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Årsredovisning

för

Schneider Electric Buildings AB

556124-8500

Räkenskapsåret

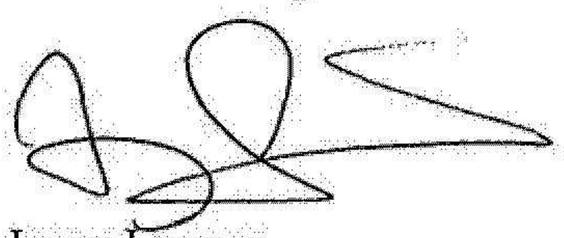
2023

Fastställelseintyg

Undertecknad styrelseledamot i Schneider Electric Buildings AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 28. juni 2024. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Solna den 27 september 2024



Jenny Larsson

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Årsredovisning

för

Schneider Electric Buildings AB

556124-8500

Räkenskapsåret

2023

Kopian "överenstämmer med originalet intygas"

Jörgen Andersson

Anna Edberg

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Styrelsen och verkställande direktören för Schneider Electric Buildings AB avger följande årsredovisning för räkenskapsåret 2023.

Förvaltningsberättelse

Verksamheten

Schneider Electric Buildings AB, med säte i Lund, utvecklar och tillverkar produkter och system, för styrning av värme, ventilation och fastighetsövervakning. Bolaget har under 2023 bedrivit sin verksamhet i Lund samt i Västerhaninge. Verksamheten i Lund är till stor del fokuserad på utveckling, här finns även funktioner för Human Resources, Finance, Training, Marketing support etc. Dessa funktioner inom Schneider Electric Buildings AB stödjer globala och regionala aktiviteter inom koncernen. All produktion och distribution inom företaget sker i Västerhaninge.

Bolaget ingår i EcoBuildingsdivisionen som är en del av Schneider Electric koncernen. EcoBuildingsdivisionen erbjuder lösningar, system, tjänster och produkter för byggnader och alla dess tekniska funktioner. Försäljning sker till stor del genom dotter- och systerbolag samt via partners i ett 50-tal länder.

Schneider Electric koncernens strategi är att hjälpa företag att få ut så mycket som möjligt av sin energi. Koncernen tillhandahåller totala infrastrukturlösningar som gör energianvändning effektivare, tillförlitligare, produktivare, säkrare och grönare. Genom att erbjuda integrerade lösningar säkerställs att alla delsystem och installationer fungerar optimalt var för sig, samtidigt som möjligheterna med systemsamverkan tas tillvara. Denna strategi gör Schneider Electric till världens ledande energispecialist.

Forskning och utveckling

Forsknings- och utvecklingsinsatsen är fokuserad på vidareutveckling av nästa generations Building Management System (EcoStruxure Building Operation) vilken är en integrationsplattform för lösningar från alla Schneider Electrics affärsområden. Systemet ingår i Schneider Electrics EcoStruxure-arkitektur som är framtagen för att säkra positionen som ledare inom Energy Management. Utvecklingsprojektet innebär en kraftfull mjukvarusatsning som förutom Schneider Electric Buildings AB inkluderar samarbete med Schneider Electric Buildings UK Ltd (Maidenhead, England) och Schneider Electric Buildings LLC (North Andover, Rockford, USA).
EcoStruxure Building Operation produkter står för en allt större del av Schneider Electric Buildings ABs totala produktförsäljning. Rättigheterna för EcoStruxure Building Operation ägs av Schneider Electric Buildings LLC varför royaltykostnader uppkommer vid försäljning av dessa produkter.

Händelser av väsentlig betydelse under räkenskapsåret

Det har beslutats av flytta produktionen från fabriken i Västerhaninge till andra fabriker inom koncernen. Verksamheten kommer att avslutas under sista kvartalet 2024. En omstruktureringsreserv på 42msek har avsatts för detta.

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Förväntad framtida utveckling
Omsättning kommer att minska betydligt då fabriksproduktionen står för merparten av omsättningen vilken nu kommer att flyttas ut ur bolaget. Utvecklingsverksamheten i Lund kvarstår.

Finansiell riskhantering
Bolaget är genom sin verksamhet exponerad för olika slags risker. De huvudsakliga finansiella riskerna bedöms vara valutarisker, likviditets- och finansieringsrisker samt kreditrisker.

Valutarisker
Bolaget verkar i en internationell koncern och utsätts för olika typer av valutarisker. Bolaget har under året valutasäkrat betalningsflöden genom ett koncerngemensamt bolag.
Se även *Valutarisker* i not 1.

Ränterisk
Bolaget upplånar ej externt och är därmed ej exponerad för någon ränterisk.

Prisrisk
Bolaget innehar ej noterade aktier och är därmed ej exponerad för någon prisrisk.

Kreditrisker
Med kreditrisk avses risken att en motpart inte kan fullgöra sina åtaganden. Av årets försäljning uppgick 99,9 % till kunder inom Schneider koncernen och för utvecklingsavdelningen 100 %. Bolagets kreditrisk övervakas kontinuerligt.

Likviditetsrisker
Med likviditetsrisk avses risken för att likviditet inte finns tillgänglig för att möta betalningsåtagande. Bolagets upplåning sker genom Schneider koncernens cashpool vilket hanteras av Boissiere Finance, Frankrike, vilket är ett helägt dotterbolag inom Schneider koncernen. Boissiere innehar även funktionen som koncernens internbank och Schneider Electrics Buildings ABs finansiering sker via detta bolag.
Totala fordringar gentemot koncernföretag var vid verksamhetsårets utgång 655 MSEK (841 MSEK) samt skulder till koncernföretag 526 MSEK (469 MSEK)

Miljö
Bolaget bedriver ej tillståndspliktig verksamhet enligt svensk miljölagstiftning.

Hållbarhet
Bolaget hänvisar till koncernens hållbarhetsrapport som är upprättad av moderbolaget Schneider Electric ASE, organisationsnummer 542048574 med säte i Ruel Malmaison, Frankrike.

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Ägarförhållande

Schneider Electric Buildings AB är ett helägt dotterbolag till Schneider Elecric Danmark A/S, som i sin tur ingår till 100 % i Schneider Electrickoncernen där slutliga moderbolaget är Schneider Electric SE (organisationsnummer 542048574 med säte Ruel Malmaison, Frankrike) vilket är noterat på börsen i Paris.

Flerårsöversikt (Tkr)	**2023**	**2022***	**2021**	**2020**	**2019**
Nettoomsättning	2 501 687	2 354 723	1 726 271	1 737 449	1 596 589
Resultat efter finansiella poster	-33 623	104 831	183 496	194 320	150 742
Antal anställda	206	223	203	182	189
Balansomslutning	1 042 997	1 177 959	1 258 330	1 181 529	1 370 852
Soliditet (%)	6,5	27,7	47,8	49,2	39,2

För definitioner av nyckeltal, se Not 1 Redovisnings- och värderingsprinciper.

* Förändringen av resultat efter finansiella poster från 2022, beror till största del på ökade royaltykostnader.

Förändringar i eget kapital

	Aktie-kapital	**Reserv-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	51 000	12 999	237 680	24 690	**326 369**
Disposition enligt beslut av årsstämman:					
Utdelning			-260 000		**-260 000**
Balanseras i ny räkning			24 690	-24 690	**0**
Årets resultat				1 501	**1 501**
Belopp vid årets utgång	**51 000**	**12 999**	**2 370**	**1 501**	**67 870**

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	2 369 982
årets vinst	1 501 583
	3 871 565
disponeras så att	
till aktieägare utdelas	0
i ny räkning överföres	3 871 565
	3 871 565

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

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Resultaträkning
Tkr

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Nettoomsättning	3, 4	2 501 687	2 354 724
		2 501 687	**2 354 724**
Rörelsens kostnader			
Råvaror och förnödenheter	4	-1 311 828	-1 157 641
Övriga externa kostnader	5, 6	-870 484	-788 758
Personalkostnader	7	-289 288	-239 833
Avskrivningar av anläggningstillgångar		-41 273	-42 009
Övriga rörelsekostnader		-20 476	-12 766
		-2 533 349	**-2 241 007**
Rörelseresultat	26	**-31 662**	**113 717**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	8	0	0
Övriga ränteintäkter och liknande resultatposter	9	15 874	4 121
Räntekostnader och liknande resultatposter	10	-17 834	-13 007
		-1 960	**-8 886**
Resultat efter finansiella poster		**-33 622**	**104 831**
Bokslutsdispositioner	11	40 000	-70 000
Resultat före skatt		**6 378**	**34 831**
Skatt på årets resultat	12	-4 876	-10 141
Årets resultat		**1 502**	**24 690**

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Balansräkning

Tkr

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Balanserade utgifter för utvecklingsarbeten och liknande arbeten	13	0	0
Goodwill	2	110 061	146 749
		110 061	**146 749**
Materiella anläggningstillgångar			
Maskiner och andra tekniska anläggningar	14	5 030	6 374
Inventarier, verktyg och installationer	15	4 485	7 253
Pågående nyanläggningar avseende materiella anläggningstillgångar	16	2 737	6 680
		12 252	**20 307**
Finansiella anläggningstillgångar			
Andelar i dotterföretag	17, 18	101	101
Uppskjuten skattefordran	19	13 729	5 405
Andra långfristiga fordringar	20	0	0
		13 830	**5 506**
Summa anläggningstillgångar		**136 143**	**172 562**
Omsättningstillgångar			
Varulager m m			
Råvaror och förnödenheter		42 184	44 314
Färdiga varor och handelsvaror		168 588	69 208
		210 772	**113 522**
Kortfristiga fordringar			
Kundfordringar		348	3 273
Fordringar hos koncernföretag		654 701	841 341
Aktuella skattefordringar		33 436	35 664
Övriga kortfristiga fordringar		1 310	5 743
Förutbetalda kostnader och upplupna intäkter	21	6 287	5 854
		696 082	**891 875**
Summa omsättningstillgångar		**906 854**	**1 005 397**
SUMMA TILLGÅNGAR		**1 042 997**	**1 177 959**

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Balansräkning

Tkr

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital (510 000 aktier)	25	51 000	51 000
Reservfond		12 999	12 999
		63 999	**63 999**
Fritt eget kapital			
Balanserad vinst		2 370	237 680
Årets resultat		1 502	24 690
		3 872	**262 370**
Summa eget kapital		**67 871**	**326 369**
Avsättningar			
Avsatt för pensioner och likande förpliktelser enligt tryggandelagen	27	152 793	135 983
Övriga avsättningar för pensioner och liknande förpliktelser		0	428
Summa avsättningar	22	**152 793**	**136 411**
Kortfristiga skulder			
Leverantörsskulder		168 798	153 407
Skulder till koncernföretag		525 882	469 121
Övriga kortfristiga skulder		3 359	13 386
Upplupna kostnader och förutbetalda intäkter	23	124 294	79 265
Summa kortfristiga skulder		**822 333**	**715 179**
SUMMA EGET KAPITAL OCH SKULDER		**1 042 997**	**1 177 959**

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Kassaflödesanalys

Tkr

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Den löpande verksamheten			
Resultat efter finansiella poster		-33 622	104 831
Justeringar för poster som inte ingår i kassaflödet	24	46 684	51 990
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**13 062**	**156 821**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av varulager och pågående arbete		-97 249	1 908
Förändring av rörelsefordringar		225 074	44 469
Förändring av kortfristiga skulder		185 644	153 089
Kassaflöde från den löpande verksamheten		**326 531**	**356 287**
Investeringsverksamheten			
Investeringar i materiella anläggningstillgångar		3 469	-6 287
Kassaflöde från investeringsverksamheten		**3 469**	**-6 287**
Finansieringsverksamheten			
Utbetald utdelning		-260 000	-300 000
Erhållna (lämnade) koncernbidrag		-70 000	-50 000
Kassaflöde från finansieringsverksamheten		**-330 000**	**-350 000**
Årets kassaflöde		**0**	**0**
Likvida medel vid årets slut		**0**	**0**

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Noter

Tkr

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsvaluta

Årsredovisningen är upprättad i svenska kronor och beloppen anges i tkr om inget annat anges.

Kassaflödesanalys

Kassaflödesanalysen upprättas enligt den indirekta metoden varvid justering skett för transaktioner som inte medfört in- och utbetalningar. Som likvida medel klassificeras, förutom kassa- och banktillgodohavanden även kortfristiga likvida placeringar som lätt kan omvandlas till ett känt belopp och som är utsatt för en obetydlig risk för värdefluktuation.

Värderingsprinciper

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Intäkter

Intäkter avseende försäljning av varor redovisas när de väsentliga riskerna och fördelarna som är förknippade med äganderätten till varorna har övergått på köparen och när intäktsbeloppet kan beräknas på ett tillförlitligt sätt.

I den mån det skulle förekomma tjänsteuppdrag till fast pris skulle de vinstavräknas i takt med att arbetet utförs. Det innebär att intäkterna redovisas med utgångspunkt från färdigställandegraden. Färdigställandegraden beräknas som nedlagda uppdragsutgifter för utfört arbete i relation till beräknade totala uppdragsutgifter för att fullgöra uppdraget. För uppdrag där utfallet inte kan beräknas på ett tillfredställande sätt redovisas en intäkt som motsvarar nedlagda kostnader. Befarade förluster kostnadsförs så snart de är kända. Tjänsteuppdrag på löpande räkning intäktsredovisas i takt med att arbete utförs.

I den mån det skulle förekomma entreprenaduppdrag till fast pris skulle de vinstavräknas i takt med att arbetet utförs. Det innebär att intäkter redovisas med utgångspunkt från färdigställandegraden. Färdigställandegraden beräknas som nedlagda projektkostnader i relation till beräknade projektkostnader för hela entreprenaden. För uppdrag där utfallet inte kan beräknas på ett tillfredställande sätt redovisas en intäkt som motsvarar nedlagda kostnader. Befarade förluster kostnadsförs så snart de är kända.

Egenutvecklade immateriella anläggningstillgångar

Utvecklingsutgifter redovisas enligt aktiveringsmodellen som immateriell anläggningstillgång då följande kriterier är uppfyllda:
- det är tekniskt och ekonomiskt möjligt att färdigställa tillgången
- avsikt och förutsättning finns att sälja eller använda tillgången

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- det är sannolikt att tillgången kommer att generera intäkter eller leda till kostnadsbesparingar
- utgifterna kan beräknas på ett tillfredställande sätt

Anskaffningsvärdet för en internt upparbetad immateriell tillgång utgörs av de direkt hänförbara utgifter som krävs för att tillgången ska kunna användas på det sätt som företagsledningen avsett. Internt upparbetade immateriella tillgångar skrivs av över den bedömda nyttjandeperioden, vilket motiveras av att de kommer att tillföra koncernen värde under minst denna tid.

Materiella och immateriella anläggningstillgångar
Materiella och immateriella anläggningstillgångar är redovisade till anskaffningskostnad med avdrag för planmässiga avskrivningar baserade på en bedömning av tillgångarnas nyttjandeperiod.

Programvaror av standardkaraktär kostnadsförs. Utgifter för programvaror som utvecklats eller på ett omfattande sätt anpassats för bolagets räkning, balanseras som immateriell tillgång om de förväntas generera framtida ekonomiska fördelar. Balanserade utgifter för förvärvade programvaror skrivs av linjärt över nyttjandetiden, dock högst fem år.

Materiella anläggningstillgångar skrivs av systematiskt över tillgångens beräknade ekonomiska livslängd. Avskrivningsprocenten är som lägst 10 % för övriga maskiner och inventarier och som högst 33 % för datautrustning.

Leasing
Samtliga leasingavtal klassificeras som operationell leasing vilket innebär att leasingavgifter fördelas linjärt över leasingperioden.

Finansiella instrument
Bolaget innehar per bokslutsdagen s.k. verksamhetsanknutna finansiella instrument:

Verksamhetsanknutna finansiella instrument.
Lånefordringar och låneskulder, kundfordringar och leverantörsskulder utgör exempel på verksamhetsanknutna finansiella instrument. Denna typ av finansiella instrument innehas utan syfte att handla med fordran eller skulden.

Valutarisker
Schneider Electric Buildings AB är exponerat för en rad finansiella risker i och med att vara internationellt aktiv. Hanteringen av dessa risker sker i enlighet med Schneider Electric koncernens policy. 100% av de valutarisker som uppkommer då inkomster från försäljning och utgifter för produktion är i skilda valutor skall enligt Schneider Electric koncernens policy säkras från fakturadag till betaldag. Detta innebär att valutasäkringarna är mellan en och två månader långa.

All valutasäkring är samlat i ett bolag i koncernen, Boissiere Finance, Frankrike, vilket är ett helägt dotterbolag inom Schneider koncernen. Schneider Electric Buildings AB rapporterar månadsvis försäljning, inköp och övriga flöden i utländsk valuta till detta bolag som i sin tur hanterar valutasäkringen.

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Fordringar och skulder i utländsk valuta
Terminssäkring har skett via koncernföretag. Tillgångar och skulder i utländsk valuta värderas till balansdagens kurs eller då terminssäkring skett till terminskurs. Intäkter och kostnader omräknas varje månad till genomsnittlig växelkurs.

Förvärv och försäljning av aktier i utländsk valuta
Bolaget tillämpar principen, att vid förvärv eller försäljning av aktier i utländsk valuta sker värderingen till kurs per avtalsdagen för aktierna (eller tillträdesdagen om denna sker senare). För de fall bolagsstämmobeslut krävs, gäller stämmodag för värdering av aktiernas anskaffningspris respektive försäljningspris.

Finansiella anläggningstillgångar
Finansiella tillgångar som är avsedda för långsiktigt innehav redovisas till anskaffningsvärde. Har en finansiell anläggningstillgång på balansdagen ett lägre värde än det bokförda värdet skrivs tillgången ner till detta lägre värde om det kan antas att värdenedgången är bestående.

Nedskrivning
Skulle en indikation om en värdenedgång beträffande en tillgång föreligga fastställs dess återvinningsvärde. Överstiger tillgångens bokförda värde återvinningsvärdet skrivs tillgången ner till detta värde. Återvinningsvärdet definieras som det högsta av marknadsvärdet och nyttjandevärdet. Nyttjandevärdet definieras som nuvärdet av de uppskattade framtida betalningar som tillgången genererar. Nedskrivningar redovisas över resultaträkningen.

Inkomstskatter
Redovisning av inkomstskatt inkluderar aktuell skatt och uppskjuten skatt. Skatten redovisas i resultaträkningen, förutom i de fall den avser poster som redovisas direkt i eget kapital. I sådana fall redovisas även skatten i eget kapital. Uppskjuten skatt redovisas enligt balansräkningsmetoden på alla väsentliga temporära skillnader. En temporär skillnad finns när det bokförda värdet på en tillgång eller skuld skiljer sig från det skattemässiga värdet.

Uppskjuten skatt är beräknad till 20,6%. Uppskjutna skattefordringar redovisas i den omfattning det är troligt att framtida skattemässiga överskott kommer att finnas mot vilka de temporära skillnaderna kan nyttjas.

Varulager
Varulager har via vägd genomsnittsmetod värderats till anskaffningsvärde. Erforderligt avdrag görs för inkurans.

Avsättningar

Avsättningar redovisas när bolaget har eller kan anses ha en förpliktelse som ett resultat av en inträffad händelse och det är sannolikt att utbetalningar kommer att krävas för att fullgöra förpliktelsen. En förutsättning är att det går att göra en tillförlitlig uppskattning av det belopp som ska utbetalas.

Ersättningar till anställda - pensioner

Bolagets pensionsplaner för ersättning efter avslutad anställning omfattar både avgiftsbestämda och förmånsbestämda pensionsplaner. I avgiftsbestämda planer betalar företaget fastställda avgifter till en separat juridisk enhet. När avgiften är betald har företaget inga ytterligare förpliktelser. I förmånsbestämda planer beräknas skulden och avgiften med hänsyn till bland annat bedömda framtida löneökningar och inflation. Samtliga pensionsplaner redovisas som avgiftsbestämda planer vilket innebär att erlagd premie redovisas som kostnad i takt med att pensionen tjänas in.

Pensionsförpliktelser som säkerställs genom kapitalförsäkringar redovisas som en fordran och skuld i balansräkningen. Kapitalförsäkringen redovisas även bland ställda panter.

Koncernredovisning

Med stöd av ÅRL 7 kap. 2§ upprättas ingen särskild koncernredovisning för denna underkoncern, utan bolaget ingår i den koncernredovisning som upprättas av moderföretaget i den största koncernen där bolaget är dotterbolag, dvs. Schneider Electric SE, med registreringsnummer 542 048 574 och säte Ruel-Malmaison, Frankrike, vars årsredovisning och koncernredovisning kan erhållas hos nämnda bolag.

Goodwill

Avskrivningsperiod för goodwill är beräknad utifrån den period som posten bedöms generera ekonomiska fördelar och enligt samma regler som för övriga immateriella anläggningstillgångar. Avskrivningstiden kommer inte överstiga fem år.

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Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Antal anställda
Medelantal anställda under räkenskapsåret.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

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Uppskattningar och bedömningar

Företagsledningen gör uppskattningar och antaganden om framtiden. Dessa uppskattningar kommer sällan att motsvara det verkliga resultatet.

Varje år prövas om det finns någon indikation på att tillgångars värde är lägre än det redovisade värdet. Uppskattningar och antaganden som är föremål för bedömning är värdering av varulager och goodwill. Finns en indikation så beräknas tillgångens återvinningsvärde, vilket är det högsta av tillgångens verkliga värde med avdrag för försäljningskostnader och nyttjandevärdet.

Not 2 Goodwill

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	183 436	183 436
Utgående ackumulerade anskaffningsvärden	**183 436**	**183 436**
Ingående avskrivningar	-36 687	
Årets avskrivningar	-36 687	-36 687
Utgående ackumulerade avskrivningar	**-73 374**	**-36 687**
Utgående redovisat värde	**110 061**	**146 749**

Not 3 Nettoomsättningens fördelning

	2023	2022
Nettoomsättningen per rörelsegren		
Produktförsäljning	2 312 680	2 202 781
Försäljning av utvecklingstjänster	176 526	141 988
Försäljning av övriga tjänster	12 481	9 954
	2 501 687	**2 354 723**
Nettoomsättningen per geografisk marknad		
Norden	615 121	645 450
Europa exkl Norden	856 105	761 426
Nordamerika	569 766	396 486
Asien - Pacific	341 144	269 757
Övriga världen	119 551	281 604
	2 501 687	**2 354 723**

Not 4 Inköp och försäljning mellan koncernföretag

Av årets varuförsäljning avser 99,9 % (99,6 %) försäljning till koncernföretag.
Av årets fakturering avseende utvecklingsavdelningen avser 100 % (100 %) fakturering till koncernföretag.
Av årets inköp avser 60,01 % (49,61 %) inköp från koncernbolag.

