Number of zero-CO_2 sites	service provider and partner ecosystem	strong investment grade credit rating

Our expertise

Energy Management
Energy Transition

Industrial Automation
Industry 4.0

Our strategic pillars

Electrification Sustainability + Digitization Efficiency

Our strategic priorities

- More Products
- More Software & Services
- More Sustainability

End Markets

Data Centers · Buildings · Industry · Infrastructure

IMPACT Company

Our five principles

1. Performance
The foundation for doing good

2. All Stakeholders
in our ecosystem

3. All ESG
dimensions

4. Business
Digital partner for Sustainability and Efficiency

5. Model & Culture
set up for global and local impact

for Sustainability and Efficiency.

One integrated company

A fully integrated company empowering its people and offering greater efficiencies to customers.
One Sales, Marketing, Digital, Supply Chain and Associated Software.

Four hubs



Quadruple integration

1	Energy	+	Automation	Most innovative range of connected products
2	End Point	▶	Cloud	EcoStruxure
3	Design & Build	▶	Operate & Maintain	Software across the lifecycle
4	Site-by-site	▶	Integrated Company Management	Unified Operation Centers

Creating value

Creating value for all our stakeholders

For our customers	For our partners and suppliers	For the planet & local communities	For our employees	For our shareholders
347M	1k+	34M	59%	+49%
tonnes of CO_2 saved and avoided since 2018	of top suppliers enrolled in Zero Carbon Project	people provided access to green electricity since 2008	of eligible employees benefitting from 2021 share plan	1-year Total Shareholder Return

A future worth investing in

Our mission is to be your digital partner

Schneider Electric is positioned in accelerating markets…

Need for sustainability and resiliency…

…supported by governments, businesses, investors, customers and civil society

Our Answer:

Digitization + **Electrification** ▸ **Sustainable world**

Leading to:

for efficiency

Eliminate waste, drive efficiency and optimize from plant to plug

for Decarbonization

Most efficient energy and the best vector of decarbonization

greener & smarter

…and will leverage our unique operating model to deliver on our mission

The integrated company

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

Open

We believe in the power of open ecosystems & partners.

Multi-hub

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

The Impact Company

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

for Sustainability and Efficiency.

Through the development of incremental growth drivers

More sustainable products

78% of product sales in 2021 are with Green Premium™ label

Green Premium™

More Software

Across the lifecycle, from Design & Build to Operate & Maintain, and across customer domains of Industry & Infrastructure, Power and Buildings. For a seamless customer experience derived through unification and federation of a unique portfolio.

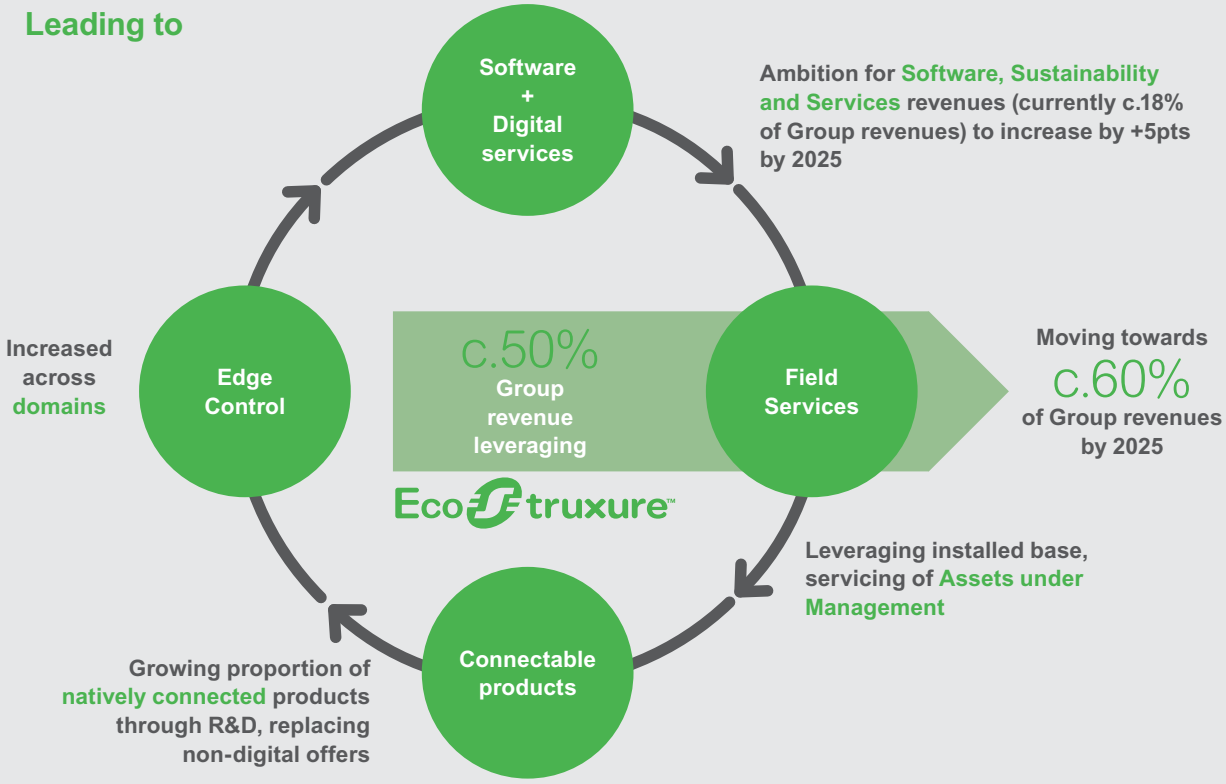
More Services

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

More Sustainbility

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

Leading to



A changemaker for sustainability

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

IMPACT Company

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

Bertrand Piccard
Chairman of the Solar Impulse Foundation

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

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

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

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

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

Our Guiding Principles

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

An Impact model recognized in external ratings

Most Sustainable Corporations in the World 2021 GLOBAL 100

FT LEADER IN DIVERSITY 2021

2021 WORLD'S MOST ETHICAL COMPANIES® WWW.ETHISPHERE.COM 10-TIME HONOREE

PLATINUM 2022 ecovadis Sustainability Rating

CDP A LIST 2021 CLIMATE

Our 2025 sustainability commitments

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

Act for a climate-positive world

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



Be efficient with resources

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



Live up to our principles of trust

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



Create equal opportunities

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



Harness the power of all generations

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



Empower local communities

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



Schneider Sustainability Impact

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

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

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

Our unique transformation tool

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

2021 – 2025
SCHNEIDER
SUSTAINABILITY
IMPACT

2030 PLEDGE

For our Ecosystem

Climate

Carbon pledge towards net-zero CO_2 emissions
In our operations by 2030
In our value chain by 2050

Biodiversity

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

Access to Energy

Provide access to green electricity to 100 million people by 2030

2022 outlook and target

Expected trends in 2022

The Group expects to grow both its revenues and profitability in 2022, in line with the framework for sustainable growth for the medium and long-term announced in its recent Capital Markets Day.

In 2022, the Group expects:

- A continuation of strong and dynamic market demand, including further recovery in late-cycle segments
- All regions and all four end-markets expected to contribute to growth
- Sales to benefit from higher level of backlog exiting 2021
- Ongoing uncertainty linked to health crisis
- Ongoing global supply chain pressures continue to impact in coming months
- Increased pressure on input costs, including raw materials, labor, freight and the sourcing of electronic components
- Despite the overall inflationary environment, and current supply chain pressures, the Group aspires to be net price positive for the full year (including impacts of freight and electronics)

2022 Target

The Group sets its 2022 financial target as follows:

2022 Adjusted EBITA growth of between +9% and +13% organic.

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

- Revenue growth of **+7% to +9% organic**
- Adjusted EBITA margin up **+30bps to +60bps organic**

This implies Adjusted EBITA margin of **around 17.6% to 17.9%** (including scope based on transactions completed in 2021 and FX based on current estimation).

The Group expects progress on these levers to be weighted towards H2.



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

2022 – 2024 Targets

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

Longer-term ambitions

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



Governance

Our Board of Directors

As of March 29, 2022, the Board of Directors consisted of 15 Directors and 1 Observer. The terms of office of Mr. Willy Kissling and Mrs. Fleur Pellerin who did not ask to be renewed, will end at the Annual General Meeting to be held on May 5, 2022. The appointment as a Director of Mrs. Nive Bhagat who joined the Board as an Observer on February 16, 2022 will be submitted to shareholders on this occasion. As of May 5, 2022, the Board should then be composed of 14 Directors.



Jean-Pascal Tricoire
Chairman &
Chief Executive Officer

58 years, French

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



Fred Kindle
Vice-Chairman &
Lead Independent Director

62 years, Swiss

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

- **3 Employee Directors**
- **75% independent Directors***
- **42% women Directors***
- **73% non-French Directors**
- **9 nationalities from 3 continents**

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

Board Expertise





Léo Apotheker
Director

68 years, French & German



Cécile Cabanis
Independent Director

50 years, French



Rita Felix
Employee Director

39 years, Portuguese



Willy R. Kissling
Director

77 years, Swiss



Linda Knoll
Independent Director

61 years, American



Jill Lee
Independent Director

58 years, Singaporean



Xiaoyun Ma
Employee Shareholders Director

58 years, Chinese



Anna Ohlsson-Leijon
Independent Director

53 years, Swedish



Fleur Pellerin
Independent Director

48 years, French



Anders Runevad
Independent Director

62 years, Swedish



Gregory Spierkel
Independent Director

65 years, Canadian



Lip-Bu Tan
Independent Director

62 years, American



Bruno Turchet
Employee Director

48 years, French



Nive Bhagat
Observer

50 years, British

Board committees

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

Activities of the Board in 2021

There were 7 meetings (including a Strategy session of 4 half-days) with 97% average attendance.

Business & Financial results
Ongoing business, Financial statements and information delivered to the market, ESG strategy.

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

Risks & Compliance
Risk mapping, Business continuity plan, Ethics & Compliance framework

Corporate governance
Composition of the Board and its committees, succession plan for corporate officers, compensation of Corporate officers, Long-term incentive plan, Preparation of the Annual General Meeting

Board committees

Governance & Remunerations
7 meetings**
6 members
67% independent
94% average attendance

Audit & Risks Committee
6 meetings**
5 members
80% independent
100% average attendance

Investment Committee
3 meetings**
6 members
80% independent*
89% average attendance

Digital Committee
5 meetings**
5 members
75% independent*
100% average attendance

Human Resources & CSR Committee
4 meetings**
6 members
75% independent*
100% average attendance

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

Our Executive Committee

Global functions | Operations | Business

As at April 1st, 2022, the Executive Committee is chaired by the Chairman and Chief Executive Officer and meets monthly. Its mission is to conduct Schneider Electric business in line with the strategy defined by the Board of Directors.