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Not 5 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2023	**2022**
Mazars AB		
Revisionsuppdrag	752	711
	752	**711**

Not 6 Leasingavtal

Årets kostnad för hyra och leasing uppgår till 11 866 KSEK (11 901 KSEK). De mest väsentliga hyresavtalen avser hyra av kontor med tillhörande parkeringsplatser i Lund. Hyresvärden är extern part och avtalet är upprättat enligt marknadsmässiga förutsättningar.

Framtida leasingavgifter, för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:

	2023	**2022**
Inom ett år	13 746	12 505
Inom fem år	11 910	11 957
	25 655	**24 463**

Not 7 Anställda och personalkostnader

	2023	**2022**
Medelantalet anställda		
Kvinnor	57	64
Män	149	159
	206	**223**
Löner och andra ersättningar		
Styrelse och verkställande direktör	0	1 020
Övriga anställda	139 824	120 638
	139 824	**121 658**
Sociala kostnader		
Pensionskostnader	39 925	43 601
Sociala avgifter enligt lag och avtal	36 765	32 016
	76 690	**75 616**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**216 514**	**197 274**
Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	50 %	50 %
Andel män i styrelsen	50 %	50 %

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Samtliga löner, ersättningar, sociala avgifter och pensionskostnader är utbetalda till anställda i Sverige. Avtal för Schneider Electric Buildings AB:s VD avseende avgångsvederlag finns ej. Schneider Electric Buildings AB:s VD innehar sin anställning i annat Schneider Electricbolag i Sverige. För pensionsåtagande vid pensionering från 65 års ålder gäller förmånerna enligt ITPs pensionsplan (kollektivavtalsbaserad tjänstepension till privatanställda tjänstemän) i Sverige. Vissa befattningshavare har optioner att köpa aktier i det noterade koncernbolaget Schneider Electric SA. Detta påverkar Schneider Electric Buildings AB genom att sociala kostnader kopplat till personaloptioner belastar bolagets resultat. Under året har bokförda kostnader för pensioner till VD uppgått till 0 KSEK (0 KSEK).

Not 8 Resultat från andelar i koncernföretag

	2023	2022
Erhållna utdelningar	0	0
	0	**0**

Not 9 Övriga ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter från koncernföretag	15 874	3 994
Övriga intäkter	0	126
	15 874	**4 121**

Not 10 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader till koncernföretag	-12 289	-7 597
Övriga räntekostnader	-5 546	-5 410
	-17 834	**-13 007**

Betalda räntekostnader uppgår till 5 421 KSEK (5 803 KSEK).

Not 11 Bokslutsdispositioner

	2023	2022
Group contribution - received	40 000	0
Group contribution - given	0	-70 000
	40 000	**-70 000**

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Not 12 Skatt på årets resultat

	2023	2022
Aktuell skatt	-13 200	-11 321
Uppskjuten skatt	8 324	1 180
Skatt på årets resultat	**-4 876**	**-10 141**

Avstämning av effektiv skatt

		2023		2022
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		6 377		34 831
Skatt enligt gällande skattesats	20,60	-1 314	20,60	-7 175
Ej avdragsgilla kostnader inkl nedskrivning		-9 530		-3 592
Ej skattepliktiga intäkter		8 588		1 820
Ej bokförda kostnader		-2 620		-843
Justering avseende skatter för föregående år		0		-350
Redovisad skattekostnad		**-4 876**		**-10 141**

Not 13 Balanserade utgifter för dataprogram

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	15 646	15 646
Utgående ackumulerade anskaffningsvärden	**15 646**	**15 646**
Ingående avskrivningar	-15 646	-15 519
Årets avskrivningar	0	-127
Utgående ackumulerade avskrivningar	**-15 646**	**-15 646**
Utgående redovisat värde	**0**	**0**

Not 14 Maskiner och andra tekniska anläggningar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	54 925	54 572
Inköp	474	353
Utgående ackumulerade anskaffningsvärden	**55 400**	**54 925**
Ingående avskrivningar	-48 551	-46 164
Årets avskrivningar	-1 818	-2 387
Utgående ackumulerade avskrivningar	**-50 369**	**-48 551**
Utgående redovisat värde	**5 030**	**6 374**

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Not 15 Inventarier, verktyg och installationer

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	30 711	30 346
Inköp		365
Utgående ackumulerade anskaffningsvärden	**30 711**	**30 711**
Ingående avskrivningar	-23 458	-20 651
Årets avskrivningar	-2 768	-2 807
Utgående ackumulerade avskrivningar	**-26 226**	**-23 458**
Utgående redovisat värde	**4 485**	**7 253**

Not 16 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	6 680	393
Nedlagda kostnader	312	6 287
Omklassificeringar	-4 254	
Utgående ackumulerade anskaffningsvärden	**2 737**	**6 680**
Utgående redovisat värde	**2 737**	**6 680**

Not 17 Andelar i dotterföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	761 450	761 450
Utgående ackumulerade anskaffningsvärden	**761 450**	**761 450**
Ingående nedskrivningar	-761 349	-761 349
Utgående ackumulerade nedskrivningar	**-761 349**	**-761 349**
Utgående redovisat värde	**101**	**101**

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Not 18 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
AB Crahftere I	100	100	1 000	101
Schneider Electric Buildings UK Ltd	100	100	725 000	0
TAC Products Ltd (koncern SE Buildings UK Ltd)	100	100	1 000 000	0
				101

	Org.nr	Säte
AB Crahftere I	556424-5545	Stockholm, Sverige
Schneider Electric Buildings UK Ltd	2846583	Ashby-de-l a Zouch,
TAC Products Ltd (koncern SE Buildings UK Ltd)	03550790	Ashby-de-l a Zouch

Schneider Electric Buildings UK Ltd och TAC Products Ltds har varit vilande.
Koncernredovisning upprättas av Schneider Electric SA, Rueil Malmaison, Frankrike

Not 19 Uppskjuten skattefordran

Skillnaden mellan den inkomstskatt som har redovisats i resultaträkningen och den inkomstskatt som belöper sig på verksamheten utgörs av:

	2023-12-31	2022-12-31
Uppskjuten skatt på direktpensioner	408	408
Uppskjuten skattefordran på kostnad återförd i beskattningen och avdragsgill kommande år	13 321	4 997
Belopp vid årets utgång	**13 729**	**5 405**

Not 20 Långfristiga fordringar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	0	1 464
Avgående fordringar		-1 464
Utgående ackumulerade anskaffningsvärden	**0**	**0**
Utgående redovisat värde	**0**	**0**

Noten avser kapitalförsäkringar.

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Not 21 Förutbetalda kostnader och upplupna intäkter

	2023-12-31	2022-12-31
Förutbetalda pensionskostnader	3 074	2 653
Förutbetalda hyror	3 213	3 201
Övriga förutbetalda kostnader	0	0
	6 287	**5 854**

Not 22 Avsättning för pensioner och liknande förpliktelser

	2023-12-31	2022-12-31
Avsättningar enligt tryggandelagen FPG/PRI-pensioner	152 793	135 983
Avsättningar utanför tryggandelagens regelverk	0	428
	152 793	**136 411**

Not 23 Upplupna kostnader och förutbetalda intäkter

	2023-12-31	2022-12-31
Upplupna personalrelaterade kostnader	99 898	54 761
Övriga upplupna kostnader	24 396	24 505
	124 294	**79 266**

Not 24 Justering för poster som inte ingår i kassaflödet

	2023-12-31	2022-12-31
Avskrivning av materiella och immateriella tillgångar	41 273	42 009
Förändring av avsättning till pensioner och övriga avsättningar	16 382	22 245
Betald inkomstskatt	-10 971	-12 265
	46 684	**51 989**

Not 25 Antal aktier och kvotvärde

	Antal aktier	Kvotvärde
Antal aktier (st) och kvotvärde (SEK)	510 000	100
	510 000	

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Not 26 Transaktioner med närstående

Schneider Electric Buildings AB är ett helägt dotterbolag till Schneider Nordic Baltic A/S, Danmark, som i sin tur ingår till 100 % i Schneider Electrickoncernen, Rueil Malmaison, Frankrike. Moderföretagets koncernredovisning kan rekvireras från Le Hive, Schneider Electric, 35 Rue Joseph Monier, 92500 Rueil-Malmaison, Frankrike.

	2023	**2022**
Andel av årets totala inköp som skett från andra företag i koncernen	60,01 %	49,61 %
Andel av årets totala försäljningar som skett till andra företag i koncernen	99,90 %	99,60 %

Inga lån till närstående eller ledande befattningshavare förekommer.

Not 27 Eventualförpliktelser

	2023-12-31	**2022-12-31**
Ansvarighet till PRI Pensionsgaranti	3 050	2 714
	3 050	**2 714**

Not 28 Väsentliga händelser efter räkenskapsårets slut

Koncernen beslutade under 2023 att flytta produktionen från fabriken i Västerhaninge till andra fabriker inom koncernen. Verksamheten kommer att avslutas under sista kvartalet 2024. En omstruktureringsreserv på 42msek har avsatts för detta under 2023.

Not 29 Förslag till disposition av resultatet

	2023-12-31	**2022-12-31**
Balanserade vinstmedel	2 370	237 680
Årets vinst	1 502	24 690
Utdelning till aktieägare	0	-260 000
	3 872	**2 370**

Styrelsen föreslår att vinstmedlen disponeras så att i ny räkning överföres 3 872Tkr (2 370tkr).

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Not 30 Uppgifter om moderföretag

Schneider Electric Buildings AB är ett helägt dotterbolag till Schneider Electric Danmark A/S (org.nr. 70698714) med säte i Köpenhamn som i sin tur ingår i den koncern där Schneider Electric SA (med säte i Paris) är det slutgiltiga moderbolaget. Schneider Electric SA, med registreringsnummer 542 048 574 upprättar koncernredovisning. Koncernredovisningen kan rekvireras från Schneider Electric SA,Inverstor Relation department,43/45 Boulevard Franklin Roosevelt F-92500 Rueil Malmasion,Frankrike.

Resultat- och balansräkningen kommer att föreläggas på årsstämman 2024-06- för fastställelse.

Den dag som framgår av min elektroniska underskrift

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Jenny Larsson
Jenny Larsson
Verkställande direktör

DocuSigned by:
Jonas Gillsander
Jonas Gillsander

DocuSigned by:
Laurent Gueroux
Laurent Gueroux

DocuSigned by:
Anna Jonsson
Anna Jonsson

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift

Forvis Mazars AB

DocuSigned by:
Håkan Sten
Håkan Sten
Auktoriserad revisor

202407180324 6

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Hakan.Sten@mazars.se
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Country President Sweden
Schneider Electric Sverige AB
Security Level: Email, Account Authentication (None)

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Jonas.GILLSANDER@se.com
CFO
Lexel AB
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9235E914887448E...

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Kopian överensstämmer med originalet intygas

Jörgen Andersson Anna Edberg

20240718032251

REVISIONSBERÄTTELSE

Till bolagsstämman i Schneider Electric Buildings AB
Org. nr 556124-8500

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Schneider Electric Buildings AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Schneider Electric Buildings AB:s finansiella ställning per den 2023-12-31 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Schneider Electric Buildings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller på misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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20240718032252

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Schneider Electric Buildings AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Schneider Electric Buildings AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Vår revisionsberättelse har lämnats i Stockholm den dag som framgår av vår elektroniska underskrift.

Mazars SET Revisionsbyrå AB

Håkan Sten
Auktoriserad revisor

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"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

Håkan Erik Sten
Revisor
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FINANCIAL AND SUSTAINABLE DEVELOPMENT REPORT

2023 Universal Registration Document

The Next Frontier: Industrial Tech for Sustainable Impact

Life Is On | Schneider Electric

se.com

Universal Registration Document

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on March 28, 2024 with the Autorité des Marchés Financiers (AMF), as the competent authority under Commission regulation (EU) 1129/2017, without prior approval in compliance with Article 9 of this regulation.

The Universal Registration Document may be used for purposes of a public offer of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is then approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document is a free translation into English of the official version of the Universal Registration Document which has been prepared in French and in ESEF format (European Single Electronic Format) and which includes the Annual Financial Report for the fiscal year ended December 31, 2023 and is available on the AMF's website (www.amf-france.org) and on the Company's website (www.se.com).

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Annual Financial Report elements are clearly identified in this table of contents with the sign IRA.

Our purpose

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 performance

2023 was a year of strong growth; in revenues, profitability and cash generation with a seamless transition to new governance structure. We delivered against ambitious targets both financial and extra-financial, as we prepared the company for the Next Frontier.

Financial KPIs

Revenues

€35.9B

+12.7% organic

Net Income (Group share)

€4.0B

+15%

Adjusted Earnings per Share

€7.26

+2%

Adjusted EBITA margin

17.9%

+180bps organic

Free Cash Flow

€4.6B

115% conversion rate

Proposed Dividend per Share

€3.50

+11%

Our Impact

Impact revenues

74%

(+2pts vs. 2022)

Tonnes of CO_2 emissions saved and avoided

553M

to our customers since 2018

People with access to green electricity

+16.6M

since 2020

Schneider Sustainability Impact score

6.13/10

outperforming 2023 6.00/10 target

CO_2 emissions reduced

27%

from top 1,000 suppliers' operations

People trained in energy management

578,709

since 2009

About Schneider

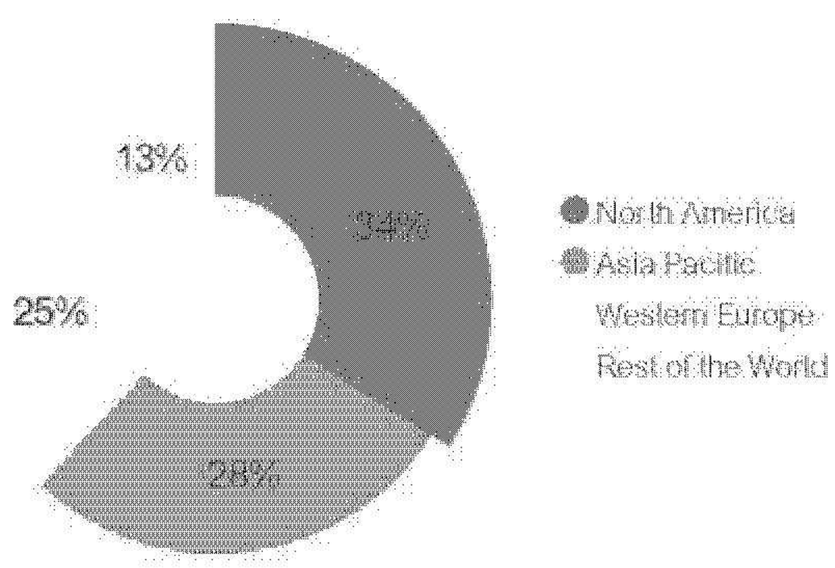
Our mission is to be your digital partner for Sustainability and Efficiency.

Our business

Revenue

€35.9bn

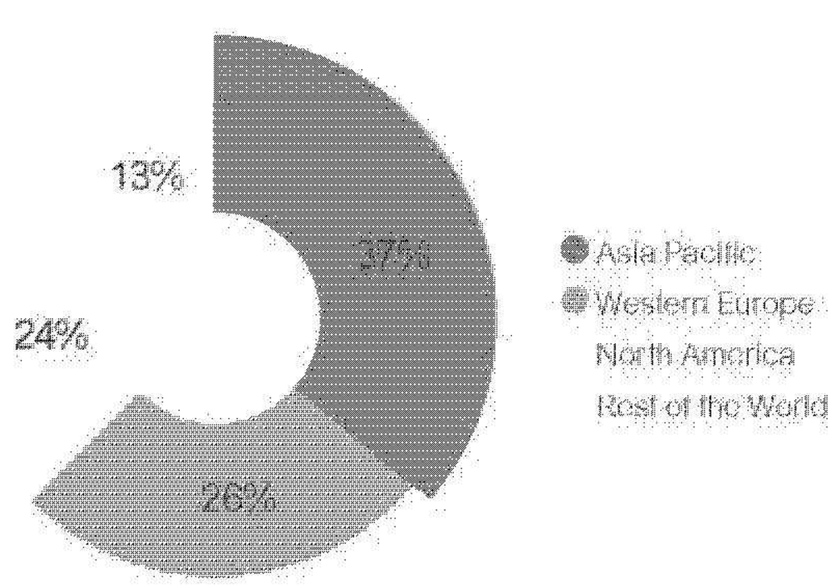
Revenue by geography in 2023



Employees

168,000+

Total employees by geography in 2023



What we offer

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

See **page 25** to find out more about our end-markets.

Where we operate

We are one integrated company.
We are the most local of global companies.
Our multi-hub approach is a key element to offer improved resiliency, agility and proximity to our customers and suppliers.

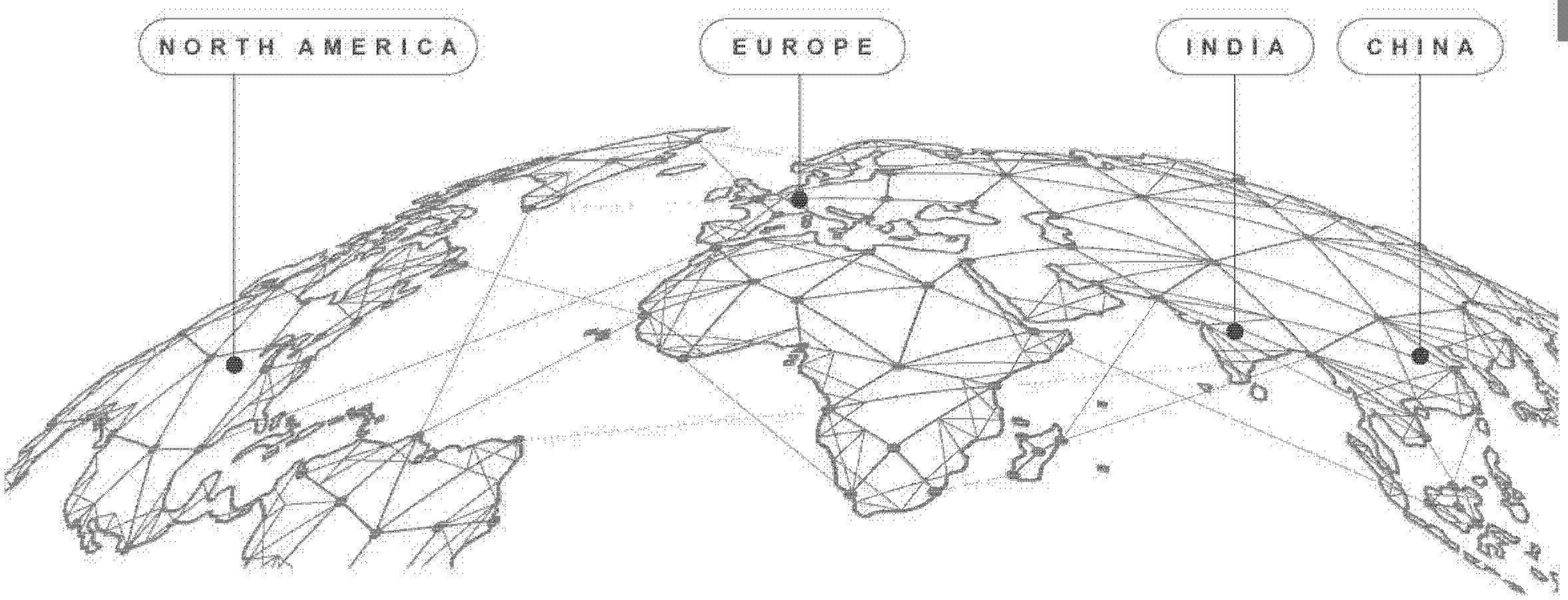
See **page 62** to find out more about our multi-hub approach

Our four hubs

We operate in

100+

Countries



Why we do it

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

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

See **page 48** to find out more about our strategy.

We are an impact company

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

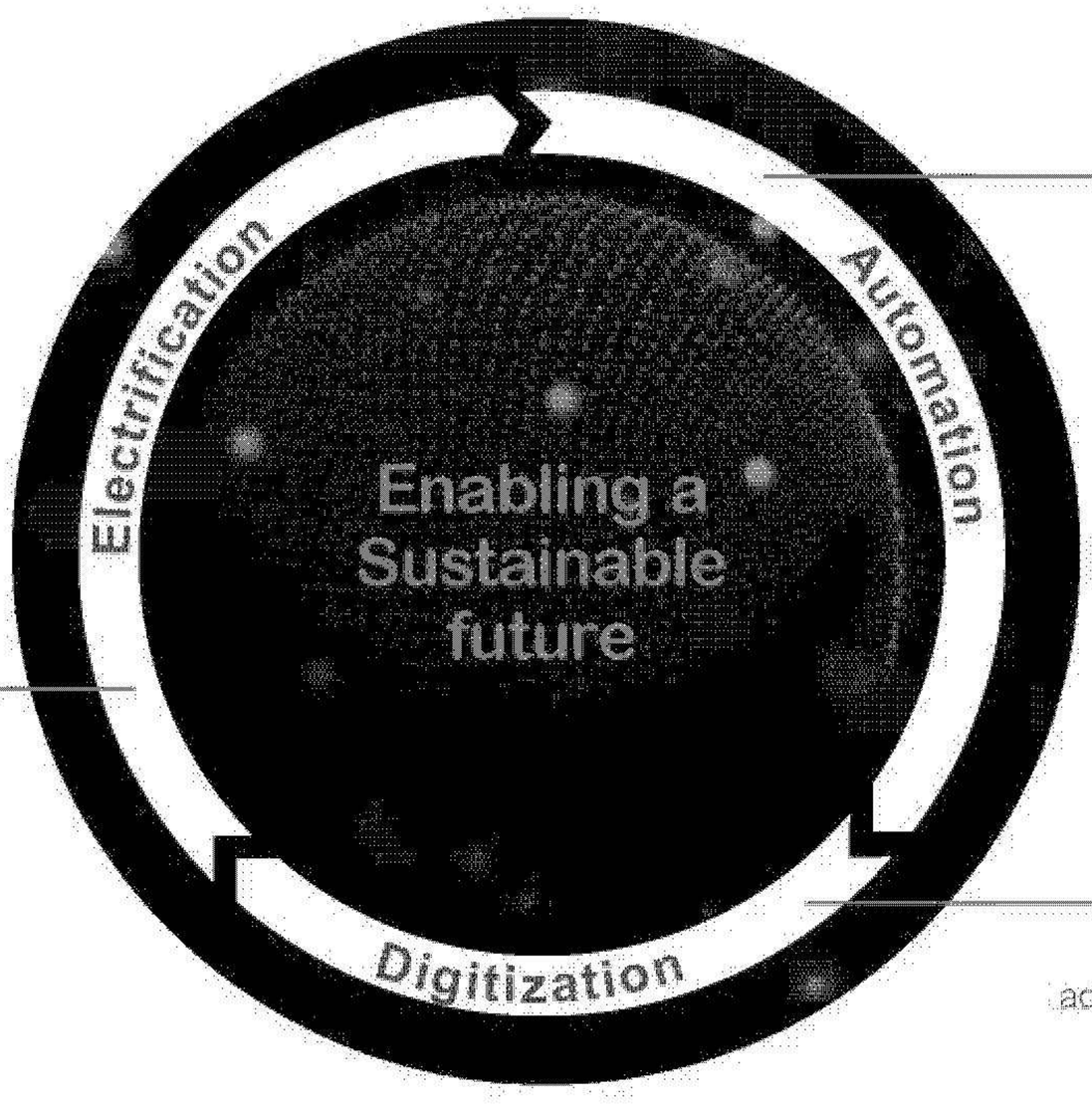
IMPACT Company

See **page 66** to find out more about our Sustainability strategy.