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



Hilary Maxson
Chief Financial
Officer
44 years, American

Charise Le
Chief Human
Resources Officer
49 years, Chinese

Chris Leong
Executive Vice-President
Chief Marketing Officer
54 years, Malaysian

Hervé Coureil
Chief Governance Officer &
Secretary General
51 years, French

Mourad Tamoud
Executive Vice-President
Global Supply Chain
50 years, French



Nadège Petit
Chief Innovation
Officer
42 years, French

Gwenaelle Avice-Huet
Chief Strategy &
Sustainability Officer
42 years, French

Peter Weckesser
Chief Digital
Officer
53 years, German



Annette Clayton
Executive Vice-President
North America Operations
58 years, American

Philippe Delorme
Executive Vice-President
Europe Operations
51 years, French

Laurent Bataille
Executive Vice-President
France Operations
43 years, French



Luc Rémont
Executive Vice-President
International Operations
52 years, French

Zheng Yin
Executive Vice-President
China Operations
50 years, Chinese



Barbara Frei
Executive Vice-President
Industrial Automation
51 years, Swiss

Olivier Blum
Executive Vice-President
Energy Management
51 years, French

- **44% women**
- **44% non-French members**
- **6 different nationalities from 3 different continents**

Our Stakeholder Committee

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



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



Bertrand Piccard
Chairman of Solar Impulse
Foundation
64 years, Swiss



Lan Xue (Dr.)
Cheung Kong Chair
Distinguished Professor and
Dean of Schwarzman College
in Tsinghua University
62 years, Chinese



Amani Abou-Zeid (Dr.)
African Union Commissioner
in charge of Infrastructure,
Energy, ICT and Tourism
60 years, Egyptian



Linda Knoll
Director of Schneider
Electric SE, HR&CSR
Committee Chair
61 years, American



Rita Felix
Employee Director of
Schneider Electric SE
39 years, Portuguese



Salvo Lombardo
Chief of staff, UNHCR
63 years, Italian

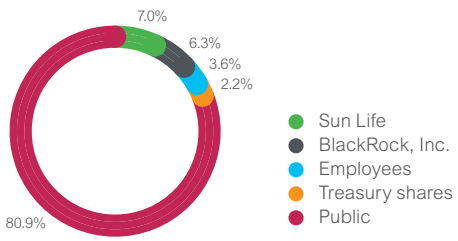


Emily Reichert (Dr.)
CEO, Greentown Labs
48 years, American



Michela Conterno
CEO, LATI
46 years, Italian

Our Shareholders



Our Executive compensation

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

Pay for Performance

1. Prevalence of variable components: *circa* 80% for CEO (at target).

2. Performance is evaluated via economic and measurable criteria.

3. Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual variable compensation) and medium-term (long-term incentive) components.

Alignment with shareholders' interest

4. Significant proportion of the total compensation delivered in shares.

5. Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.

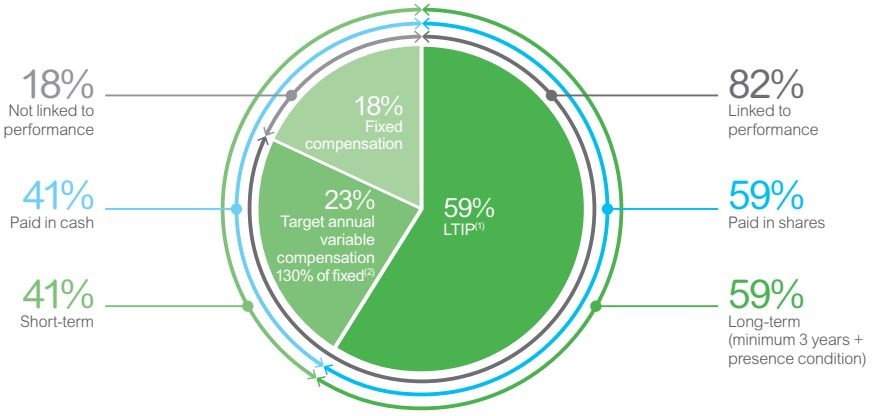
Competitiveness

6. To benchmark the Corporate Officer's compensation package "at target" in the median range of the Company's updated peer group.

7. To reference the CAC 40 third quartile and the Stoxx Europe 50 median.

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

Balance between compensation elements



(1) LTIP granted during 2021 fiscal year valued in accordance with IFRS standards
(2) Between 0% and 260%

Group's strategic priorities

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

How the strategy links to the corporate officers' variable compensation

Annual incentive plan

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

Group organic sales growth	Group adjusted EBITA margin improvement	Group cash conversion rate	Schneider Sustainability Impact
40%	30%	10%	20%

Long-term incentive plan

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

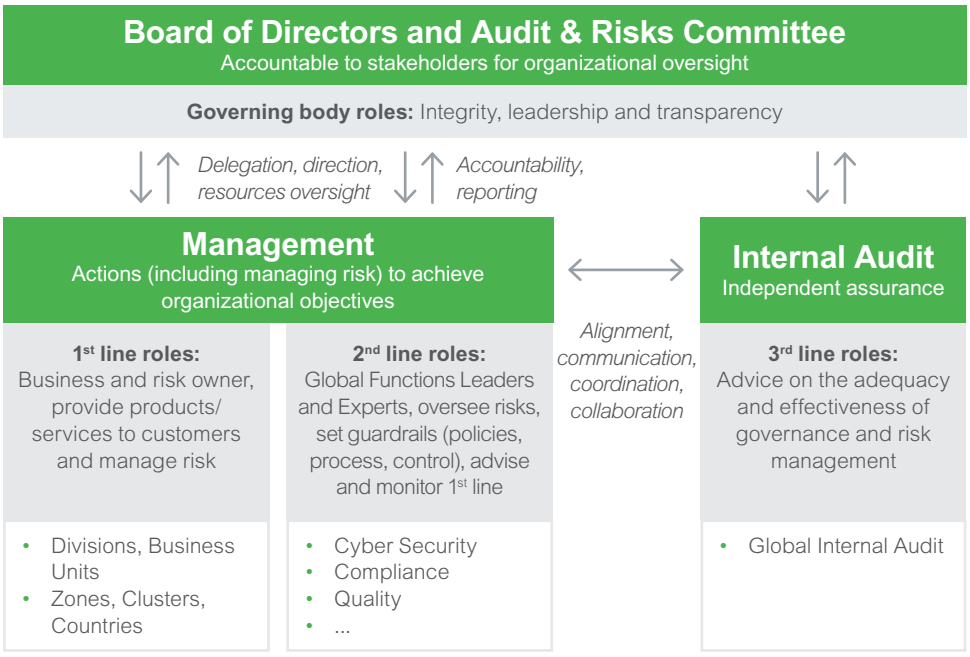
Adjusted Earnings Per Share	Relative Total Shareholder Return	Schneider Sustainability External & Relative Index
40%	35%	25%

Our Enterprise Risk Management

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

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

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



Key Risks

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

	Categories and Risks	Potential net impact
1	**Event triggered risks**	
1.1	Risk of cybersecurity on the Schneider Electric infrastructure and its digital ecosystem	●
1.2	Export controls	●
1.3	Strengthening of chemical and resource-related regulations in the Electric and Electronic Equipment space	●
1.4	Corruption linked to B2B and project business	●
1.5	Human rights, environmental, and safety issues through the value chain	●
1.6	Schneider Electric connected products used as a gateway to attack Group's customers and partners	●
1.7	Product quality	●
1.8	Competition laws	●
1.9	Counterparty risk	●
1.10	Currency exchange risk	●
2	**Trend driven risks**	
2.1	World deglobalization and fragmentation	●
2.2	New players such as digital giants, software players, and energy majors entering the energy efficiency and renewable energy space	●
2.3	Supply chain resilience	●
2.4	Digital evolution and software offers	●
2.5	Attracting and developing talent with a focus on critical skills	●
3	**Management practice risks**	
3.1	IT systems management	●
3.2	Pricing strategy	●

Key to symbols

● High impact

● Medium impact

● Low impact

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

Meeting the challenges of today and tomorrow

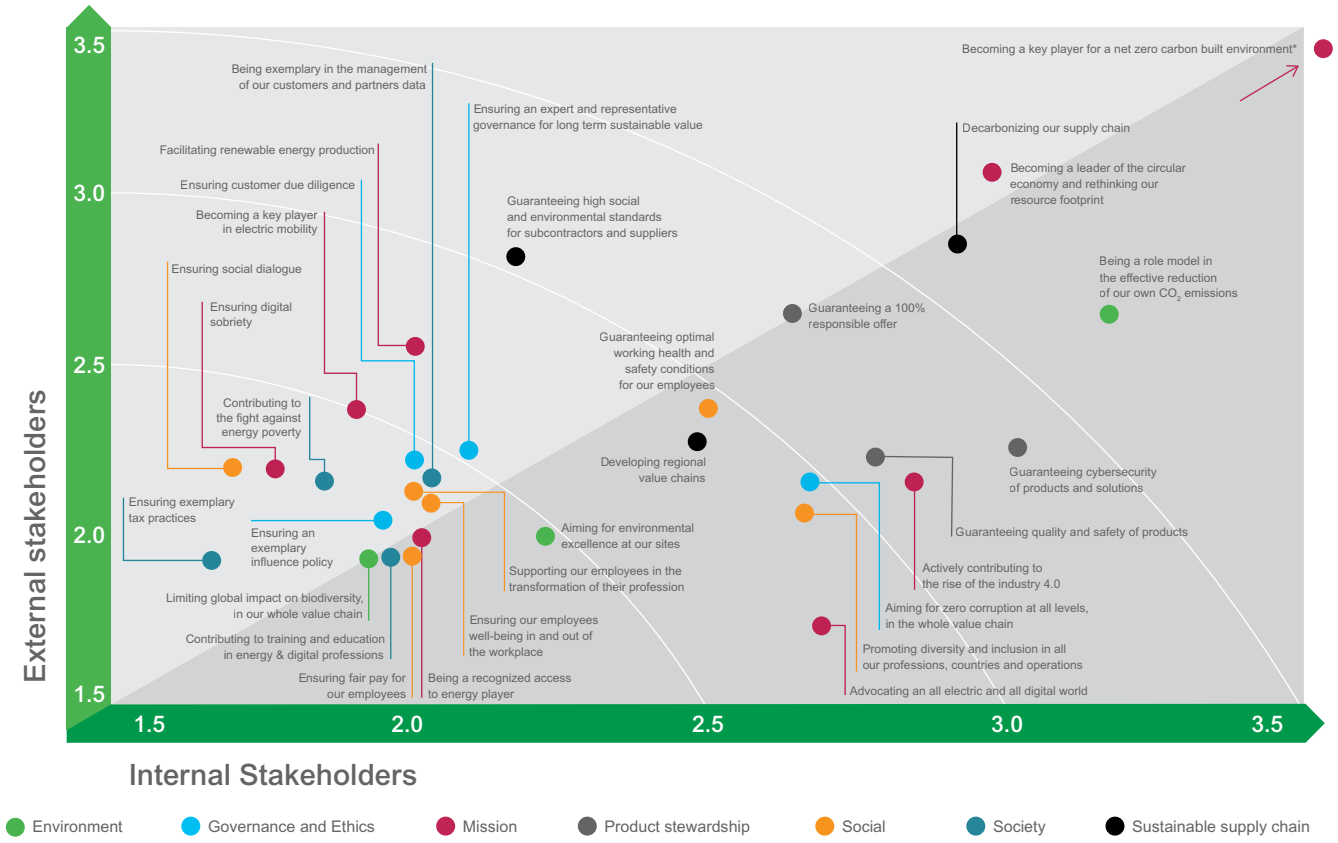
Schneider Electric is committed to open communication with its ecosystem and uses the feedback to analyze its market and define areas of engagement. The 2021 – 2025 Schneider Sustainability Impact program offers ways to implement quick and disruptive changes on issues identified as a priority by the Group and its stakeholders.