Transforming to be the “Industrial Tech” leader as we embark upon The Next Frontier for Schneider Electric

Our unique portfolio is best equipped for growth on themes enabling a sustainable future

We have curated our portfolio to become a powerhouse in electrification and digitization, driving sustainability and efficiency for customers across end-markets.



#1

Clear #1 in electrification, globally

#3

Unique and focused portfolio of automation offers, from grids to buildings to industrial processes

#1

Leading, end-to-end digital offers, across the lifecycle of our customers assets and operations

Megatrends driving The Next Frontier

We identify five megatrends that will drive the expansion of our addressable market and we believe that we are ideally positioned to thrive in the end-markets we serve.

- Digitization and AI
- Climate Change
- Energy Transition
- Evolution of Wealth
- New Global Equilibrium

See Chapter 1 on page 48 to find out more.

Well positioned on structurally growing markets

The end-markets we serve are in an accelerated growth phase as a function of the five megatrends. An addressable market of around EUR 400 billion in 2023 is set to grow at a compound annual growth rate (CAGR) of between +6% and +7% in the next four years, to reach in excess of around EUR 500 billion by 2027.

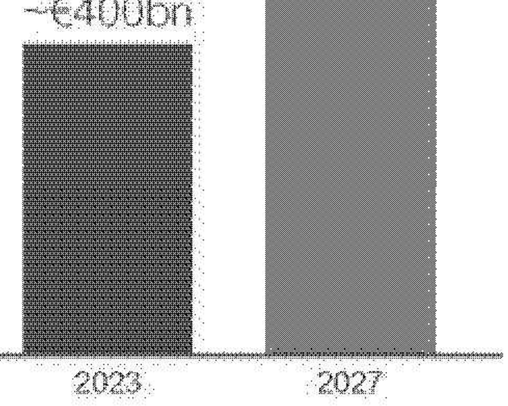
Potential addressable market estimates

2023-27, in €bn

> €100bn growth

CAGR

+6 to +7%



Key markers and strength of Schneider Electric

Schneider Electric is characterized by a number of key markers and strengths which make us unique. These elements combine together to allow us to successfully execute on our strategy and serve our customers.

1. Ecosystem & Partner model

A unique partner ecosystem based on trust and long-term relationships incorporating an unparalleled network of partners, including distributors, panel builders, system integrators, and electricians.

2. Multi-hub model

A decentralized multi-hub operating model driving empowerment of our people. Empowered teams, closer to customers, with quick decision making, and regionalized supply chains.

3. Global balanced footprint

The most local of global companies and a reshoring champion.

4. Focus on sustainability

Going beyond the scope of our own operations in sustainability.

5. Culture & empowered workforce

A culture led and skills first organization enabling positive IMPACT.

IMPACT

Focus areas give roadmap for maximizing shareholder value

Peter Herweck, Chief Executive Officer, identified five focus areas which, combined with a disciplined approach to governance, ethical standards, and financial imperatives, are set to drive shareholder value in coming years.

Management priorities:

1. Growth Culture
2. Sustainability – The Next Frontier
3. Organic expansion of product franchise
4. Software & Prosumer
5. AI everywhere

Coupled with:

Agile operating model

Strong governance & business ethics

Disciplined capital allocation

Return on capital employed

= Total shareholder returns

Our business model

We have curated a unique portfolio that is best equipped for growth on themes enabling a sustainable future

Our advantages and resources

We are advocates of open standards and partnership ecosystems that are passionate about our shared values enabling positive impact.

People

168k+

employees worldwide, in 100+ countries

Innovation

1,000+

patent applications filed globally in 2023

Our expertise

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

ELECTRIFICATION

#1

- Complete end-to-end offers
- Unparalleled network of partners
- Global leadership
- Innovation leader
- Sustainability trusted partner through consultancy

AUTOMATION

#3

- Automation – Building, Grid, Process, Discrete
- Process, safety & Cyber leader
- Software defined Open Automation
- Product leadership

DIGITIZATION

#1

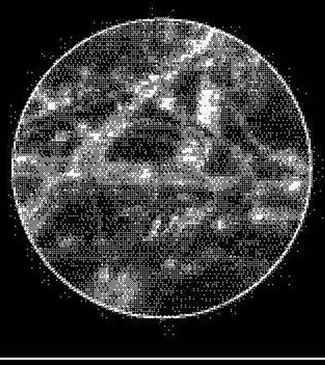
- Native connectivity
- End to End lifecycle approach with AVEVA, etap, RIB Software
- Data driven insight
- Artificial Intelligence



BUILDINGS



DATA CENTERS



INFRASTRUCTURE



INDUSTRY

Creating value

Creating value for all our stakeholders.

For our customers

553M

tonnes of CO_2 saved and avoided since 2018

Partners and suppliers

27%

performance of the Zero Carbon Project

Environment

101

Number of zero-CO_2 sites

Partners and suppliers

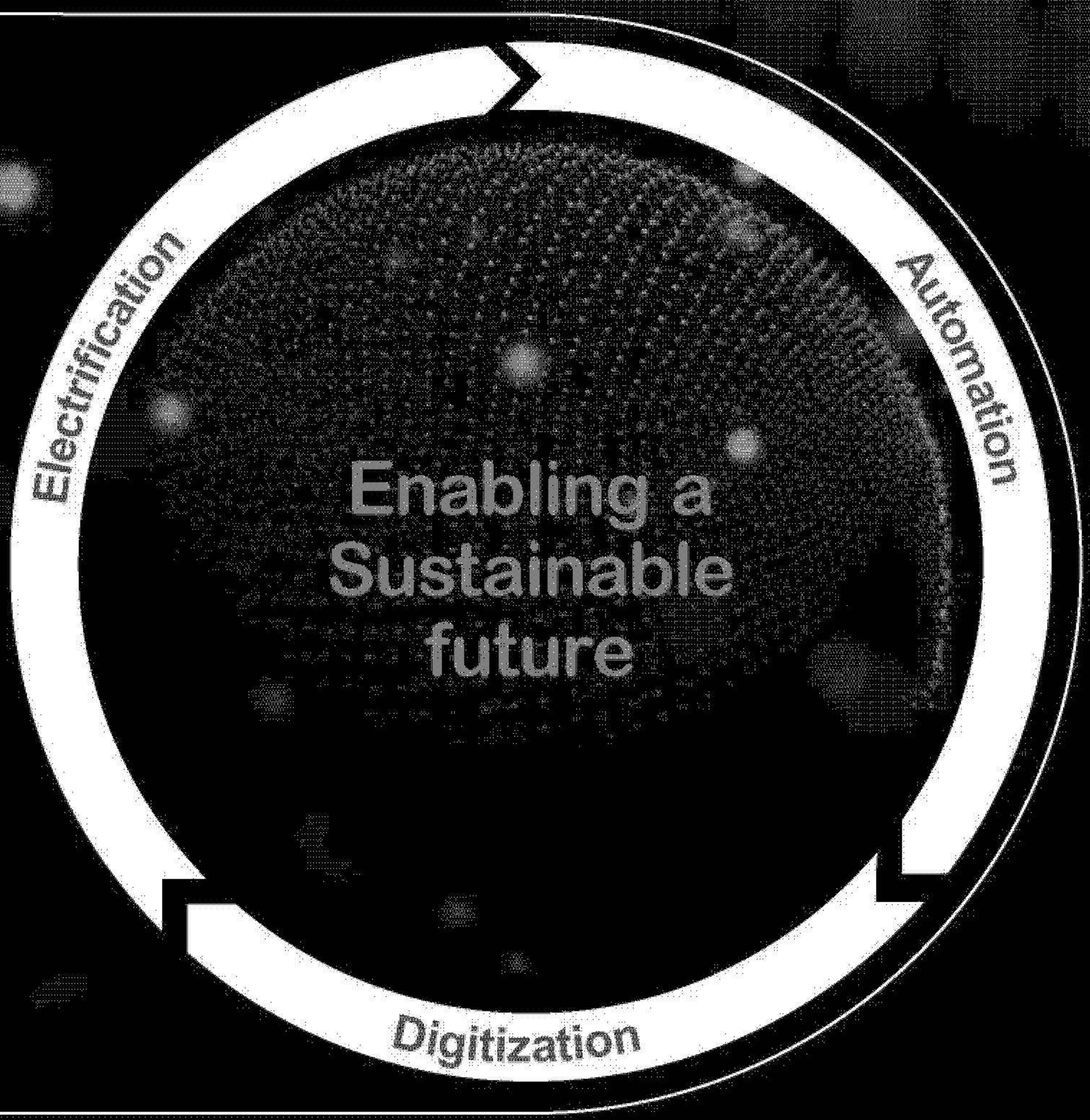
650k+

service provider and partner ecosystem

Financial strength

A-/A3

strong investment grade credit rating



The planet and local communities

46.5M

people provided access to green electricity since 2009

For our employees

61%

of eligible employees benefitting from 2023 share plan

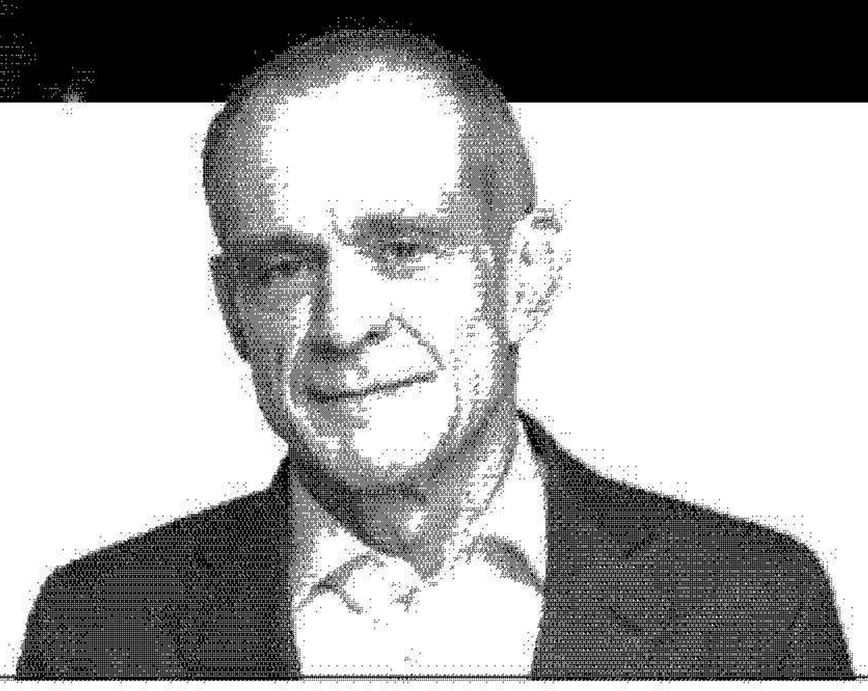
For our shareholders

+64%(1)

3-year Total Shareholder Return

(1) From January 1, 2021 to December 31, 2023

A message from the Chairman of the Board of Directors, Jean-Pascal Tricoire



"We are more relevant now, than at any point in the past, to our customers, our people and our shareholders across the world."

Jean-Pascal Tricoire
Chairman

Dear shareholders,

I write to you in my new role as Chairman, following the flawless transition in 2023 to a new governance model when we dissociated the roles of Chairman and Chief Executive Officer. The new model is in line with good corporate governance practice and the transition has been meticulously planned and executed, with strong involvement of the whole Board and intensive teamwork with Fred Kindle, our Vice-Chairman and Lead Independent Director and Peter Herweck, our Chief Executive Officer.

As I reflect on my twenty years at the helm of the company, we have driven a meaningful transformation, making Schneider a global leader in the fields of digitization, electrification and sustainability. During this period our revenue has multiplied by more than 4x, net income has grown by 10x and market capitalization increased by 10x at the end of 2023. I am particularly proud that we built a global leader in digital technologies - today around 50% of our business - by leveraging the combined accelerations of the Internet of Things (IoT), big data and cloud, software and artificial intelligence (AI), and through building a deep vertical knowledge of our customers' applications. We have grown EcoStruxure, our IoT and automation platform, and AVEVA, our software and AI platform, to be references in energy and industrial technology. We have also grown our electrification business to be a true world leader, with integrated and digitized solutions from grid to plug, and landmark positions in high tech segments like IT and Data Centers, making Schneider ready for the AI economy and for the ever-accelerating electrification of the world. We have positioned ourselves to be the partner and advisor of our customers for their agendas of digitization, electrification and sustainability, at a time when the world moves fast to be all-digital and all-electric, and more sustainable.

I am convinced that our company is uniquely placed to drive positive impact and create technology to empower all to make the most of their energy and resources, bridging progress and sustainability, everywhere in the world. We have grown Schneider into a company of significant scale, with a geographic footprint in over 100 countries worldwide and a very balanced market exposure focused on Buildings, Data Centers, Industry and Infrastructure. We have constantly innovated our operating model to be very local in every geography, and structured Schneider across multiple hubs, creating technology, serving customers, and growing and empowering talents at the most local level. We have also integrated sustainability in every component of our company, from our purpose and strategy to our operating model. We intend to stay at the forefront of sustainability in both what we do and in how we do business.

We are more relevant now, than at any point in the past, to our customers, our people and our shareholders across the world. I take this opportunity to thank all of them and acknowledge the role of our investors who have supported, guided, and challenged us through the transformation, demonstrating support and sometimes patience.

On behalf of the Board of Directors, I would like to warmly thank and congratulate each and every one of our employees who, through their engagement, skills and creativity, build this great company which is so well placed to face the next challenges.

Schneider's solid governance is a tremendous asset thanks to the trust and transparency that exists between the Group's governance bodies and within its Board of Directors, whose work benefits from the broad international experience and diversity of its members. In my new role and at the request of the Board, I continue to dedicate a meaningful amount of my time to the future of Schneider, to support Peter and the executive team in this next phase, and to monitor the evolution of the company especially around key strategic choices.

In particular, I am focusing my support on the following subjects that the Board deems critical to Schneider's future:

- Innovation and technology;
- Our culture of diversity, equity, inclusion and care, and our Multi Hub model;
- Our people, who are the source of Schneider's strength, and among them, the emergence of the next generation of leaders;
- Sustainability and ESG which remains at the core of what we do;
- High level relationships with customers and stakeholders, established over many years, with a special focus in the Asia Pacific region.

Many of these responsibilities relate to strategy, innovation and people, which I have always considered the most important ingredients of our Company success. I am excited at the future prospects of Schneider Electric as all our megatrends are starting powerful inflections and I join the Board in extending my full support to Peter. Peter is the one navigating the company towards the next frontier and I look forward to continuing my dialogue with key Schneider stakeholders as we all work together to ensure the future impact and success of this great Company.

Life Is On!

Jean-Pascal Tricoire
Chairman

See more about our governance on **page 358**

A message from the CEO, Peter Herweck



"2023 delivered numerous successes and milestones for our company all in support of accelerating the energy transition and tackling climate change."

Peter Herweck
CEO

Dear shareholders,

The year 2023 was a pivotal one for Schneider Electric. After two decades at the helm of the company, Jean-Pascal Tricoire stepped down as CEO in May, and handed the reins to me, while retaining the role of Chairman.

Under Jean-Pascal's visionary leadership, Schneider Electric underwent a major transformation across all dimensions: our size, footprint, portfolio, culture, purpose and impact all changed beyond recognition during his tenure. Above all, we've become stronger, more future-ready and more resilient.

Taking on the role of CEO is a huge honor and responsibility. I've made a clear commitment to build on these strengths, to take Schneider Electric even further into the future, and to support all our stakeholders as we build a more sustainable and equitable future for all.

Since the announcement in February 2023 and after two years at AVEVA, I've spent much of my time meeting our customers, teams, partners, suppliers, investors - in our labs and in the communities in which we operate. It's been a great experience that has reinforced my understanding of the breadth and depth of our expertise and impact, while also giving me insights on where we have further potential.

Throughout the handover period and during the rest of the year, business continued as usual, and 2023 delivered numerous successes and milestones for our company: a strong business performance; recognitions in the fields of innovation, R&D and sustainability; and active engagements in high-level events such as COP28 and the International Energy Agency's energy efficiency conference – all in support of accelerating the energy transition and tackling climate change. Meanwhile, at our milestone Capital Markets Day in November, we announced The Next Frontier of Schneider Electric - the evolution of our strategy to become an Industrial Tech leader.

Looking ahead, I see five megatrends shaping the world in which we operate: ongoing rapid growth in digital technologies and Artificial Intelligence (AI); an accelerated need for concrete solutions to fight climate change; the energy transition; the evolution of wealth; and the shift to a new global equilibrium, which will see countries and companies alike rethink how they operate.

For Schneider Electric, these trends represent growth opportunities, despite the tough global geopolitical and economic backdrop. Our business model, with a distinct focus on sustainability, our ecosystem of long-term partners, our multi-hub structure, and our people and impact culture all position us well for the opportunities ahead.

The next chapter of our journey has a focus on organic development and execution of our strategy around the megatrends. So our priorities are as follows: A pivot to specific growth opportunities, toward ones that allow us to meet the new and challenging needs that arise from the megatrends in a faster and more agile manner; the championing of environmental, social and governance (ESG) issues, becoming the trusted sustainability partner for our customers' on their journey whilst accelerating on our own net zero commitments; the expansion of our portfolio to meet market needs, developing further world-class and future-ready products and solutions, with specific focus in the areas of software and prosumers; and the maximization of the opportunities presented by AI for ourselves and our customers, and through the development of efficient and sustainable data centers.

Above all, our priorities are focused on creating a culture of impact, inspiring and encouraging our ecosystem of customers, partners, suppliers, and colleagues to be Impact Makers. Impact Makers are those who chose to make a positive difference to society and the environment with technology and innovation. It's only by working together, that we can harness our energy and resources to bridge progress and sustainability for all.

2023 was another strong year for our company and is the basis for our ambitions for the future: to become a €50bn revenue company, with a €10bn adjusted EBITA (up from €6.4bn in 2023), and to generate a Free Cash Flow conversion of around 100% across the cycle. This is The Next Frontier for Schneider Electric.

I am excited to lead the way forward in these extraordinary times.

Peter Herweck
CEO

See more about our strategy on **page 48**.

An interview with Chief Financial Officer, Hilary Maxson



Schneider Electric delivered a strong performance in 2023, what were the highlights?

In 2023, strong execution has been the key to driving our revenues, adjusted EBITA, net income and free cashflow to record levels.

Our revenues of EUR 36 billion were an all-time high, up +12.7% organic driven by strong growth in our Systems business with good traction from Data Center & Networks and Infrastructure end-markets, and strong growth in our Software and Service businesses. In Products, the Group saw volume growth year-on-year while the carry-over impact from 2022 pricing actions has been fading as expected. Consumer-led segments showed good signs of stabilization towards the end of the year while the discrete automation market began to normalize from supply constraint driven highs in the second half.

We saw strong adjusted EBITA margin expansion in 2023 reaching 17.9%, up +180bps organic, due to price carry-over, good volume growth and improvement in our Systems margin. In 2023, the Group also returned to positive industrial productivity as the supply chain environment returned to a more normative state. We continued to invest in our strategic priorities: innovation through R&D, stepping-up to 5.6% of sales on a cash basis, expansion of our commercial footprint and continued digital transformation including some new investments into Artificial Intelligence applications.

We delivered free cash flow of EUR 4.6 billion, primarily due to the P&L performance driving record operating cash flow of EUR 5.5 billion and improvement in working capital in the second half of the year. We retained a strong focus on shareholder returns, driving ROCE improvement of +130bps in 2023, now reaching 13.5%, and delivering on our progressive dividend policy for a 14th year as we propose a dividend of EUR 3.50 per share, up +11%.

2023 was a milestone year for the future of your digital portfolio, could you tell us more about it?

Indeed, in January 2023 we announced the completion of the transaction to acquire the entire share capital of AVEVA with the strategic intent to create the global leader in industrial software for engineering and operations. AVEVA has been delivering well on its accelerated transition to subscription in the year and we were happy to report a +19% growth in Annualized Recurring Revenues at the end of 2023.

Overall, our Digital Flywheel grew faster than the rest of the Group in 2023, with revenues up +17% organic reaching 56% of Group's total revenues. Digital innovation has been driving strong double-digit growth in connectable products, up +20% organic. Edge Control was up +10% organic and Field Services were up +13% organic. Our combined Software and Digital Services reached EUR 3 billion revenues, up +18% organic. We are now at 70% recurring revenue in our Agnostic Software businesses tracking toward our target of 80% driven primarily by AVEVA's accelerated transition to subscription. We are well positioned as we start our four-year journey as a leader in Industrial Tech.

You also hosted a Capital Markets Day in November 2023, what were the key messages?

At our Capital Markets Day, we presented the key aspects of our strategy and financial outlook while our shareholders had the unique opportunity to see our solutions in action at Tottenham Hotspur Stadium.

Peter talked about five megatrends supporting the growth of our addressable market expanding from around EUR 400 billion in 2023 to around EUR 500+ billion by 2027, growing between +6% and +7% CAGR during this four year period.

These five megatrends are driving a structural step-up in our markets, and we remain well positioned to outperform. As a result, we have shared our ambition for the Next Frontier of organic revenue growth to be +7% to +10% CAGR, 2023-2027. We see opportunities across all our business models and end-markets and our largest geographies are set to lead growth in coming years.

We also talked about the Next Frontier of profitability through a combination of strong Gross Margin and agile operating model. We are targeting an expansion of adj. EBITA margin of c.+50bps CAGR, 2023-2027. This includes targeted investments that will support our ability to capture this unprecedented growth opportunity.

We are set to deliver strong free cash flow and return on capital employed: cash conversion ratio is expected to be around 100% on average across the cycle and we are moving towards 15%+ ROCE.

Our capital allocation priorities are clear: strong investment grade credit ratings as our first priority, continued focus on shareholder return supported by a progressive dividend policy and the funding of our organic growth. We will remain prudently opportunistic and agile towards acquisitions that reinforce our unique portfolio positioning in growth markets and will continue to regularly assess our portfolio to ensure all of our businesses are well linked to our long-term strategy.