Key stakes for our ecosystem identified by the materiality assessment

To consolidate the relationship and expectations of its external and internal stakeholders, Schneider Electric updates its materiality assessment on a regular basis. In 2020, the Group launched the stakeholder consultation process to update its materiality matrix and build the new Schneider Sustainability Impact. Almost 200 stakeholders – customers, suppliers, international organizations, trade associations, experts, shareholders, senior managers, and members of the Executive Committee – were invited to assess the importance of the challenges facing the Group.

The general consensus was that companies need to become more resilient in the face of growing environmental, social, political, and economic instability. What stakeholders most expect from the Group is genuine leadership in decarbonizing the economy through its businesses, products, and solutions. The four main trends were climate, circular economy, a fair and equitable transition, and digitized, cybersecure solutions. All 31 issues raised were deemed important, thus reinforcing our holistic vision of sustainability and the Company's extended responsibility to its ecosystem, in particular its supply chain.

Materiality matrix



Committed with our partners

B4IG · United Nations Global Compact · World Economic Forum · the sustainable trade initiative · Business Ambition for 1.5°C

Shared sustainable and responsible value

Schneider Electric aims to boost its positive impact on the planet and society at large by promoting a green and responsible growth that is shared with all its internal and external stakeholders.

Unique ecosystem of partners

To share its expertise and develop high-performance solutions, Schneider Electric builds long-term partnerships with a wide range of global and local players.

Schneider has developed the industry's largest network of distributors, and works with many types of suppliers, as well as with its end customers. The Group is continually strengthening its local connections in all countries to deliver the best customer experience and co-develop sustainable and effective digital solutions.

Alongside business partnerships, the Group is involved in various local or international associations and organizations supporting sustainability, working with key players from across society. Schneider confirms its commitment to and participation in discussions on challenges related to climate change. To further advance social and environmental best practice, Schneider Electric reiterates its commitment to the Ten Principles of the United Nations Global Compact on an annual basis. Since 2018, the Group has been among the 38 LEAD companies most committed to this initiative. The Group is also an active member of the Business for Inclusive Growth (B4IG) coalition.

Last but not least, the Group is committed to all its employees empowering people across generations and regions and offering equal opportunities.

Stakeholder mapping



Source: CSR sector reporting guide, 2017.

Revenue breakdown by stakeholder

Every year for the last 15 years, Schneider Electric has published a diagram showing its revenue distribution and financial flow for its various stakeholders.

2021 Total Revenue: €28,905 million

Employees: wages	States: income taxes	Non-governmental organizations: donations	Shareholders: dividends	Bank: net bank fees	Procurement and other
€8,434 million	**€966 million**	**€19 million**	**€1,447 million**	**€95 million**	**€15,775 million**

Investment capabilities

Net external financing* including capital change	Operating Cash flow after Dividend Payment
(€1,646 million)	**€2,169 million**

Investments and development	Net financial investments	Change in cash
€817 million(1)	**€4,351 million**(2)	**(€4,645 million)**

R&D: **€1,539 million**

* Borrowings, capital increases and treasury stock disposals.
(1) Of which **€307 million** in R&D.
(2) Of which **€136 million** for long-term pension assets.

Great people make a great company

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

New work paradigm

As we move towards a post-pandemic era, the nature of work, the workplace, and the relationships between companies, customers, and employees have dramatically changed. First, we need to strengthen trust through a meaningful purpose, ethics, fairness, health and safety (physical and psychological), well-being, and employee experience. Second, we must accelerate the transformation of our culture, leadership, and new ways of working. We believe these new ways of working – with a focus on digital, our multi-hub approach, hybrid work, and well-being – are here to stay. Third, there are up to five generations working side by side, and each generation has a varied set of expectations from their employer. This in turn is leading to a shift towards a highly personalized, digitized employee experience with choice and flexibility.

Our people are also passionate about our meaningful purpose, to empower all to make the most of our energy and resources, bridging progress and sustainability. The energy transition and digitization require Schneider Electric to work closely in its different markets and to develop a shared vision with customers, supported by faster innovation, technology, and deep insights. As such, we need to shape our organizational culture to meet this challenge and motivate us all.

The most local of global companies

Globalization allows Schneider Electric to welcome more diverse teams and to ensure our local presence best supports our customers' specific needs with a true multi-market knowledge and culture. We prioritize how we develop and retain our employees to create an inclusive workplace that offers long-term career and development prospects and learning pathways.

We are the most local of global companies. Our multi-hub operating model is built across four decentralized hubs: Paris for Europe, Hong Kong for Asia, Boston for North America, and most recently, India. This model empowers employees and provides them with opportunities to grow within our organization, and we are continually championing diversity, equity, and inclusion to make a bigger impact on society.

Our People Vision

All this change influences how we work together and ultimately how we create value for our customers. We updated our People Vision to accelerate our business performance and transform our culture and leadership. At Schneider Electric, we are building for the future, in sync with the changes happening in our markets and with our customers.

Our People Vision consists of the following:

- **Our Employee Value Proposition (EVP)** is our commitment to engage existing and future talent. It's the reason why people join, stay, and remain engaged and shows how we differentiate ourselves as an employer.
- **Our Core Values** determine who we are, what we do, and define the way we work together and deliver on our EVP promise. Our values guide our choices and illustrate the behaviors we expect our employees to demonstrate.
- **Our Leadership Expectations** show how we expect leaders to drive the Group for the future. They emphasize how our leaders will transform the Group by stepping up both individually and collectively.

2021 People recognitions









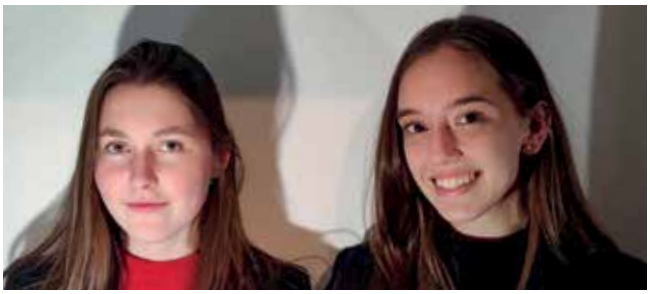


New people strategy

In January 2021, the new people strategy was launched with the aim to set the bar higher to support business growth, as well as culture and leadership transformation.

To deliver on this mission and shape the workforce of the future in the "next normal", the strategy has three outcome-based themes:

- **Organizational Agility** – a growth and innovation culture, enabled by a flatter, leaner, and multi-hub / multi-local structure, customer proximity, and fast decision making, supported by new ways of working.
- **Future-ready Talent** – a diverse, empowered, and digitally skilled team. All talents develop current and future skills through on-the-job learning, exposure, and education to realize their potential.
- **Inclusive Leadership** – leaders drive greater disruption and acceleration. They build human connections by coaching, caring, and collaborating across teams to achieve together and deliver impact.



"All generations have to work together to create a better community. It's not a problem for the future – it's a problem for present generations and we are seeing the consequences. For generation Z, we have a responsibility to create a completely sustainable world for future generations."

Helena Arias Casals (on behalf of the team), one of the 2021 Schneider Go Green winner

Our Employee Value Proposition

MEANINGFUL

We empower all **to make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment.

Our mission is to provide **energy and automation digital** solutions for **efficiency and sustainability**.

We adhere to the highest standards of **governance and ethics**.

INCLUSIVE

We want to be the most **diverse, inclusive and equitable** company, globally.

We **value differences**, and welcome people from all walks of life.

We believe in **equal opportunities** for everyone, everywhere.

EMPOWERED

Freedom breeds innovation.

We believe that **empowerment** generates high **performance, personal fulfillment and fun**.

We empower our people to use their **judgement**, do the best for our **customers**, and make the most of **their energy**.

2021 highlights

84%

of our Country Presidents are from the country or region they are leading.

41%

women at hiring as we are committed to building a diverse organization at every level.

71%

our highest Employee Engagement Index show the outstanding commitment of our #SEGreatPeople.

59%

of subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP).

69%

of connected employees registered on our Open Talent Market platform.

Uplifting local communities through inclusivity

We believe in taking meaningful action and being mindful of all populations to create a fairer, more equal, and more sustainable world.

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

Bringing access to green electricity

Today, more than two billion people have little or no access to electricity, representing 25% of the world's population. At Schneider, we believe that access to energy is both a fundamental right and a means for social and economic development. The purpose of our Access to Energy social business is to bridge the energy gap by bringing a safe, affordable, reliable, and sustainable energy offer to populations in emerging markets.

We call this Electricity for Life and Electricity for Livelihood.