We also reiterated our across-cycle ambitions of 5%+ organic revenue growth on average while we want to consistently be a company of 25 (1).

As we close a year of record performance, I am excited to start the first year of our next chapter towards the Next Frontier of Schneider Electric. Transforming to be the "Industrial Tech" leader, we are ideally positioned to capitalize on our technology and great people while remaining committed to sustainability and increased value for all our stakeholders.

Hilary Maxson
Chief Financial Officer

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

Financial performance highlights

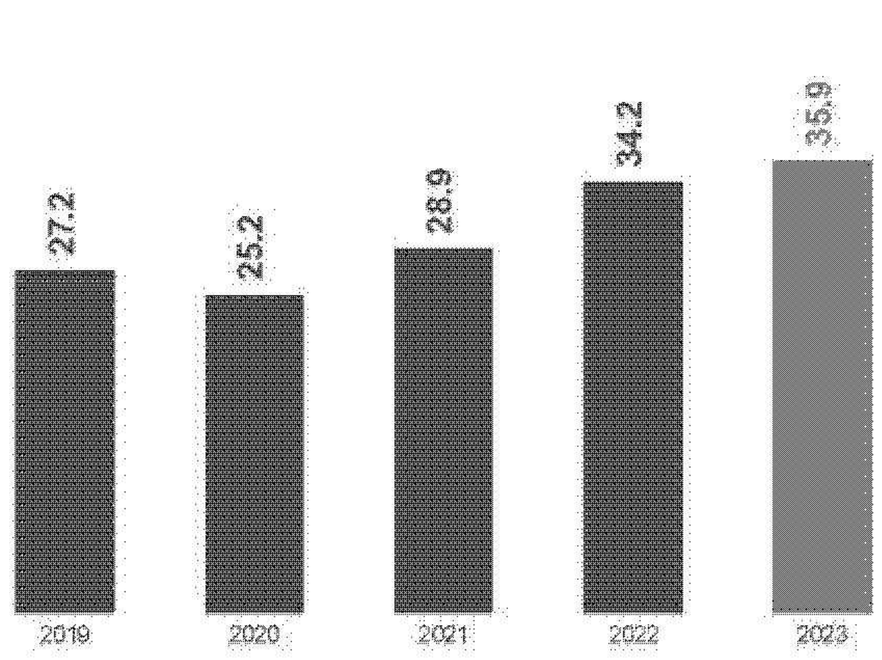
2023 was a year of strong execution, driving record performance. The Group delivered record levels of revenue, adjusted EBITA, net income and free cash flow, leaving it well positioned for the Next Frontier.

Revenue Performance

Consolidated revenue totaled EUR 35,902 million for the 12 months ended December 31, 2023, up +12.7% organic and up +5.1% on a reported basis. The Group saw strong growth across end-markets supported by secular trends of electrification, automation, and digitization, while consumer-linked areas were impacted by the effects of higher interest rates, though stabilizing by the end of the year. Discrete automation demand was weak after high demand in the prior year associated with supply chain constraints in particular impacting sales in Western Europe, China and East Asia. The Group saw good volume expansion, with product growth supported by backlog execution, while the carryover impact of price actions taken in 2022 faded across the year, as expected. FX impacts were -4.3% driven by the weakening of the Chinese Yuan and U.S. Dollar against the Euro, combined with the significant devaluation of several other currencies including the Egyptian Pound, Turkish Lira and Argentinian Peso. There was a net negative impact of -2.5% from acquisitions and disposals, primarily relating to the Group's exit from Russia along with the net impact of other transactions.

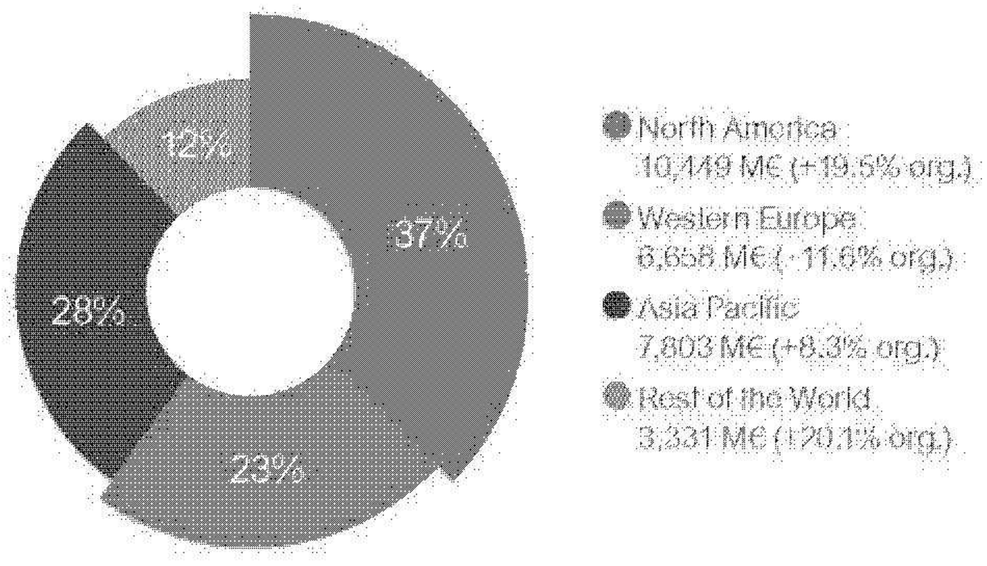
Revenue (€ billions)

€35.9B



Energy Management

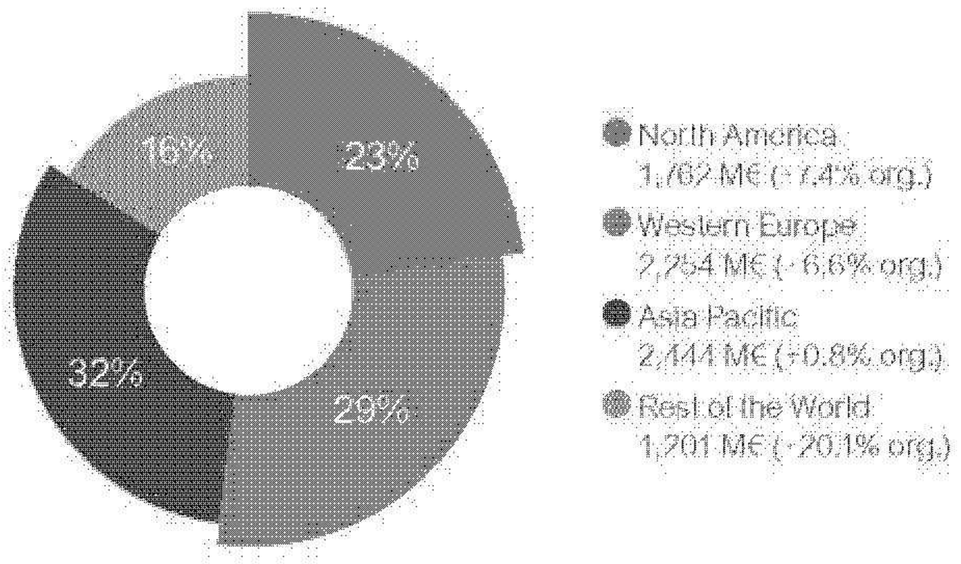
Energy Management generated revenues of EUR 28,241 million, equivalent to 79% of the Group's revenues and was up +14% organic. North America grew +19% organic with strong growth across end-markets, including continued strong growth in Systems as a consequence of strong demand across Data Center and Infrastructure end-markets. Western Europe was up +12% organic with double-digit growth in the U.K., Germany and Italy, while France and Spain grew high-single digit. There was continued good traction in Data Center and non-residential technical buildings, though residential markets, particularly in the north of the region, were impacted by pressures on consumer-spending. Asia-Pacific grew +8% organic, with China delivering mid-single digit growth for the year, with strong traction in transportation and renewable power, while softness in construction markets continued. India recorded double-digit growth, despite facing a high base of comparison, with continued strong demand across end-markets. There was good growth in Australia and across the rest of the region. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey and with strong demand for systems offers across the region.



Financial performance highlights

Industrial Automation

Industrial Automation generated revenues of EUR 7,661 million, equivalent to 21% of the Group's revenues and was up +7% organic. Growth was led by sales into Process automation markets while sales into Discrete automation markets also grew, though at a slower pace due to weakness in OEM demand, particularly in Western Europe, China and East Asia. The Group saw strong growth in its industrial software offers through AVEVA, despite headwinds from a transition from a perpetual license model to a subscription model. North America grew +7% organic led by growth in Discrete automation markets, supported by backlog execution, while growth in Process & Hybrid markets was good despite a high base of comparison from projects in Mexico. Western Europe was up +7% organic, with strong growth in both Process & Hybrid markets and industrial software at AVEVA, while Discrete automation markets were impacted by the demand weakness. Asia Pacific was up +1% organic, impacted by weaker Discrete automation growth in China with weakness in OEM demand, particularly among those tied to construction. There was strong growth in several countries across the rest of the region, notably India and Australia, while growth in Japan and South Korea was muted due to OEM weakness. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey, while outside of these countries there was strong growth in Discrete automation markets and good growth in Process & Hybrid markets.

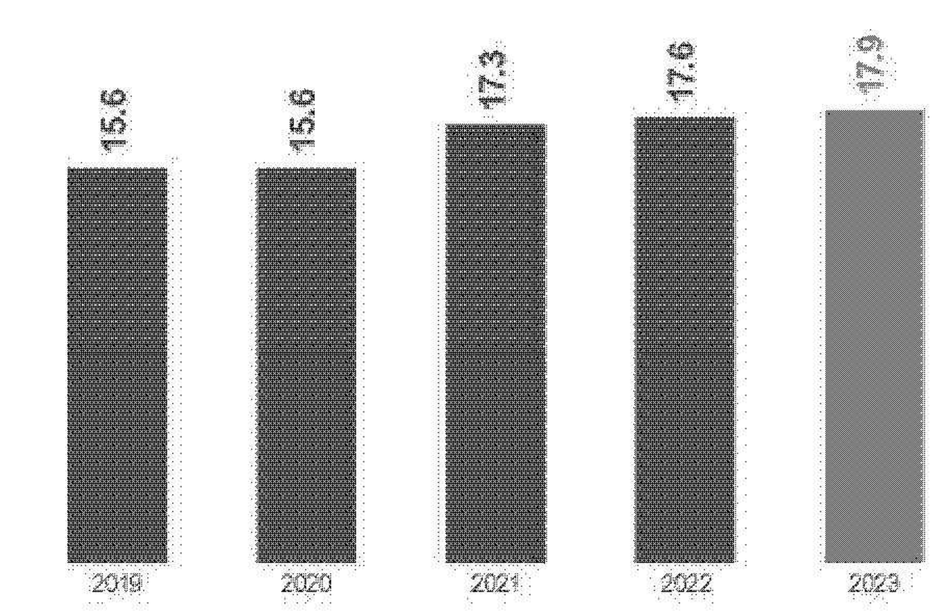


Summarised Financial Results

€ million	2022 FY	2023 FY	Reported change	Organic change
Revenues	34,176	**35,902**	**+5.1%**	**+12.7%**
Gross Profit	13,876	**15,012**	**+8.2%**	**+18.1%**
Gross profit margin	40.6%	41.8%	+120bps	+200bps
Support Function Costs	(7,859)	**(8,600)**	**+9.4%**	**+13.7%**
SFC ratio (% of revenues)	23.0%	24.0%	-100bps	-20bps
Adjusted EBITA	6,017	**6,412**	**+6.6%**	**+24.5%**
Adjusted EBITA margin	17.6%	17.9%	+30bps	+180bps
Restructuring costs	(227)	(147)		
Other operating income & expenses	(433)	98		
EBITA	5,357	**6,363**	**+19%**	
Amortization & impairment of purchase accounting intangibles	(424)	(430)		
Net Income (Group share)	3,477	**4,003**	**+15%**	
Adjusted Net Income (Group share)	3,968	**4,066**	**+2%**	**+16.9%**
Adjusted EPS (€)	7.11	**7.26**	**+2%**	**+16.5%**
Free Cash Flow	3,330	**4,594**	**+38%**	

Adjusted EBITA margin

17.9% +380 bps org. since 2019



Adjusted EBITA margin at 17.9%, up +180 bps organic due to strong price carryover, good volume growth and improvement in systems margin.

Gross profit was up **+18.1%** organic with Gross margin up **+200bps** organic, reaching **41.8%** in 2023. The organic increase in margin percentage was driven by a strong net price impact mainly related to carryover from price actions taken in 2022, an improvement of gross margin in systems business and improved industrial productivity, particularly in H2.

2023 Adjusted EBITA reached **€6,412** million, increasing organically by **+24.5%** and the Adjusted EBITA margin expanded by **+180bps** organic to **17.9%** as a consequence of good volumes and the strong gross margin improvement, combined with control over support function cost growth while investing for the future.

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

Amount	Adj. EBITA	YoY change	Comments
Adj. EBITA FY 2022	**6,017**		
Volume impact		**1,135**	Positive impact from higher sales volumes.
Industrial productivity		**148**	The Group's industrial productivity level was +€148m with good acceleration in H2 as the supply chain environment returns to a more normalized state.
Net price[1]		**1,391**	The net price impact was positive at +€1,391m in 2023. Gross pricing on products was positive at +€1,179m slowing as expected in H2 as mostly due to carryover from pricing actions taken in 2022. In total, RMI was a tailwind at +€212m.
Gross pricing on products		1,179	
Raw Material Impact		212	
Cost of Goods Sold inflation		**-152**	Cost of Goods Sold inflation was -€152m in 2023, of which the production labor cost and other cost inflation was -€127m, and an increase in R&D in Cost of Goods Sold was -€25m. The overall investment in R&D, including in support function costs continued to increase as expected and represented 5.4% of 2023 revenue.
Production labor cost and other cost inflation		-127	
R&D in Cost of Goods Sold		-25	
Support function costs (SFC)		**-1,033**	Support Function Costs increased organically by -€1,033m, or +13.7% org. in 2023, deteriorating as a percentage of sales by -20bps org. The Group was impacted by inflation for -€376m and continued to focus on its strategic priorities with investments of -€568m mainly linked to innovation through R&D, commercial footprint expansion and digital transformation including AI projects. Despite completing its operational efficiency plan in 2022, the Group delivered a further +€226m of cost savings. Other increases of -€315m include impacts from bonus accruals and some one-time items linked to technical accounting changes on employee share plans and marketing costs.
Mix		**192**	2023 performance resulted in a positive mix effect of +€192m where strong improvement of Gross Margin in the Systems business was partly offset by impacts from the relatively faster growth of Systems revenues compared to Products.
Foreign currency impact[2]		**-573**	The impact of foreign currency decreased the adjusted EBITA by -€573m in 2023, or around -100bps of margin, of which around -40bps related to impacts from Argentina, Egypt and Turkey which saw significant currency devaluation in the year.
Scope and Others		**-713**	The impact from scope & others was -€713m in 2023, with net Scope impacts representing a -50bps adj. EBITA margin headwind primarily due to the reincorporation of Solar activities and the exit from Russia. Others represents primarily the positive impact from inventory revaluation in H1 2022.
Adj. EBITA FY 2023	**6,412**		

(1) Price on products and raw material impact.
(2) For those currencies meeting the criteria to be considered hyperinflationary under IAS 29, such as Argentina and Turkey, an IFRS technical adjustment for hyperinflation impact is reflected as FX and therefore excluded from the organic growth calculation. The effect of operational actions taken in those countries such as increased pricing to mitigate the inflationary impact is reflected as part of the organic growth

Energy Management

21.1%

Adjusted EBITA margin, up +220 bps organic.

Industrial Automation

17.0%

Adjusted EBITA margin, down -110 bps organic.

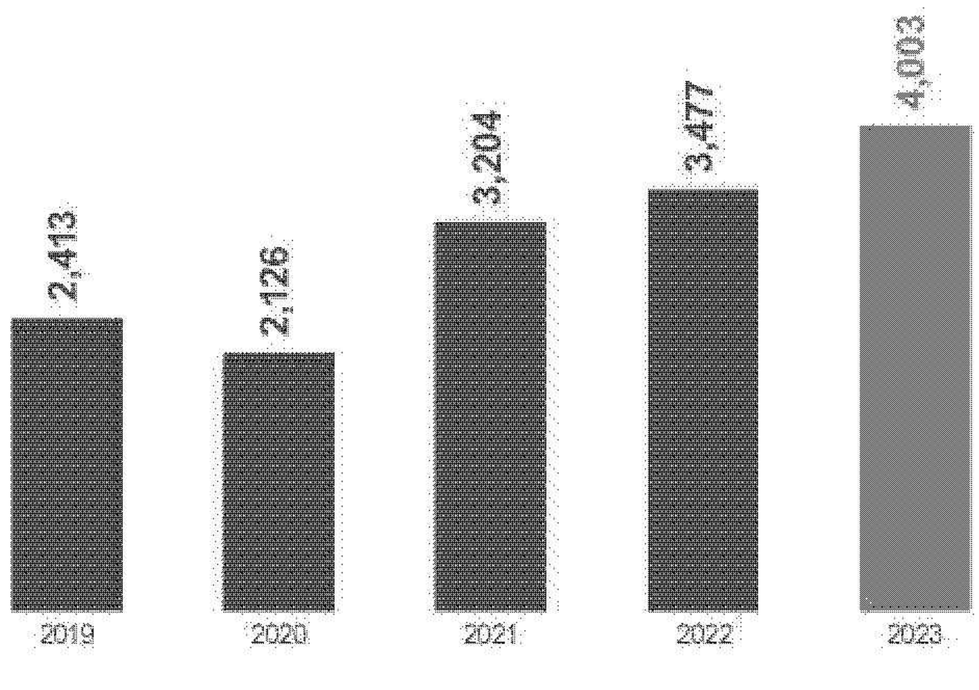
Financial performance highlights

Net income up +15%

€m	2022 FY	2023 FY	Comments
Adj. EBITA	**6,017**	**6,412**	
Other operating income and expenses	(433)	98	Other operating income and expenses had an impact of +€98m in 2023, consisting mainly of +€265m gains on business disposal including from Telemecanique Sensors, Gulor and VinZero, offset by M&A costs -€111m.
Restructuring costs	(227)	(147)	Restructuring costs were -€147m in 2023, €80m lower than in 2022 following completion of the Group's operational efficiency program and moving towards a target of around €100m per year, as previously communicated.
Amortization and impairment of purchase accounting intangibles	(424)	(430)	Amortization and impairment of intangibles linked to acquisitions was -€430m in 2023, €6m higher than in 2022.
Net financial income/(loss)	(215)	(530)	Net financial expenses were -€530m in 2023, -€315m higher than last year. The cost of debt was -€202m higher, as expected, due to higher interest rates and a higher base following the acquisition of AVEVA minorities. Other financial income and expenses were -€113m higher than in 2022, mainly attributable to impacts in hyperinflationary economies and FX.
Income tax expense	(1,211)	(1,285)	Income tax amounted to -€1,285m, higher than in 2022 by €74m as a consequence of the higher pre-tax profit. The Effective Tax Rate was 23.8%, in line with the expected range of 23-25% for FY2023, and slightly lower than 2022 when excluding impacts of Russia exit.
Profit/(loss) of associates and non-controlling interests	(30)	(115)	Share of profit on associates increased to +€51m, up +€22m compared to 2022. The net income from Delixi was stable year-on-year. Amounts attributable to non-controlling interests increased to -€166m compared to -€59m in 2022.
Net Income (Group share)	**3,477**	**4,003**	Net Income (Group share) was €4,003m in 2023, up +15% on 2022, which included losses associated with Russia exit.
Adjusted Net Income (Group share)	**3,968**	**4,066**	Adjusted Net Income was €4,066m in 2023, up +2% vs. 2022.

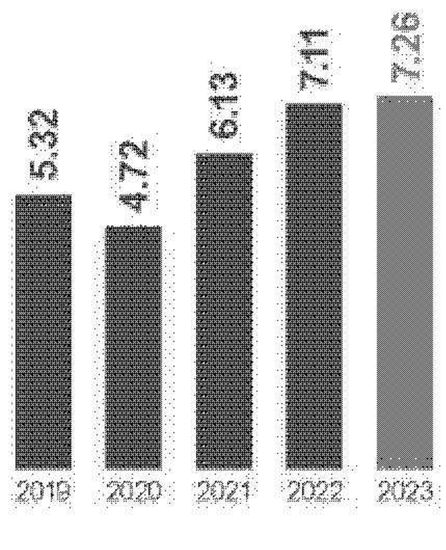
Net Income (Group share) (€ millions)

€4,003m



Adjusted Earnings Per Share (€)

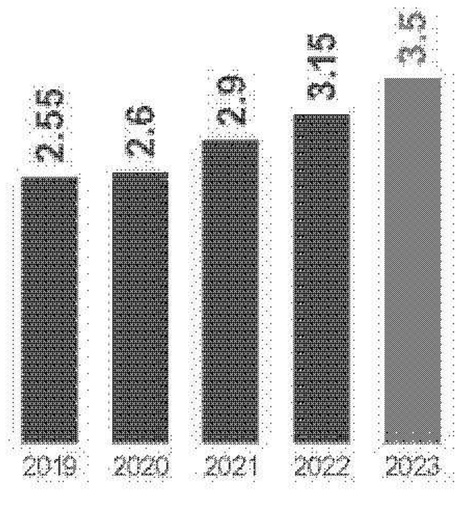
€7.26



Proposed Dividend Per Share (€)

€3.50

progressive dividend for 14th year in a row



Free cash flow reached €4.6 Billion

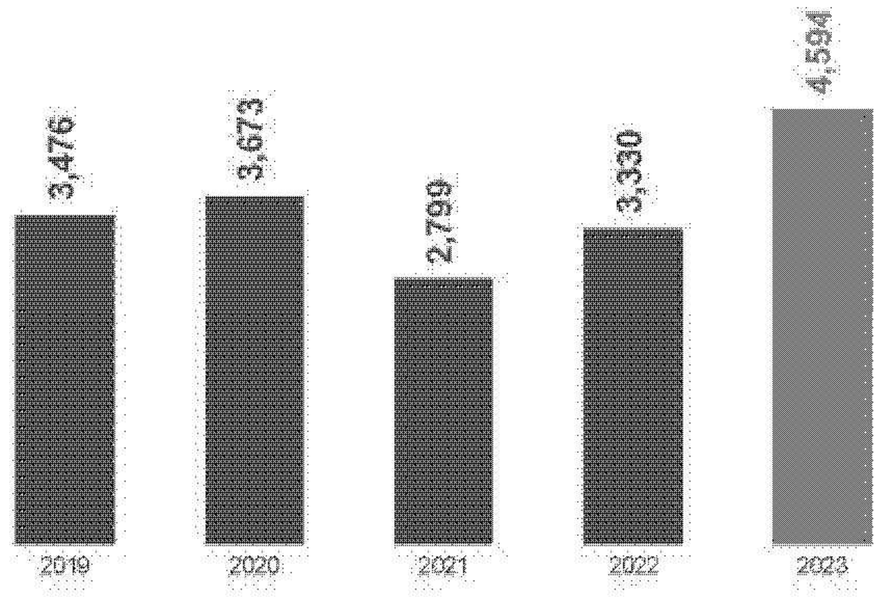
The Group delivered Free Cash Flow of **€4,594 million**, primarily due to the P&L performance driving record operating cash flow of +€5,529 million. This included R&D cash costs of €2,016 million, which increased to 5.6% of 2023 revenue.