"Electricity for Life" means delivering access to green electricity as a fundamental right, answering to essential needs (such as lighting, social connection, or education) for off-grid households, small businesses, and the humanitarian sector. There are almost 800 million people living in off-grid areas, and more than 80 million people forcibly displaced.

"Electricity for Livelihood" means delivering access to green electricity as a driver of economic development and poverty reduction for households connected to an unreliable grid and for productive businesses. Around one billion people, and many farmers, schools, or health centers in rural areas, are dependent on an intermittent grid and need quality energy with back-up solutions based on solar energy.

Schneider's access to energy solutions already benefited 30 million people between 2009 and 2020. Our ambition is to connect an additional 20 million people between 2021 and 2025, and 70 million by 2030.

Educating the youth and populations in underserved areas

For more than 20 years, training and entrepreneurship have been the historical mission of the Schneider Electric Foundation, under the aegis of Fondation de France. With the support of NGO partners, more than 300,000 young people around the world have received professional training in energy-related professions. The Group's ambition is to train one million people by 2025. Passing on skills to young people and giving them the means to support their families will improve their quality of life and create sustainable jobs.

To do this, the Schneider Electric Foundation draws on a network of around 80 volunteer employees (or delegates) across 80 countries. Their role is to select local partners in vocational training and entrepreneurship in the energy sector and to raise sustainability awareness. The Foundation also leverages its VolunteerIn organization to empower employees to be actors and ambassadors of the Group's societal commitments wherever they are based. They are the link between Schneider, the Foundation and the supported organizations.

2021 highlights

150,000

people have access to green electricity 24/7 in 5 remote cities in Chad through a partnership with the local enterprise ZIZ Energy.

13,000

Mobiya solar lanterns distributed in Benin, Senegal and Cameroon in partnership with ADEME.

+4.2m

people connected to green electricity in 2021.

328,000

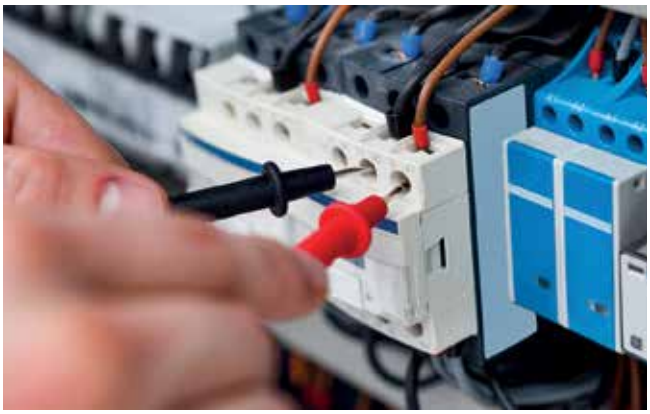
people trained in energy management since 2009.

28,000

volunteering days since 2017.

Local sustainability commitments

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



In Spain, Schneider Electric will give electrical products a second life through donations to an online marketplace for educational purposes and to improve the electrical installations of families at risk of energy poverty.



The Group will install photovoltaic devices on the roofs of schools in Francophone Africa and Islands to charge solar lamps.



Schneider Electric aims at promoting and encouraging education programs for vulnerable women through local associations in Chile.



We will increase fivefold Schneider's spend with indigenous-owned suppliers in Australia as part of the Reconciliation Action Plan.



In Italy, our employees volunteer to train 1,000 students each year under an Energy Efficiency and Industry 4.0 program co-designed with the Italian Ministry of Education.



Schneider will be upscaling access to energy education in Myanmar through the establishment of vocational training facilities.



We will transition to a 100% electric company car fleet in Norway by 2023.

Proud to be one of the most ethical companies

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

Trust Charter, Schneider Electric's Code of Conduct

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

Trust powers all Schneider Electric's interactions with stakeholders and all relationships with customers, shareholders, employees, and the communities they serve, in a meaningful, inclusive and positive way.



Ethics & Compliance program

Driven by and in complement to the Trust Charter, the Ethics & Compliance (E&C) program establishes the framework of policies, tools and processes related to E&C topics. By providing specific guidelines and practices, the program ensures the business is run with integrity, and employees are aware of potential risks. As part of this program, all employees have access to the Trust Line, Schneider's whistleblowing system, to speak up in case of unethical conduct, with the guarantee of the whistleblower protection.

Schneider has built a strong governance to lead the Ethics & Compliance program to the highest standards, with responsibilities at board, executive, corporate, and operational levels.

Zero tolerance for corruption

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

In 2020 and 2021, a set of anti-corruption e-learnings was built to provide guidance on real life risk scenarios and to take into account the trainees' needs and expectations. This led to a curriculum of modules of e-learnings, deployed in 2020 and completed in 2021 with four additional modules about facilitation payments, conflict of interest, conditions that make people commit the wrongdoing, and how to raise concerns in Schneider Electric. The modules were supported by top leaders' videos demonstrating the "tone at the top" on this crucial matter and are available in 14 languages.

2021 highlights

96%

employees trained on Cybersecurity and Ethics.

81%

of our employees are confident to report unethical conduct.

26%

of confirmed cases raised via the Trust Line lead to actions.

2021 WORLD'S MOST ETHICAL COMPANIES® WWW.ETHISPHERE.COM 10-TIME HONOREE

Ethisphere Institute – One of the 2021 World's Most Ethical Companies.

Sustainable relations with suppliers

With a network of more than 52,000 suppliers around the world, Schneider Electric is committed to developing lasting relationships with each of them, while at the same time helping them introduce more sustainable practices.

Supply chain vision

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

- Customer satisfaction and quality is our number one priority.
- Sustainability is at the core of procurement actions through innovation and working with sustainable suppliers.
- Competitive landed costs and optimized cash, driving high level of productivity and Schneider Electric's top-line growth and margin.
- An agile and secure supply chain that is a competitive advantage in the market throughout the product lifecycle.
- World-class competencies and talents with values of accountability, collaboration, and simplification.



Conflict minerals: we support the US conflict minerals legislation and actively avoid the use of such minerals in our supply chain

We're deeply concerned about social and environmental conditions in mines that could supply such "conflict minerals" for our products. When the country of origin is known to be in the conflict zone, 100% of the smelters and refiners were verified conformant. Therefore, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefitted armed conflict in the covered countries.

Building a sustainable supply chain

We aim to collaborate with our 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. Our ambition is to make sure that the production of our products and services are not linked to any kind of environmental or human rights abuses. Schneider Electric's sustainable purchasing strategy ensures risk management and commits to improvements. To achieve this, we have embedded sustainability at three levels:

- Provision of a Supplier Code of Conduct with fundamental requirements that all suppliers delivering goods or services to Schneider Electric are expected to adhere
- Integration of sustainability criteria in the day to day, operational procurement actions. The qualification process focuses on people, social responsibility, and environmental management. Sustainability criteria account for a significant part of the evaluation.
- Deployment of strategic programs in thematic areas of climate change (The Zero Carbon Project), decent working conditions & human rights (Duty of Vigilance, ISO26000, Decent Work), circularity & resource conservation (green materials, sustainable packaging).

In 2021 we have begun a new five-year engagement with ambitious targets for each of the thematic areas.

2021 highlights

CDP SUPPLIER ENGAGEMENT LEADER 2021

Supplier Engagement Leader award from CDP.

1,000

Suppliers committed to the Zero Carbon Project.

+5pts

continuous increase of suppliers ISO2 6000 score.

21%

total packaging spend attributed to sustainable packaging.

Schneider Electric's vigilance plan

In 2017, Schneider started the implementation of a vigilance plan covering its business activities as well as those of its suppliers and subcontractors. Since then, this vigilance plan has been continuously reinforced, aiming to push further towards responsible corporate citizenship. In January 2021, the Group was awarded the Best Vigilance Plan by the Sustainable Investment Forum and A2 Consulting.

Duty of vigilance

Schneider's ambition is to be an ethical company. Our values shape the way we do business with our many customers, partners, suppliers, and communities around the world. They inform the way we protect and foster human rights and guide our desire to make a positive impact on the planet and the environment.

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

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

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

For more comprehensive and complete information, the full vigilance plan of the Group is available as a standalone document and can be downloaded from Schneider Electric's website at se.com.

The 2021 analysis has not revealed major changes or gaps that were not identified so far. The following evolutions are to be mentioned:

- **Impact of the COVID-19 pandemic on Schneider Electric's business:** Actions implemented in 2020 such as working from home, increased sanitary measures, etc. were adapted in 2021 to respond to the fluctuating pandemic situation. Overall, employees have reacted positively to these measures, as demonstrated by the surveys conducted and the high level of engagement. However, the medium-term impact of the pandemic on morale is still to be monitored closely, as some signs of fatigue are visible among teams.
- **Ethical business conduct:** This area has been under close monitoring, as the adverse business climate has put pressure on business. However, no significant deterioration has been noticed.
- **Cybersecurity and data protection:** they are a subject of permanent focus and attention, taken very seriously by the Group. It is addressed through training programs and measures to protect employees, customers, and stakeholders against threats.
- **Analysis of specific risks to communities residing near Schneider sites:** In 2021, a specific review has been implemented to assess Schneider's main sites and customer projects. The assessment is still a work in progress at this point, but so far, no critical areas of concern have been detected.

2021 highlights

#1

Vigilance Plan awarded in 2021 to Schneider Electric by the Sustainable Investment Forum and A2 Consulting.

800+

suppliers assessed under our Vigilance program in 2021.

+64%

suppliers audited on-site in 2021 compared to the 2017-2020 yearly average.

Schneider 2021 Vigilance risk matrix

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

		Schneider Electric sites						Suppliers							Contractors		Communities	
		Offices	Travelers, sales forces	Factories low voltage and electronics	Factories medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customers project sites
Human rights	**Decent workplace**	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Health and Safety	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Environment	**Pollution and specific substances management**			●	●	●	●		●	●	●	●	●	●	●	●		
	Waste and circularity		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Energy CO_2 and GHG	●	●	●	●	●	●	●	●	●	●	●	●	●		●		
Business Ethics	**Ethical business conduct**	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Alert system, protection and non-retaliation	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Offer safety and cybersecurity	**Offer safety**			●	●	●	●		●		●	●	●	●		●		
	Cybersecurity and data privacy	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		

2021 highlights

Top 25%

of companies in external ratings for Cybersecurity.

51

Zero CO_2 sites to decarbonize our operations.

11%

green material content in our products.



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