Net capital expenditure of -€1,313 million increased slightly to 3.7% of revenue, in line with the Group's plans to make capacity investment to fuel future growth.

Trade working capital unwind boosted the free cash flow in 2023 by +€173 million, with a strong rebound in H2 of +€1,065 million. Inventory days were stable compared to December 2022, having seen an increase in the middle of the year as the Group sought to secure supply and prioritize deliveries to customers. For receivables, DSO also remained broadly stable while in relation to payables DPO increased slightly, helping working capital. Non-trade working capital requirements were primarily impacted by the level of bonus accruals.

Free Cash Flow (€ millions)

€4,594m



Balance Sheet Remains Strong

€ million	Dec. 31, 2023	Dec. 31, 2022
Total current and non-current financial liabilities	13,933	10,463
- of which Bonds	10,843	8,627
Cash and cash equivalents	-4,696	-3,986
Net financial debt excluding purchase commitments over non-controlling interests	**9,237**	**6,477**
Purchase commitments over non-controlling interests	130	4,748
Net financial debt including purchase commitments over non-controlling interests	**9,367**	**11,225**

Schneider Electric SE issued bonds totaling €3,600 million during 2023.

Schneider Electric's net debt at December 31, 2023 amounted to **€9,367** million (down from **€11,225 million** at December 2022) after payment of -€1.9 billion to fulfill the 2022 dividend and payment of -€0.7 billion in relation to share buyback, offset by net acquisitions of +€0.6 billion and the strong Free Cash Flow performance of +€4.6 billion.

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

Financial Strength

A-

Standard & Poor's

S&P Global Ratings

A3

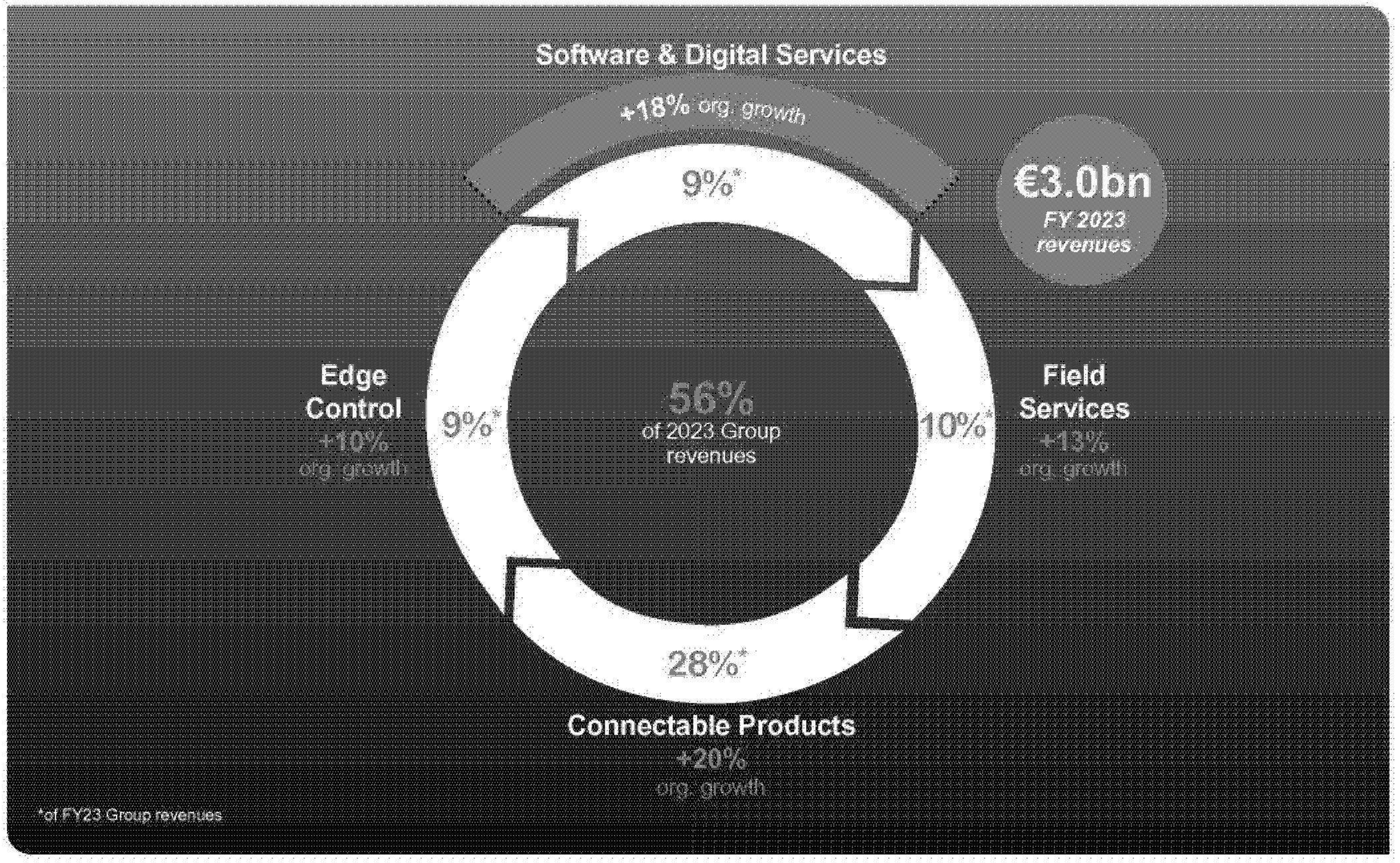
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MOODY'S

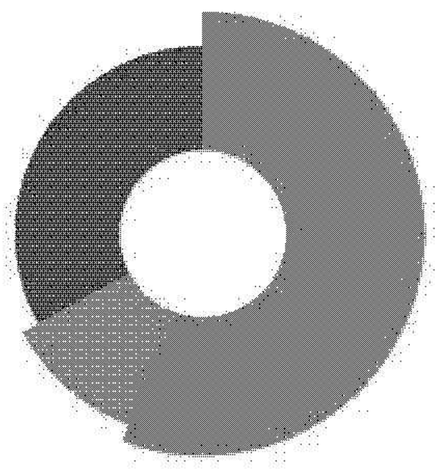
Digital update

In 2023, the Digital Flywheel represented 56% of Group revenue, showing good progress towards a target range of 60% - 65% by 2027. The growth of the Digital Flywheel outperformed the Group average, led by strong performance in connectable products (which now represent 28% of Group revenues) and Software & Services (which now represent 19% of Group revenues). Within its agnostic software businesses, around 70% of revenues were classified as recurring, showing strong progress towards a target of around 80% by 2027.

Digital flywheel growing faster than Group, up +17% org. in 2023



Moving towards 60% to 65% of Group revenues by 2027

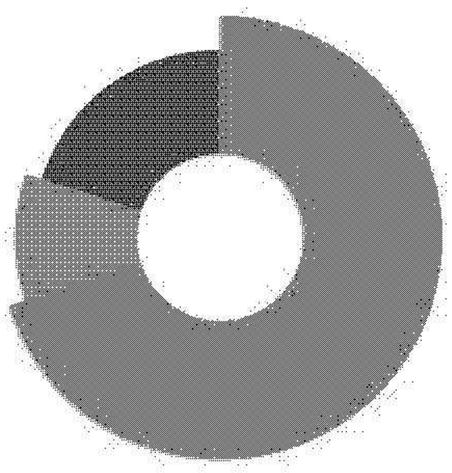


FY 2023 revenues

56%

- % of Group revenues
- 60% to 65% by 2027 ambition

Recurring revenue in Agnostic Software to increase to c.80% by 2027



FY 2023 revenues

70%

- % of agnostic software revenues
- c.80% by 2027 ambition

Key achievements of 2023:

- **Flywheel at 56% of 2023 revenues** (from 53% in 2022)
- **Agnostic software 70% recurring** (from 65% in 2022)
- Digital innovation driving strong double-digit growth in **connectable products**
- Double-digit growth in **Software and Digital Services** despite transition to subscription at AVEVA
- Good growth in **Field Services** supported by increasing installed-base and Systems growth.

Outlook and targets

Expected Trends In 2024

- Strong and dynamic market demand to continue on the back of structural megatrends.
- Strong demand for System offers notably driven by trends in Data Centers, Grid Infrastructure investment, and increased investments across Process industries served by both businesses.
- Continued focus on subscription transition in Software and growth in Services.
- A gradual demand recovery for Product offers, weighted towards H2, linked with a recovery in consumer-linked segments, and Discrete automation.
- All four regions to contribute to growth, led by U.S., India and the Middle East.

2024 Target

The Group sets its 2024 financial target as follows:

2024 Adjusted EBITA growth of between +8% and +12% organic.

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

- Revenue growth of **+6% to +8% organic**
- Adjusted EBITA margin up **+40bps to +60bps organic**

This implies Adjusted EBITA margin of **around 18.0% to 18.2%** (including scope based on transactions completed to-date and FX based on current estimation).

2024-2027 Financial targets and longer-term ambitions as announced in 2023 capital markets day

Based on its current view and assuming no major changes to the macro-economic and geopolitical environment, Schneider Electric announced its medium-term financial targets as follows:

2024-27 Financial Targets:

- Organic revenue growth of between +7% to +10%, CAGR 2023-2027[1].
- Organic expansion of Adjusted EBITA margin of around +50 basis points, CAGR 2023-2027[1].

Longer-term ambitions:

- Organic revenue growth of 5%+ on average across the economic cycle.
- To consistently be a Company of 25[2] across the economic cycle.
- Cash conversion ratio[3] expected to be around 100%, on average, across the economic cycle.

(1) 4 year CAGR.
(2) Sum of organic revenue growth % and adj. EBITA margin %.
(3) Free Cash Flow as a proportion of Net Income (Group Share).

Key achievements of 2023

January

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

- 13th consecutive year on CDP's Climate Change A list
- 13th consecutive year on the Dow Jones Sustainability World Index
- Top rating from EcoVadis: in the top 1% of 85,000 corporates assessed, achieving Outstanding level
- #1 in the Electronic Components & Equipment sector in Europe on the Vigeo Eiris index

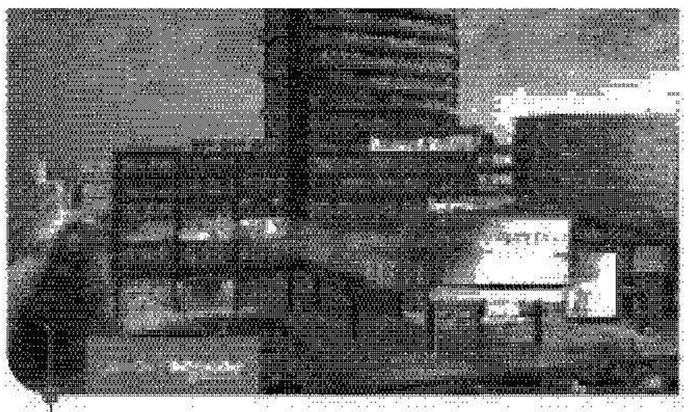
March

Schneider Electric launched enhanced integration in EcoStruxure™ solutions to respond to rising energy costs, escalating urgency for sustainable and net-zero buildings. Included are new integration capabilities in EcoStruxure™ Building Operation 2023, EcoStruxure™ Connected Room Solutions, and EcoStruxure™ Power Monitoring Expert, which will help simplify and speed-up access to data that is essential to manage energy use, help reduce carbon emissions, and enhance building value.

May

Peter Herweck became Schneider Electric CEO effective May 4, 2023. Having held several positions in fields of Power Distribution, Building Technologies, Strategy, Industrial Automation and Software (as CEO of AVEVA), Peter brings a diverse, cross-cultural mindset, derived from leading teams in both mature and emerging markets. He is passionate about technology and driving positive progress in energy efficiency for the world. His appointment as CEO was unanimously approved by the Board.

IMPACT Company





February

Schneider Electric launched its Industrial Digital Transformation Services. This specialized global service is designed to help industrial enterprises achieve future-ready, innovative, sustainable and effective end-to-end digital transformation. Services include discovery, diagnosis, strategy, design, implementation, and ongoing customer success to achieve demonstrable impact across operational efficiency and workforce empowerment, sustainability and energy efficiency, asset optimization, and cybersecurity.

April

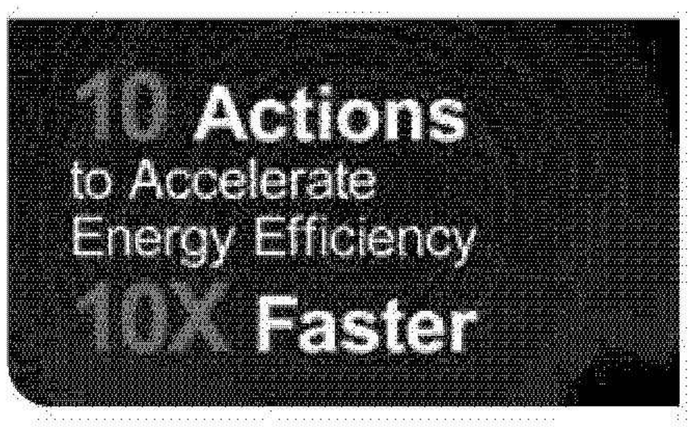
Schneider Electric was recognized by CRN with four prestigious five-star ratings in its 2023 Partner Program Guide. The mySchneider IT Partner Program was awarded five-stars for the fifteenth consecutive year, the EcoXpert Partner Program earned five-stars for a seventh consecutive year, while the mySchneider Panel Builders Program received a third successive five-star rating. The recognition reflects the Company's enduring commitment to nurturing robust channel partnerships for a more digitized and sustainable future.

June

IEA analysis shows that progress on energy efficiency needs to be doubled by 2030 as part of efforts to improve energy security and affordability while keeping the goal of limiting global warming to 1.5°C within reach. At the Global Conference in Versailles, strategies were defined to generate greater energy efficiency, culminating in the Versailles 10X10 Actions. The discussions reaffirmed the critical role that energy efficiency and digitization play in tackling the global energy crisis.



EcoXpert™



July

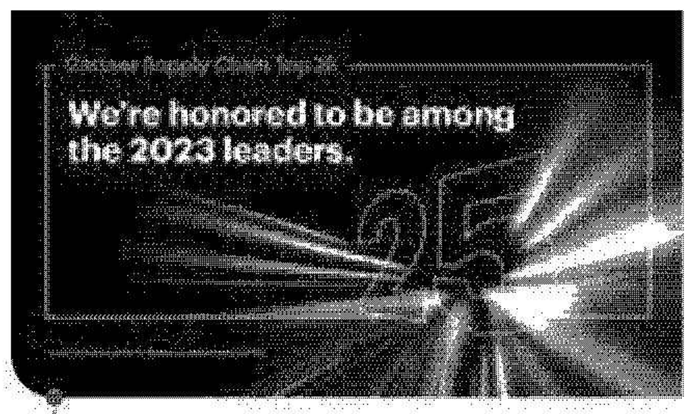
Schneider Electric ranked 1st in the Gartner Supply Chain Top 25 for 2023, climbing from second place in 2022 and achieving four consecutive years in the top five. In recent years, supply chains across the world have been challenged by significant disruption. During this time, Schneider Electric has not only navigated through the challenges but continued to invest to make a more resilient, agile, efficient, and sustainable supply chain.

September

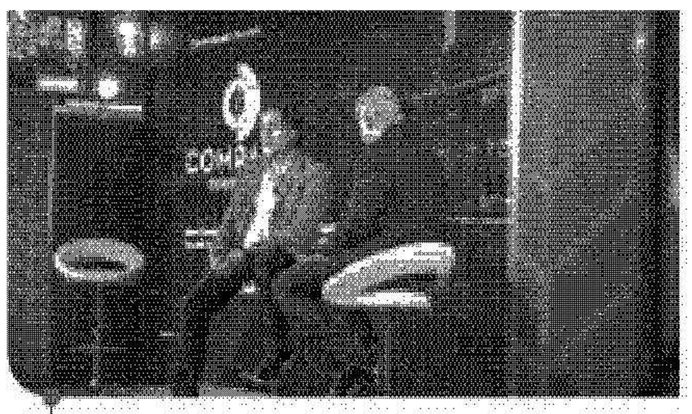
Schneider Electric unveiled its latest manufacturing plant in Texas, part of a US$ 300 million US manufacturing investment contributing to the advancement of the energy transition and the build out of America's infrastructure. With more than 20 plants in its US manufacturing network, the latest smart factory opening makes Schneider Electric's El Paso campus the Company's largest manufacturing operation in the US.

November

Schneider Electric announced a US$ 3 billion multi-year agreement with Compass Datacenters. The agreement extends the companies' existing relationship that integrates their respective supply chains to manufacture and deliver prefabricated modular data center solutions. Schneider Electric delivers on the promise of scalable, modular data centers that offer a simplified design, streamlined manufacturing, and the ability to be deployed easily across many environments to meet increased demand, driven by strong growth of AI.







August

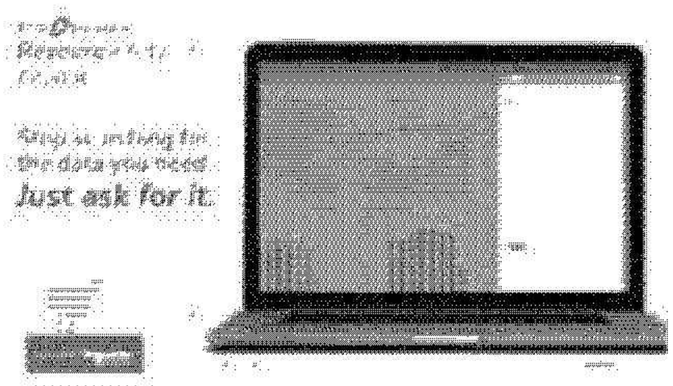
Schneider announced its plan to launch EcoStruxure™ Resource Advisor Copilot, a conversational AI tool designed to help business leaders interact with their enterprise energy and sustainability data at even greater speed. The copilot will equip energy and sustainability teams with enhanced data analysis, visualization, decision support, and performance optimization, and the ability to seamlessly process intricate industry knowledge and Resource Advisor system information.

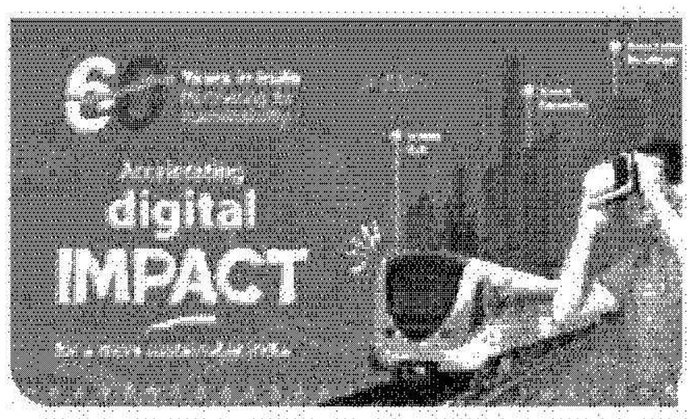
October

Schneider Electric marked the 60th anniversary of the Company's operations in India, today having 37,000+ employees and 30 manufacturing sites in India. The country is Schneider's third largest market and acts as one of four global hubs for the Group. The Schneider Electric Innovation Yatra is our new carbon neutral "innovation hub on wheels" to connect and engage with over 20 million customers and make India more sustainable, digital, and energy-positive.

December

Schneider Electric launches the new industrial intelligence software platform CONNECT. Combining the industrial ecosystem with data, AI, and deep domain expertise for sustainability and efficiency, CONNECT is where our customers can access all their software applications and insights and benefit from integrated intelligence that enables them to operate with agility, resilience, and sustainability.





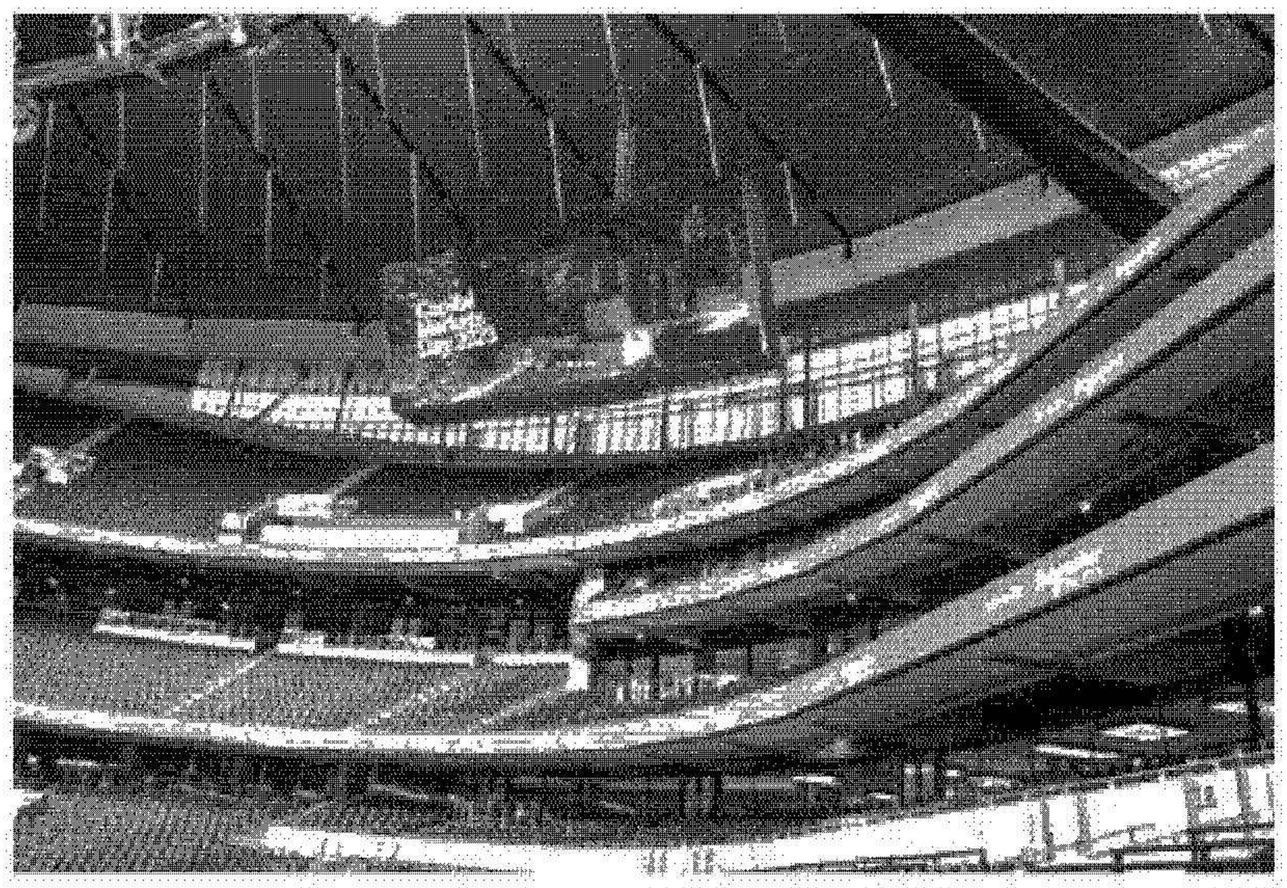


2023 Capital Markets Day

November 9, 2023

Tottenham Hotspur Stadium, London









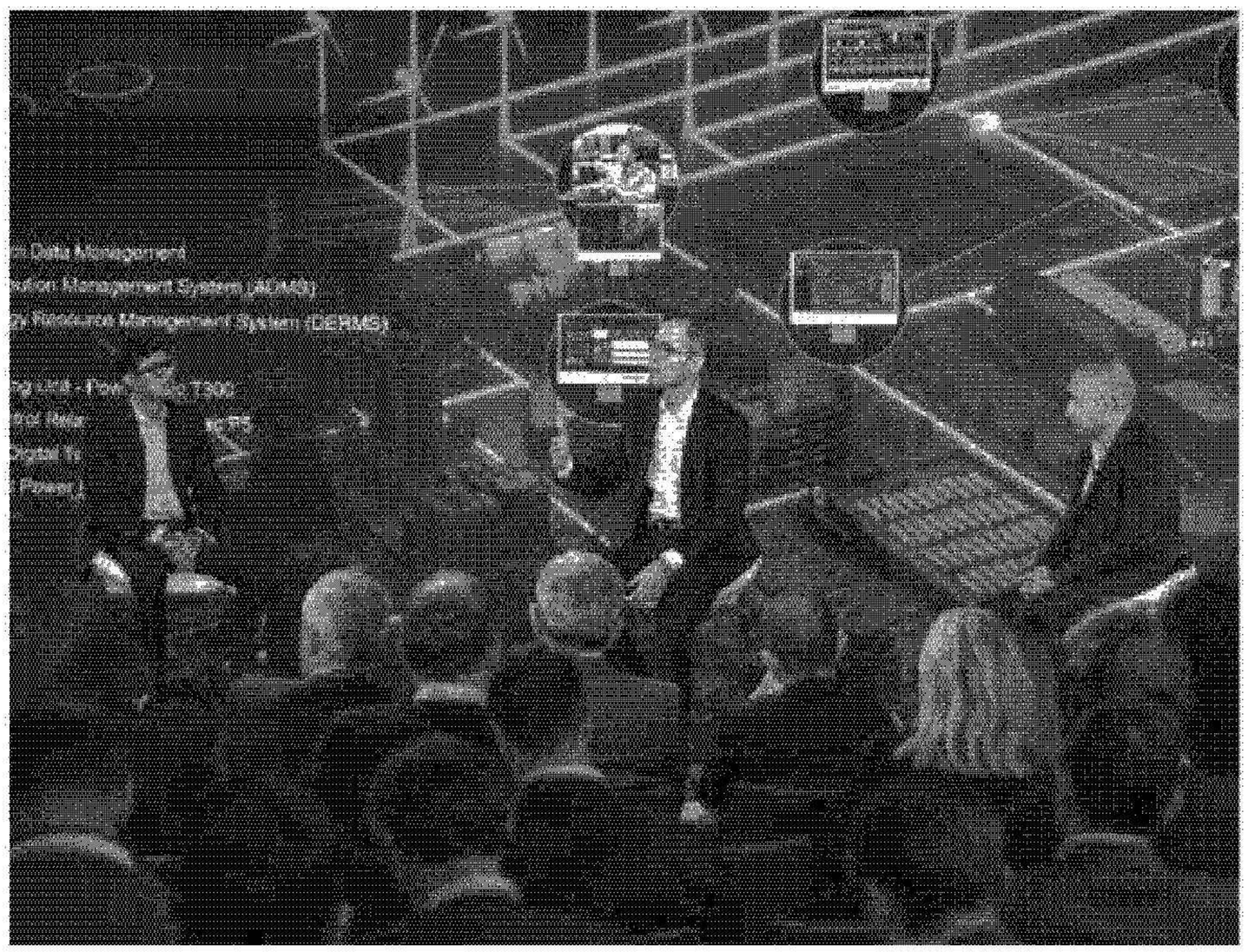


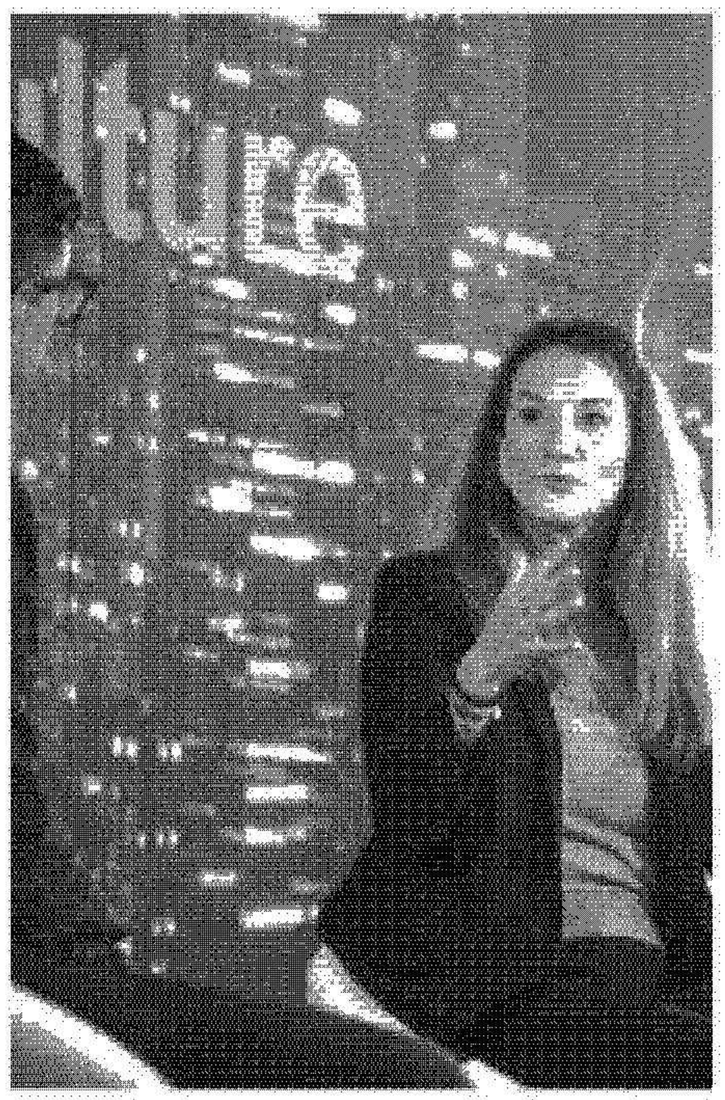


Attendees

2,700+

Attendees, in person and digitally













Market trends – five megatrends driving The Next Frontier of market growth

These megatrends reinforce our strategic vision – creating unprecedented opportunities in our end-markets through the cycle.

Digitization & Artificial Intelligence

The evolution of large language models and AI has accelerated market growth. Requirements for "compute" have increased dramatically and require power, cooling, more data centers, and will drive more usage of structured data, applications, and connected products. These are all parts of Schneider's broad offer, enabling us to capitalize on this trend.

20GW

AI power demand to grow by 2028

Climate Change

A decade of climate change with imperative measures ahead. Our generation and technology need to help to resolve this challenge.

Replace energy supply
Scope 1 & Scope 2

Reduce for efficiency & circularity
Scope 3

Electrify processes

Energy Transition

Expansion of electrification and energy demand, combined with a need to decarbonize. Technologies already exist to make companies energy resilient and net zero.

70%

CO_2 emissions can be removed using existing technologies

Evolution of Wealth

Increased electrification and data provide opportunities in both mature and emerging economies. We are positioned to benefit from an infrastructure refresh in mature economies and new construction in emerging economies.

India + MEA by 2050

Population

+1.4bn Growth

+1.5bn Urban

Buildings

+100bn m^2 Growth

Size of what exists in Europe & China today

New Global Equilibrium

Evolving horizons – a change in the global landscape. We are well positioned for the shift in paradigm driven by supply chain evolutions and reshoring that will drive needs for more automation and electrification.

Investment

$516bn

"Manufacturing the future" investments announced by private companies under present US administration

Source: whitehouse.gov

Data Centers and Networks end-market

Digitization and AI megatrends are driving unprecedented changes and opportunities to the Data Centers and Networks end-market with increased needs for both Energy Management and software offers. Strong future growth is expected, with critical needs for electrical content boosted by this turning point in technology. We support data centers end-to-end across the lifecycle:

Building a digital model, with ETAP for electrical design and simulation, and RIB Software for planning and scheduling throughout the construction process.

Source management through our ASCO Power Technologies solutions.

Power distribution: medium and low voltage distribution that provides power efficiently, meeting increased needs for power density.

Uninterruptible Power Supply which is the power at the rack level as well as the facility level.

Monitoring: we ensure all of this is monitored appropriately with connectivity for every asset.

End-markets exposure

21%

of 2023 orders

Market Position

#1

in electrical distribution

#1

Most complete portfolio

Market CAGR to 2027

>10%

Key Drivers Artificial Intelligence

Market Segments

- Cloud and Service providers
- Enterprise IT
- On-premise Enterprise Datacenter
- Commercial & Industrial

Business Models

Products Systems Software & Services

Key Data Points

From CPU to GPU technology

x3 to x4 kW

requirement per rack

Customer example – Compass Datacenters

COMPASS datacenters®

Goal

The skyrocketing generation and consumption of data, in large part due to the burgeoning AI market, requires a new breed of data centers that can be standardized in their design, manufactured efficiently, and delivered more quickly at a lower cost.

Challenge

Compass is a fast growing company with >100% growth in past years and over 300% growth in 2023 supported by digitization and AI megatrends. Compass needed to find a long-term partner to secure multi-year supply and support the company's scale-up phase while remaining a sustainability flagship in their industry.

Solution

Agreement between the companies as an expansion of an existing partnership to manufacture prefabricated modular data center solutions. The integration of supply chains between companies will deliver finished goods more quickly, with predictability, and at a lower cost. The collaborative efforts will allow Compass to meet the increasing demands from customers to deliver cutting-edge data center solutions in an innovative manner.

Results

Schneider Electric and Compass Datacenters expand their partnership with a $3 Billion multi-year Data Center technology agreement. Since the inception of the initial agreement between the companies, Schneider Electric has manufactured and delivered about 150 modular data center solutions to Compass from its West Chester, OH operation.

Buildings end-market

Strong megatrends are driving growth for the Buildings end-market. On one hand, the growing population and increasing urbanization in emerging economies is driving the need for construction with a rise in first time demand together with increased digitization. On the other hand, there is a need for existing infrastructure refresh, particularly in mature economies where radical acceleration with retrofit is required in order to meet decarbonization commitments, supported by government investment.

Buildings

32%

of 2023 orders

Market Position

#1

in electrical distribution

1 in 4

Present within 25% of all buildings

Market CAGR to 2027

+4% to +5%

Key Drivers

Decarbonization

Market Segments

- Office & public buildings
- Healthcare
- Hotels
- Residential
- Commercial buildings
- Retails chains

Business Models

Products Systems Software & Services

Key Data Points

Strong renovation momentum

>85%

of today's buildings are likely to still be in use in 2050

Customer example – Tottenham Hotspur



Goal

As the Official Stadium Energy Management Supplier for Tottenham Hotspur Football Club, Schneider Electric installed its EcoStruxure Platform to detect the energy consumption across all the stadium's operations and then use this data to become even more energy efficient.

Challenge

In the UK, energy waste is the UK's third-largest source CO_2 emissions, with at least 117 million tonnes generated by lost or wasted energy each year. Tottenham Hotspur Football Club is on a mission to minimise their activities' impact on the environment – monitoring energy consumption is pivotal to this.

Solution

Schneider Electric's EcoStruxure Building Operation, Power Monitoring Expert, and Power SCADA Operations software platforms on site and EcoStruxure Building Advisor cloud based analytics was installed to allow continuous control and real-time monitoring of the systems integral to the stadium's smooth operations.

Results

Tottenham Hotspur has been named the Premier League's greenest club for the past four successive years following a study carried out by the UN-backed Sport Positive Summit.

Industry end-market

Within the Industry end-market we target electro-intensive industrial companies in multiple segments including Energies & Chemicals, Consumer Packaged Goods, and electric vehicle (EV) battery manufacturing. We bring our complementary Energy Management and Industrial Automation offers together to fulfill the needs for energy efficiency, increased automation, and sustainability. The Industry end-market is driven by the acceleration of digitization and process electrification coupled with trends of reshoring and mega-projects.

Industry

34%

of 2023 orders

Market Position

#1

in electrical distribution

#1

in Industrial data and safety

Market CAGR to 2027

+5% to +6%

Key Drivers

Reshoring & mega-projects

Market Segments

- Energy & chemicals
- Consumer packaged goods
- Metals, mining & minerals
- Machine solutions / OEMs
- EV & battery manufacturing

Business Models

Products Systems Software & Services

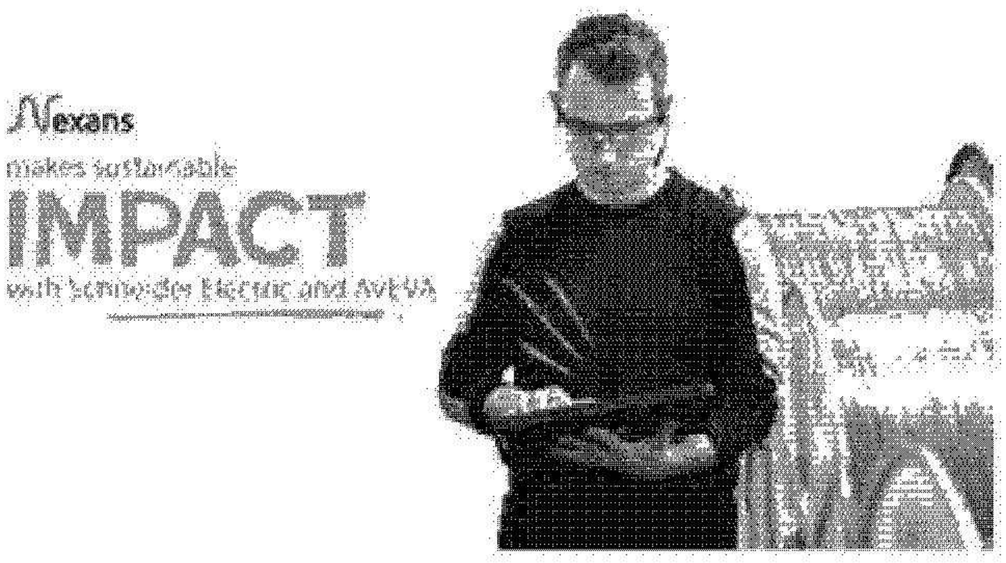
Key Data Points

Accelerated software deployment

C.+10%

market CAGR

Customer example – Nexans



Goal

Accelerate the transformation of Nexans into a business driven by clear, rich and actionable data as the foundation for improved business performance, safety and flexibility.

Challenge

The digitization of its factories will further improve the efficiency of production lines, enable predictive maintenance and reduce carbon emissions. It will also contribute to the Group's commitment to achieve carbon neutrality by 2030. Customers for Nexans's cable products and services will experience the benefits of the program through enhanced products availability.

Solution

Nexans has partnered with Schneider Electric on a joint program to take its digital journey to the next level after witnessing the successful roll-out of its digital transformation program across more than 115 sites worldwide. Today's industrial innovation is driven by powerful software and data analytics that increases both productivity and sustainability. Schneider Electric's EcoStruxure platform gives industrial enterprises focused insights to understand process and operational data and uniquely enables common cross-function, live monitoring, and application data sharing.

Results

Digitization drives performance

Deployment speed
45 sites across 16 countries in 3 years (by 2025)

Data usage capacity
From 10% to 70% in just 3 years

Expected ROI
Less than 3 years (investment costs, IT/OT, OpEx of licences vs. material/energy/ productivity gains)

Infrastructure end-market

Within the infrastructure end-market we primarily address the needs from grid, transportation, and water and wastewater segments. The grid is going through a structural transformation as it represents a bottleneck to the energy transition. Increased power requirement, resiliency, and safety needs are driving investments around grid modernization, grid extension for extended power reach, and grid digitization for increased efficiency and sustainability.

Infrastructure

13%

of 2023 orders

Market Position

#1 in electrical distribution

#1 in industrial data

#1 in Grid

Market CAGR to 2027

+5% to +7%

Key Drivers

Big government funding

Market Segments

- Grid
- Transportation
- Water Wastewater

Business Models

Products Systems Software & Services

Key Data Points

Increase share of electricity

From 20% to 50%

of the energy mix by 2050

Customer example – Digitization of conEdison, 4th largest utility in the US

conEdison

Goal

Consolidation of five disparate Geospatial Referenced systems in the New York City area to one continuous System of Record. The System of Record is a cornerstone system for conEdison as it delivers data to over 25 downstream applications and thousands of end users.

Challenge

Building a consolidated model with standardized data and processes into a seamless enterprise GIS to replace multiple decades-old legacy systems. This includes the migration of the existing solution and the conflation of the data to the New York City land base.

Solution

As a market-leading technology provider, Schneider Electric has the offers and expertise to modernize, automate and digitize conEdison infrastructure. Through a combination of EcoStruxure ArcFM™ offers Schneider supports conEdison as they strengthen the network with enterprise business GIS intelligence solutions for advanced asset and network management.

Results

As we deploy Schneider Electric solutions, conEdison are experiencing the efficiencies brought by a modern architecture. They are implementing our Designer XI tool which will eliminate redrawing of designs into their System of Record. Through ArcFM™ Mobile they are delivering digital map books to the field as well general visualization of their networks via ArcFM™ Web. This ability to distribute this information to all aspects of the company improves efficiency and safety to conEdison employees.

Electrical and automation technologies are converging with software and sustainability as enablers for rapid acceleration

Transforming to be the "Industrial Tech" leader

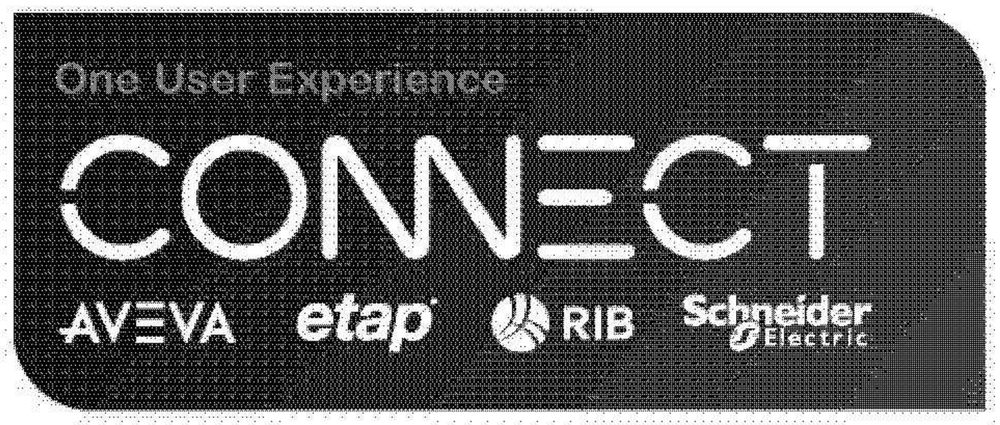
"We have over 100 individual software solutions today that have been put together patiently and strategically by Schneider over decades. We are now in the process of bringing these together on one platform called 'CONNECT'.

Delivering on our promise of holistic efficiency for customers with one easy experience, we will provide a combination of agnostic software that, together, gives one intelligent digital twin. The one place where all data comes together, where everything is true and is the exact depiction of the asset, where operational data flows through, and where you deploy not just generative AI to ask questions, but Industrial AI to let processes run and self-optimize, and predict to drive savings."

"That is what Connect is going to bring: the one place for the industrial ecosystem to come together."



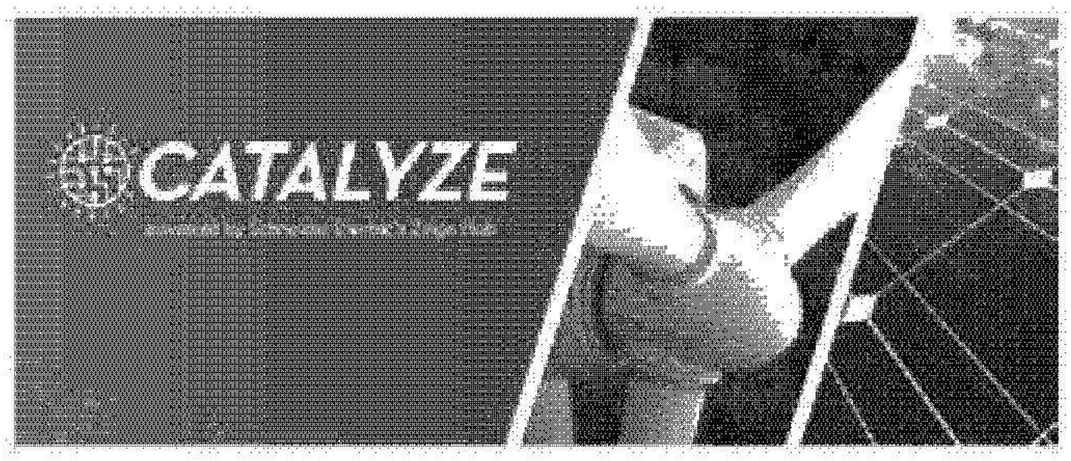
Caspar Herzberg
CEO AVEVA and EVP
Schneider Electric Software

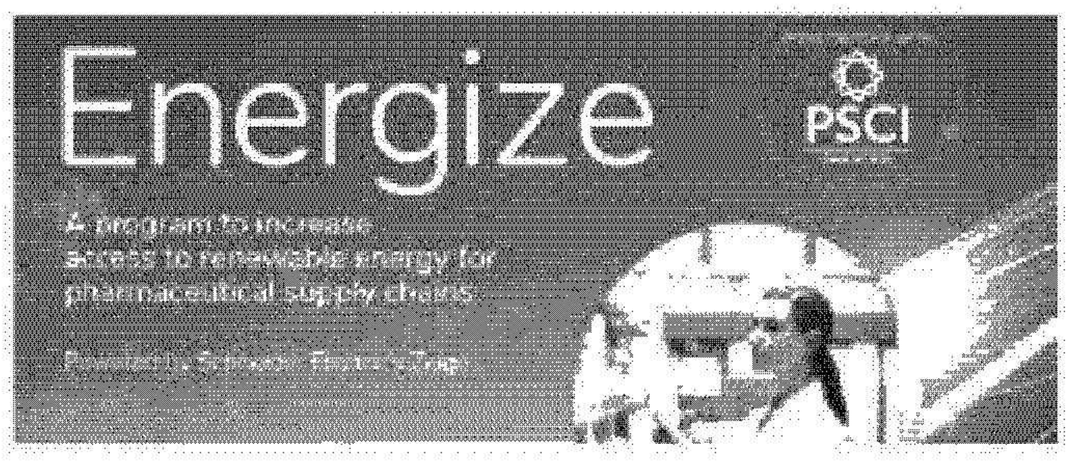


Going beyond the scope of operations in sustainability

We help our customers define their sustainability journey, strategize with them through our Sustainability Consulting offer, then help them to digitize so they have full visibility of their operations. Finally, we help them to decarbonize through our equipment with PPAs, managed services, and the rest of our broad offering. Today, 40% of the Fortune 500 companies are our clients, and we additionally help them in their decarbonization journey through networks where we drive decarbonization in different industries such as semiconductors or pharmaceutical supply-chains through our Catalyze and Energize programs.

Find out more about our Catalyze and Energize programs **at www.se.com**





Leading companies follow an integrated approach

Strategize

- **MEASURE** enterprise baseline
- **CREATE** decarbonization roadmap
- **STRUCTURE** program & governance
- **ENGAGE** ecosystem
- **COMMUNICATE** commitment

Decarbonize

- **REPLACE** energy source
- **ELECTRIFY** operations
- **REDUCE** energy use

Digitize

- **MONITOR** resource usage & emissions
- **IDENTIFY** saving opportunities
- **REPORT** and benchmark progress

An "Impact Maker" for sustainability

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

IMPACT Company

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

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

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

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

1. Do well to do good and vice versa

Performance
The foundation for doing good

Business
Part of the solution

All ESG
Dimensions

2. Bring everyone along

Model & culture
Set up for global and local impact

All stakeholders
in the ecosystem

An Impact model recognized in external ratings

ecovadis Platinum Top 1% — Sustainability rating FEB 2024

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

CDP A List 2023 — CLIMATE

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

Corporate Knights: A Global 100 Most Sustainable Corporation

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

Moody's ESG Solutions

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

Dow Jones Sustainability Indices

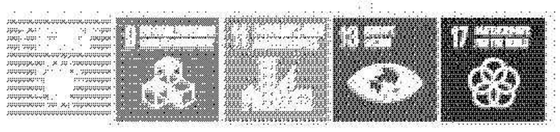
#1 among industry peers, scoring 88 out of 100 in the latest S&P Global Corporate Sustainability Assessment

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

Our 2025 sustainability commitments

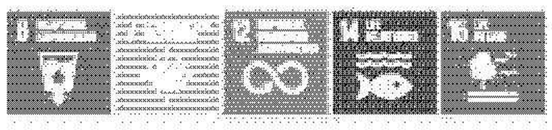
With less than 10 years left to reach the 17 United Nations Sustainable Development Goals (SDGs), Schneider Electric has accelerated its impact and is making new, bold commitments to drive meaningful impact within the framework of its business activity. Schneider Electric's 6 long-term commitments are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

Act for a climate-positive world



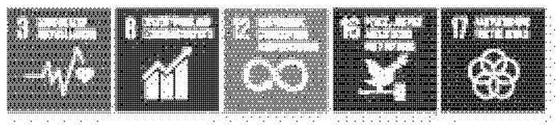
by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our carbon pledge.

Be efficient with resources



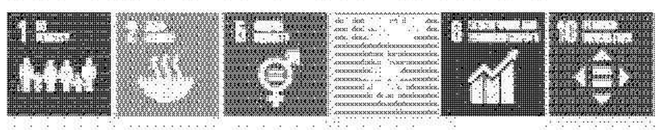
by behaving responsibly and making the most of digital technology to preserve our planet.

Live up to our principles of trust



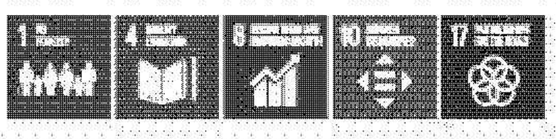
by upholding ourselves and all around us to high social, governance, and ethical standards.

Create equal opportunities



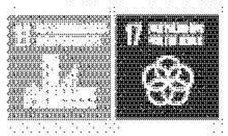
by ensuring all employees are uniquely valued in an inclusive environment to develop and contribute their best.

Harness the power of all generations



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

Empower local communities



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

Our unique transformation tool

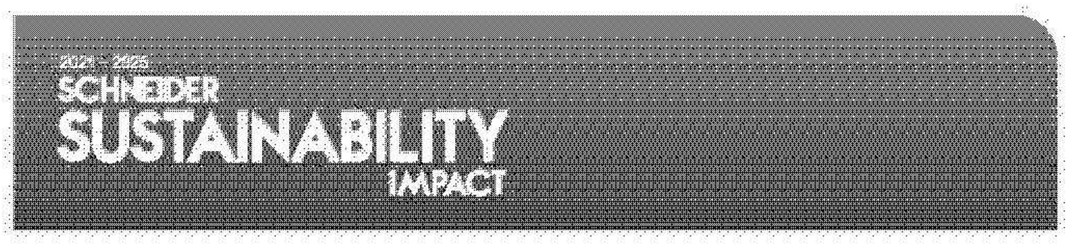
Since 2005, Schneider Electric measures and demonstrates its progress against sustainability goals with a unique transformation dashboard today called Schneider Sustainability Impact (SSI).

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

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

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

To ensure robustness, the SSI's performance and monitoring systems are audited annually by an independent third party and obtain a "moderate" assurance, in accordance with ISAE 3000 assurance standard (except for SSI #+1). In 2023, the Group obtained a "reasonable" assurance for SSI #8.



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**

Read more about Schneider Sustainability Impact and Schneider Sustainability Essentials in chapter 2, on **pages 71 to 75**.

Read more about our contributions the United Nations Sustainable Development Goals on **pages 76 and 77**.

Proud of 2023's sustainability achievements

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

In 2023, the SSI achieved a great score of 6.13/10, exceeding its 6.00/10 target for the year, and is on track to achieve its 2025 ambition. This result represents the average progress of 11 SSI programs (excluding SSI #+1).

The Group's solutions and services helped its customers save and avoid +110 million tons of CO_2 emissions in 2023 alone (SSI #2), and The Zero Carbon Project contributed to reduce the operational CO_2 emissions of 1,000 top suppliers by 27% (vs. 10% in 2022). The Group also progressed on its transition to sustainable packaging, with 63% of primary and secondary packaging now free from plastic-free, using recycled carboard (SSI #5), versus 45% in 2022. The most significant progress was achieved by SSI #9 with 6.9 million people provided with access to clean and reliable electricity in 2023 alone (vs. 5.5M in 2022). Lastly, progress against the nearly 200 local commitments taken in all markets where Schneider operates under SSI #+1 can be consulted on a dedicated page on se.com.

SCHNEIDER SUSTAINABILITY IMPACT

6.13/10

vs. 4.91/10 in 2022 and outperforming 6.00/10 target for the year

Schneider Sustainability Impact

6 Long-term Commitments	11+1 targets for 2021-2025		Baseline[1]	2023 Progress[2]	2025 Target
Climate	1.	Grow Schneider Impact revenues[3]	2019: 70%	74%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	2020: 263M	553M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operations	2020: 0%	27%	50%
Resources	4.	Increase green material content in our products	2020: 7%	29%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	63%	100%
Trust	6.	Strategic suppliers who provide decent work to their employees	2022: 1%	21%	100%
	7.	Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
Equal	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	2020: 41/23/24	41/28/29	50/40/30
	9.	Provide access to green electricity to 50M people	2020: 30M	+16.6M	50M
Generations	10.	Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.52	x2.00
	11.	Train people in energy management	2020: 281,737	578,709	1M
Local	+1.	Country and Zone Presidents with local commitments that impact their communities	2020: 0%	100%	100%

(1) The baseline year is indicated in front of each SSI baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSL indicators (except SSI #+1 and SSL #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 302). In addition, SSI #8 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) Per Schneider Electric definition and methodology. For the reporting requirements under the European Taxonomy Regulation, please refer to pages 277 to 293.

Climate

Parterning to accelerate the adoption of renewable energy

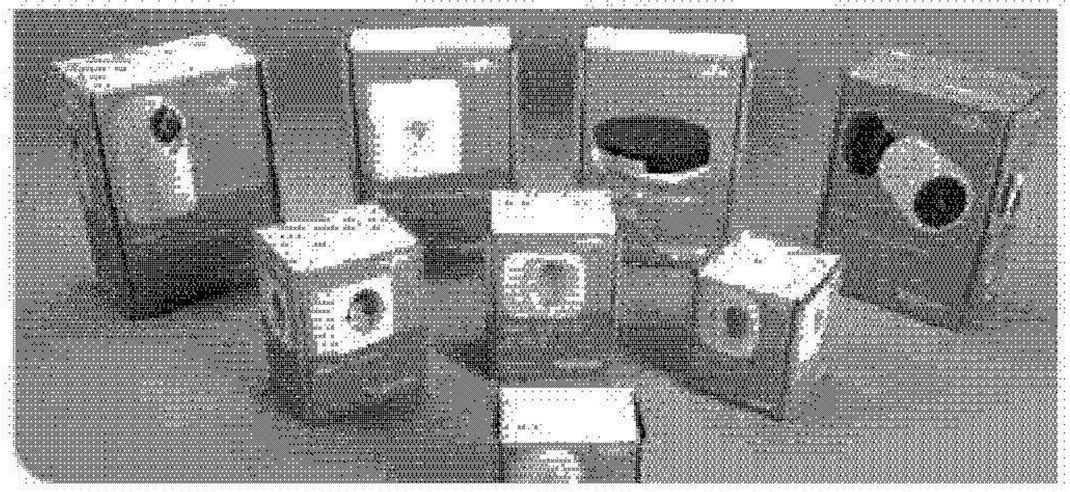
With the Catalyze Program, Schneider Electric Partners with Intel, Applied Materials and Google to accelerate the adoption of renewable energy and reduce CO_2 emissions throughout the global semiconductor value chain.



Resources

Products with sustainable packaging

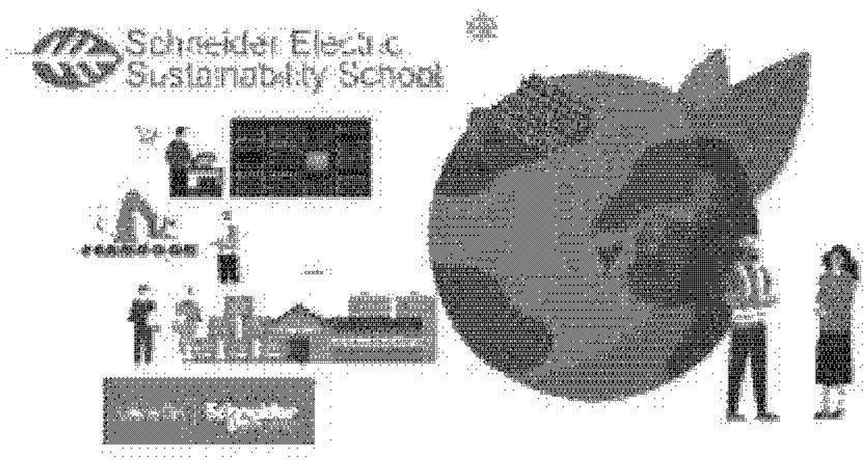
Packaging transformation is making progressing apace, with 80% of all cardboard used in the primary and secondary packaging made from recycled carboard. Our Wiser range is notably completely free from single-use plastics, using only recycled cardboard.



Trust

Sustainability School for Partners

To support its Partners in their Net-zero transformation, Schneider Electric has launched an innovative program specially designed to empower them with skills and knowledge to capitalise on emerging business in sustainability and digitization.



Equal

Clean electricity for health facilities

Schneider helped install solar solutions for more than 500 public health centers in South Asia and Africa. Previously without access to reliable electricity, these facilities can now guaranteed access to quality healthcare for over 1.5 million people.



Generations

Go Green Winners

Celebrating Schneider team, Team Sun Devil Sparks, from North America for its energy saving solution for space cooling using "breathing" wall panels.

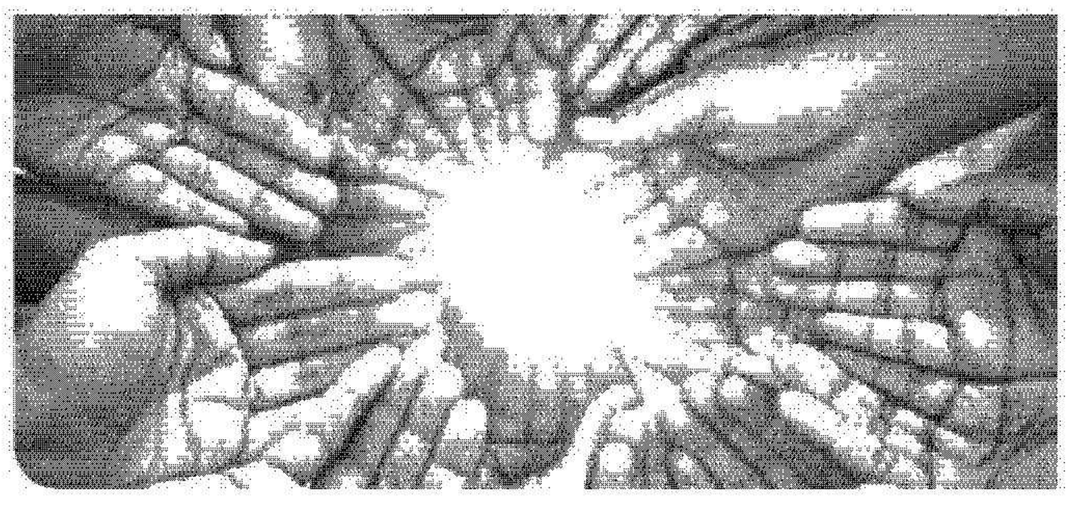
The challenge for students competing was to introduce a solution helping building owners to motivate and empower occupants to reduce their carbon footprint through technology.



Local

Acting as a corporate citizen

Schneider Electric employees, with the support of Schneider Electric Foundation and the Tomorrow Rising fund, demonstrated an incredible spirit of solidarity following the earthquakes in Türkiye, Syria and Morocco. Donations from thousands of employees around the world have been contributing to providing emergency kits, and maintaining education supporting refugees and NGOs' missions.



Governance

A new governance structure



Jean-Pascal Tricoire
Chairman of the Board of Directors
60 years, French

- Organizes and directs work of Board, presides over Annual General Meetings.
- Supports the Company in its high-level relations with select stakeholders (notably in Asia), in coordination with the Chief Executive Officer.
- Promotes the Company's values and culture, in particular in relation to environmental, social and governance (ESG).
- Advises CEO, notably on strategic, human capital, and leadership development matters.



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

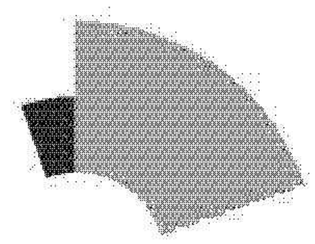
- Consulted by the Chairman on agenda and sequence of events for Board meetings.
- Has the ability to require that the Chairman convene a Board meeting.
- Deals with any possible conflicts of interest.
- Carries out annual assessments of the Board.



Peter Herweck
Chief Executive Officer
57 years, German

- Has sole authority to bind the Company with third parties.
- Defines and proposes the strategy.
- Manages the Company.
- Runs the business.
- Develops human capital and leadership.

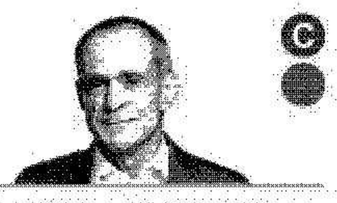
Board expertise



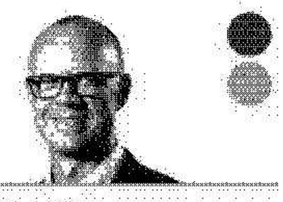
- International markets (15)
- Corporate finance (13)
- Public company management (14)
- Industry knowledge (9)
- Accounting, audit & risk (5)
- Sustainability (5)
- Law, governance, ethics & compliance (4)
- Digital & Software (7)
- Employee perspective & Knowledge of the Group (4)

Our Board of Directors

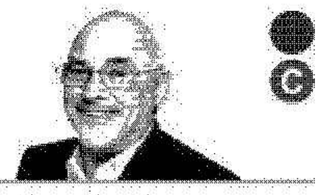
As of March 28, 2024, the Board of Directors consisted of 16 Directors. Mr. Philippe Knoche was appointed as an Observer by the Board of Directors on December 13, 2023, in effect from February 14, 2024, with the intent to propose his appointment as a Board member to the Annual Shareholders' Meeting to be held on May 23, 2024.



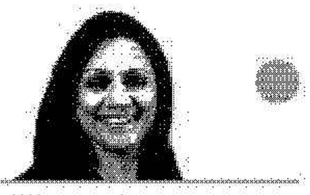
Jean-Pascal Tricoire
Chairman of the Board of Directors
60 years, French



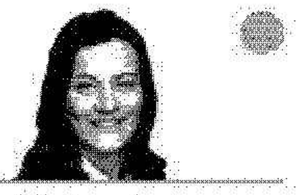
Fred Kindle
Vice-Chairman &
Lead Independent Director
65 years, Swiss



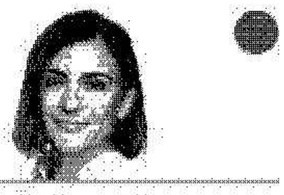
Léo Apotheker
Director
70 years, French & German



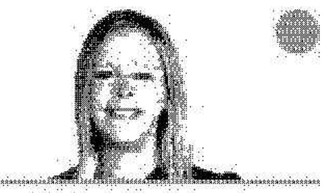
Nive Bhagat
Independent Director
52 years, British



Cécile Cabanis
Independent Director
52 years, French



Giulia Chierchia
Independent Director
45 years, Belgian & Italian



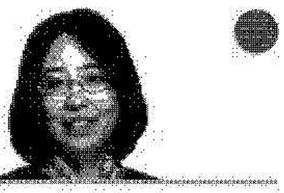
Rita Félix
Employee Director
41 years, Portuguese



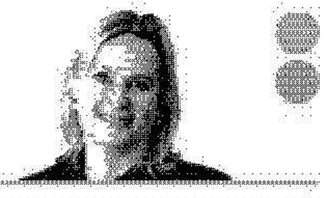
Linda Knoll
Independent Director
63 years, American



Jill Lee
Independent Director
60 years, Singaporean



Xiaoyun Ma
Employee Shareholders Director
60 years, Chinese



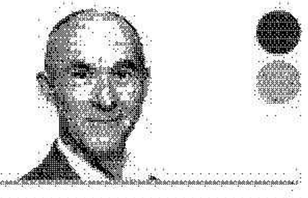
Anna Ohlsson-Leijon
Independent Director
55 years, Swedish



Abhay Parasnis
Independent Director
49 years, American



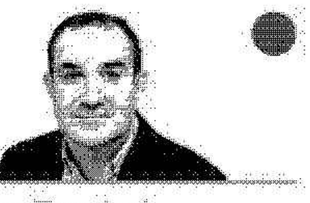
Anders Runevad
Independent Director
64 years, Swedish



Gregory Spierkel
Independent Director
67 years, Canadian



Lip-Bu Tan
Independent Director
64 years, American



Bruno Turchet
Employee Director
50 years, French



Philippe Knoche
Observer
55 years, French & German

- 3 Employee Directors
- 85% Independent Directors*
- 46% women Directors*
- 81% non-French Directors
- 12 nationalities from 3 continents

Board committees

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

Governance, Nominations & Sustainability Committee
6 meetings**
6 members
67% independent
96% average attendance

Human Capital & Remunerations Committee
4 meetings**
5 members
100% independent*
100% average attendance

Investment Committee
3 meetings
8 members
67% independent*
90% average attendance

Digital Committee
5 meetings**
7 members
67% independent*
94% average attendance

(C) **Committee Chair**

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

Activities of the Board in 2023

There were seven meetings (including a Strategy session of three days) with 94% average attendance.

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

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

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

Corporate governance
Succession plan for Corporate Officers, composition of the Board and its committees, compensation of Corporate Officers, long-term incentive plan, preparation of the Annual General Meeting.

Our Executive Committee

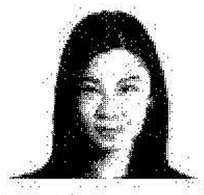
As of December 31, 2023, the Executive Committee was chaired by the Chief Executive Officer and meets monthly. Its mission is to conduct Schneider Electric business in line with the strategy defined by the Board of Directors.



Peter Herweck
Chief Executive Officer
57 years, German



Hilary Maxson
Chief Financial Officer
45 years, American



Charlse Le
Chief Human Resources Officer
51 years, Chinese



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



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



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



Nadège Petit
Executive Vice-President
Innovation
43 years, French



Gwenaelle Avice-Huet
Executive Vice-President
Europe Operations
44 years, French



Peter Weckesser
Chief Digital Officer
55 years, German



Annette Clayton
Chairwoman of North America
60 years, American



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



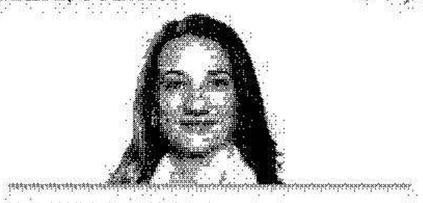
Manish Pant
Executive Vice-President
International Operations
54 years, Indian



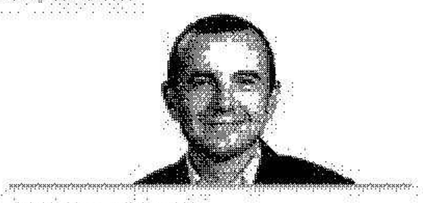
Aamir Paul
President and Chief Executive Officer North America Operations
46 years, American



Zheng Yin
Executive Vice-President
China & East Asia Operations
52 years, Chinese



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



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



Caspar Herzberg
CEO AVEVA & EVP
Schneider Electric Software
50 years, German

Our Stakeholder Committee

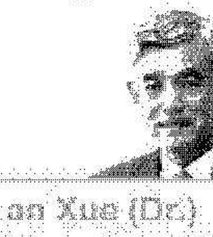
The primary mission of the Stakeholder Committee is to oversee the delivery of long and short-term commitments undertaken by Schneider Electric in accordance with its purpose and sustainability strategy.



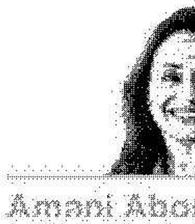
Peter Herweck
Chief Executive Officer
57 years, German



Bertrand Piccard
Chairman of Solar Impulse Foundation
65 years, Swiss



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



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



Linda Knoll
Director of Schneider Electric SE, Human Capital & Remunerations Committee Chair
63 years, American



Rita Félix
Employee Director of Schneider Electric SE
40 years, Portuguese



Salvo Lombardo
Former Chief of Staff, UNHCR
64 years, Italian



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



Michela Conterno
CEO, LATI
48 years, Italian

Our shareholders



- BlackRock, Inc. (7.8%)
- Sun Life Financial, Inc. (5.7%)
- Employees (3.7%)
- Treasury shares (2.5%)
- Public (80.3%)

- 41% women
- 65% non-French members
- 7 different nationalities from 3 different continents

Key

- Global functions
- Operations
- Business

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 Human Capital & 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

- **Principle 1:** Prevalence of variable components: *circa* 80% for CEO (at target).
- **Principle 2:** Performance is evaluated via economic and measurable criteria.
- **Principle 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

- **Principle 4:** Significant proportion of the total compensation delivered in shares.
- **Principle 5:** Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.

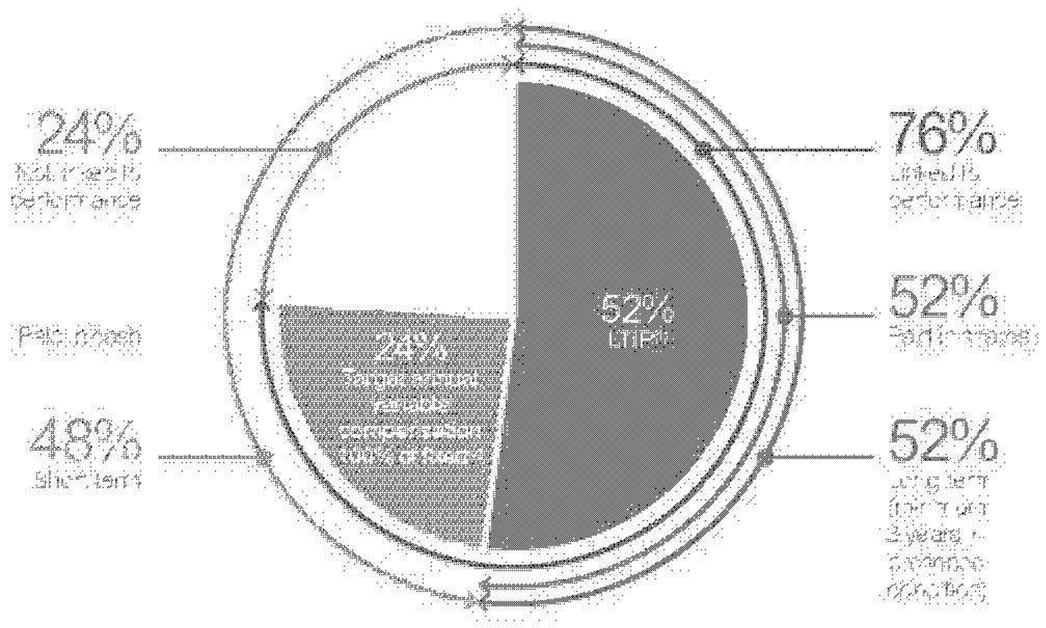
Competitiveness

- **Principle 6:** To benchmark the Corporate Officers' compensation package "at target" in the median range of the Company's updated peer group.
- **Principle 7:** To reference the CAC 40 third quartile and the STOXX Europe 50 median.

Aligned with those principles, the compensation of the Chief Executive Officer is made of the following components: for the variable component of the compensation, the Board upon recommendation of the Human Capital & Remunerations Committee, chooses the performance conditions directly linked to the Group's priorities. The Schneider Sustainability Impact (SSI) which includes a climate target (see section 2.1.2 of the Universal Registration Document) is used as a criterion in the annual variable compensation of the Chief Executive Officer and that of the 64,000 employees benefiting from such compensation. In the same way, the Carbon reduction targets criterion will be used for the long-term incentive plan granted to 4,000 employees including the Corporate Officer.

(1) Estimated valued, in accordance with IFRS standards, of the LTIP to be granted during 2024 fiscal year.
(2) Between 0% and 200%.

Balance between compensation elements



Group's strategic priorities

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

How the strategy links to the Corporate Officers' variable compensation

Annual incentive plan

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

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

Long-term incentive plan

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

Adjusted Earnings per Share	Relative Total Shareholder Return	Carbon emissions reduction targets
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, Operating Divisions, or Global Functions who are responsible for deploying the central framework to manage their risks.

Board of Directors

Accountable to stakeholders for organizational oversight. The Board is informed about the efficiency of the internal control and risk management systems.

Senior Management

Responsible for designing and leading the overall internal control system including the oversight, identification and assessment, and mitigation of risk at Group level as well as Business Unit level and across key Group functional areas.

Audit & Risks Committee

Follows-up on the efficiency of internal control and risk management systems and reports to the board thereon.

1st line of defense

Take ownership of how the risks are controlled on the ground, following the risk management procedures set by the 2nd line of defense.

2nd line of defense

Set risk management mechanisms, advise and monitor the 1st line of defense, help it build action plans to improve response, control and monitoring of risks.

3rd line of defense

Independently assesses if the 1st line of defense is managing risks properly and if the 2nd line of defense is supporting the 1st line in the right way.

Operating Divisions and business units (Risk Owners) | Group Risk Management | Internal Control | Global Functions and Risk Overseers | Internal Audit

Key Risks

The key risks selected and presented in the adjacent table are the risks considered by the Group as specific to its business and identified as having the potential to affect its activity, its image, its financial situation, its results, or the achievement of its objectives.

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.

In each category, risks are assessed in terms of potential impact for the Group according to three levels (red, orange, and green), with red being the most likely to affect the Group.

Key to symbols

- High impact
- Medium impact
- Low impact

	Categories and Risks	Potential net impact
1	**Event triggered risks**	
1.1	Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners)	●
1.2	Export controls	●
1.3	Product, project, system quality, and offer reliability	●
1.4	Competition laws	●
1.5	Corruption linked to B2B and project business	●
1.6	Human rights and safety issues through the value chain	●
1.7	Counterparty risk	●
1.8	Currency exchange risk	●
2	**Trend driven risks**	
2.1	Technology evolutions (Generative AI)	●
2.2	Operational disruption due to global political and economical disruptions	●
2.3	New competitive landscape and business models in energy	●
2.4	Supply chain resilience	●
2.5	Evolution of software and digital services offers	●
2.6	Attracting and developing talent with a focus on critical skills	●
2.7	Failure to achieve our long-term sustainability commitments and comply with regulatory requirements	●
2.8	Business disruption due to environment-related risks	●
3	**Management practice risks**	
3.1	Inappropriate Data Management	●
3.2	IT systems management	●
3.3	Pricing strategy	●
3.4	M&A and integration	●

Sharing sustainable value with our stakeholders

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

Stakeholders in our ecosystem

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

Suppliers

The Group established an ambitious sustainable procurement strategy providing guidelines to its 53,000 suppliers to ensure that all contribute to the Group's ambitions to build an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.

Distributors and end-customers

We provide our customers with efficient, safe, and decarbonized solutions through digitalization, and electrification, providing them with high environmental performance products and full transparency on environmental impact with Green Premium™ offers. The Group insists on high quality and cybersecurity to build strong customer experience.

Employees and social partners

The Group is committed to offering equal opportunities to all its employees around the world and works to empower all across every generation and region. The Group motivates its employees and involves them in its missions by making the most of diversity, supporting professional development, and ensuring safe, healthy working conditions.

Schneider Electric

Communities and civil society

Schneider Electric promotes local initiatives and enabling individuals and partners to make sustainability a reality for all, everywhere. Through education in energy management and investment supporting high social impact, the Group hopes to have a positive and sustainable impact on its ecosystem. Its offers provide access to energy to more than six million people each year.

Financial partners

Our business model delivers consistent, sustainable, and strong financial performance providing our financial partners attractive returns. The Group actively participates in innovative sustainable finance initiatives, such as sustainability-linked bonds in 2020 or sustainability-linked revolving credit facilities in 2022.

Institutions and technical bodies

The Group is involved in various local and international associations and organizations supporting sustainability, working with key actors from all levels of society. Schneider Electric maintains a constructive dialogue with policymakers and regulators so that its views are represented on issues affecting its industry.

Stakeholders' top four expectations

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

1. Leading climate action in our ecosystem with our partners.
2. Pioneering circular economy and being efficient with resources.
3. Ensuring a fair transition and guaranteeing high ethical, social and environmental standards along our value chains.
4. Leveraging digital in cybersecure solutions to boost positive impact.

Committed with our partners

World Business Council for Sustainable Development

Schneider Electric is an active member of the World Business Council for Sustainable Development (WBCSD). The Group participates in various workstreams, such as Equity and Human Rights, PACT (Partnership for Carbon Transparency) and SOS1.5. In 2023, Schneider Electric was also very active in the Business for Inclusive Growth (B4IG) initiative, a coalition committed to tackling poverty and inequalities incorporated into the WBCSD Equity Action.

United Nations Global Compact

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

WORLD ECONOMIC FORUM

Since 2017, Schneider Electric is a Strategic Partner of the World Economic Forum, where our CEO is a member of the International Business Council and the CEO Alliance of Climate Leaders – and our Chairman a member of the Community of Chairpersons since 2023. Schneider engages with a wide range of partners to progress on common world challenges, by joining public-private dialogues and peer-to-peer workgroups, sharing insights and use-cases leading to new frameworks and toolboxes.

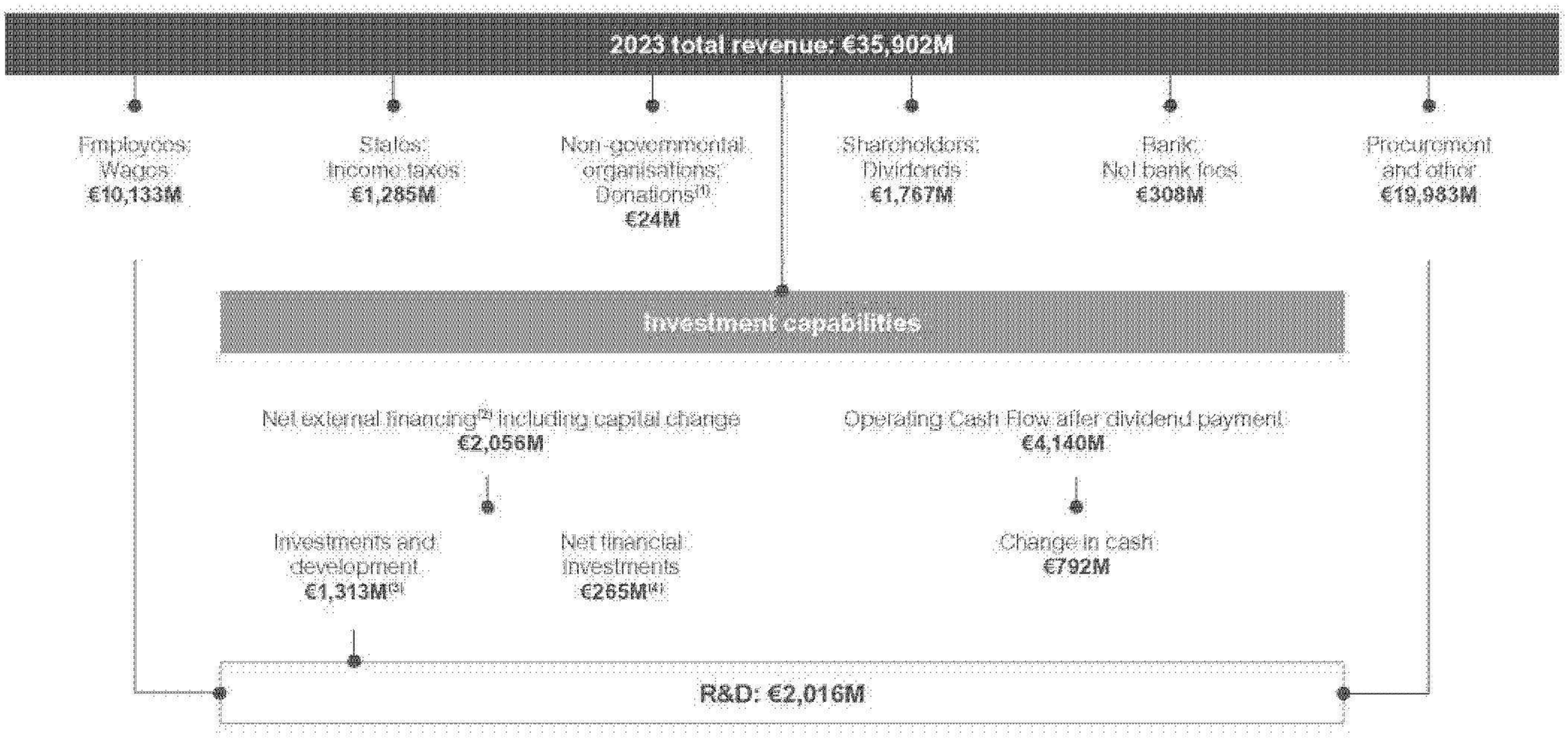
SOLAR IMPULSE EFFICIENT SOLUTION LABEL

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

Read more on our dialogue with stakeholders on **pages 78** and **91**

Revenue breakdown by stakeholder

Every year for the last 18 years, Schneider Electric has published a diagram showing its revenue distribution and financial flow for its various stakeholders.



(1) Unaudited declarative amount.
(2) Borrowings, capital increases and treasury stock disposals.
(3) Of which €328 million in R&D.
(4) Of which €257 million for long term pension assets.

Proud to be one of the most ethical companies

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

Trust Charter, Schneider Electric's Code of Conduct

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

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



Read our Trust Charter on **se.com** and on page 108 of this report

Access our Trust Line on **www.se.com**

Our Speak Up Mindset

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

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

All employees are invited to express whether they are comfortable to "report an instance of unethical conduct without fear" each year. In 2023, 82% of employees surveyed answered "yes", a 1 point progress versus 2022. The Group's ambition to raise its employee's confidence by 10 points by 2025 (SSI #7).

Training and empowering all employees

Every year, a global campaign of mandatory trainings is run for all employees, called Schneider Essentials, and is available in 18 languages. In 2023, the trainings focused on Trust, Cybersecurity, Sustainability and Quality, along with additional courses based on function or location. Other trainings are provided to specific businesses or service teams according to their roles and positions, such as anti-corruption.

In 2023, a Trust Week was organized to further raise awareness among employees. This internal communication campaign has been a great medium to draw together all the pillars of Trust into a single event, which consisted of 1 global keynote and 13 webinars gathering over 2,000 attendees.

2023 achievements

30+

languages in which the Trust Charter is available

99%

of all employees completed the Schneider Essentials training on Trust

82%

of employees are confident to report unethical conduct

2023 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE 12-TIME HONOREE

Ethisphere Institute – One of the World's Most Ethical Companies for the 13th year in 2023

Schneider Electric's vigilance plan

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

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

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

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

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

The plan is governed by the Duty of Vigilance Committee, set up in 2017. The committee meets twice a year, and has met 17 times since its inception.

Risk areas	Main risk identified	Main mitigation actions	Risk level
Schneider Electric sites	• **Cybersecurity:** only high risk for the Group's sites, as Schneider Electric is a supplier of connected and digital solutions, thus a potential target for cyberattacks aimed at its customers' systems	Training sessions Cybersecurity Leaders Incentive for plant managers Annual review of policies Cyber Badges ⊕ Read more on cybersecurity **page 127**	●
Suppliers	• **Human rights:** most frequent issues concern decent working hours, paid leave, and proper resting time. • **CO_2 emissions:** notably coming from the transformation and transportation of raw materials. • **Pollution:** for some categories of substances purchased, such as solvents	Supplier Code of Conduct Supplier Vigilance Plan (SSE #17) ISO 26000 assessments The Zero Carbon Project (SSI #3) Green materials (SSI #4) Decent Work program (SSI #6) Sustainable Packaging (SSI #5) ⊕ Read more on suppliers programs **page 138**	●
Contractors	• **Health and safety:** physical injuries that can happen during construction, or when doing services and maintenance operations • **Business ethics:** mostly related to potential corruption, conflict of interest, and integrity due to the contractual nature of this activity.	On-site audits Training on anti-corruption and Business Agent Policies Project follow-up Selection process adapted to our Vigilance Plan ⊕ Read more on contractors **page 149**	●
Local communities	• Communities living around Schneider Electric sites (factories, offices, etc.) have a limited risk exposure because operations are usually located in large, well-structured urban areas.	Vigilance risks assessments Project reviewed according to involvement and mitigation capabilities ⊕ Read more on communities **page 151**	●

Risk level: Low to Medium ● Medium to High ● High ●

⊕ Read more about our Vigilance Plan on **page 115**

2023 achievements

Top 25%

in external ratings for Cybersecurity performance

320,000

employees of our suppliers with better working conditions thanks to the 'Vigilance Program' for suppliers since 2017

3,200+

suppliers assessed under our Vigilance Plan since 2018

Great people make a great company

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

Our Employee Value Proposition

Meaningful	Inclusive	Empowered
Our mission is to be your **digital partner for Sustainability** and **Efficiency.** We empower all to **make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment. We adhere to the highest standards of **governance and ethics**.	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.	**Freedom breeds innovation.** We believe that **empowerment** generates high **performance, personal fulfillment, and fun.** We empower our people to use their **judgment**, do the best for our **customers**, and make the most of **their energy**.

2025 People Strategy

Schneider Electric aspires to achieve its purpose and mission by empowering and developing its people to their fullest potential. The Group acts with agility and trust to innovate for its customers and strives to win in the market..

Schneider's People Strategy provides the Group with the framework to support business growth and culture transformation. To achieve the mission of its People Strategy and shape the workforce of the future, the framework includes three outcome-based themes:

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

Schneider assesses and refreshes its People Strategy from time to time, to enable the Group to achieve the "Next Frontier" of Growth. At Schneider, a culture led and skills first organization enables the desired impact.

Read more about our people programs on **page 210**.

Committed to Schneider #SEGreatPeople

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

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

Our Employee Value Proposition is our commitment to engage existing and future talent. It is the reason why people join Schneider Electric, stay, and remain engaged.

2023 achievements

81%

of employees feel they have the flexibility to modify their work arrangements as needed (stable since 2022)

x1.52

hiring opportunities for interns, apprentices, and fresh graduates

77%

employees' received digital upskilling thanks to the Digital citizenship program (stable since 2022)

61%

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

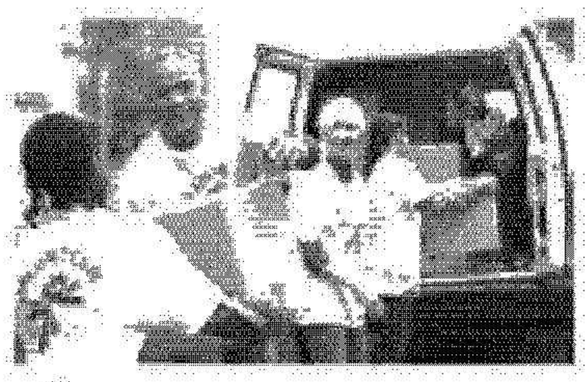
Local sustainability commitments

As part of the 2021 – 2025 Schneider Sustainability Impact, Schneider promotes local initiatives and enable individuals and its 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 the Group's sustainability transformation. Close to 200 local programs have been deployed since 2021; here are a few examples of initiatives being implemented to drive local and impactful changes.



USA

More than 80 robotics teams have been supported through mentor-based programs that build STEM skills, inspiring young people to be leaders in science and technology.



France

Schneider Electric's sociétal program allows employees in France to join non-profit associations at local, national, or international levels. Over 25,000 days were devoted to communities and associations through volunteer activities dedicated to tutoring and training.



China

Through the Schneider Learning Institute, 35,000+ business partners and customers have been trained in courses that develop energy-efficiency skills in energy management products, solutions, and services. Certified training courses and a tailored program for VIP partners and customers are also available.

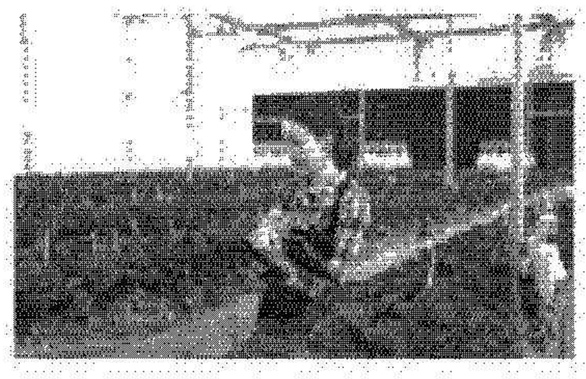
Brazil

In partnership with NGOs, Schneider Electric is retrofitting electrical installations in households and community spaces such as schools and medical centers, benefiting more than 2,900 people.



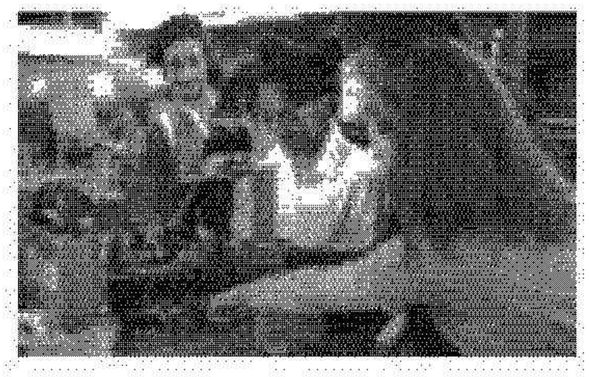
Türkiye

In seven rural areas, Schneider Electric gave 80,000 people access to 90 kW of green energy through holistic solutions, including solar greenhouses with wastewater feeds, fishponds, and solar chicken incubators, increasing professional opportunities for women.



India

More than 93,000 school students have been trained as Green Ambassadors by sensitizing them to energy and environmental conservation through activity based learning.



Check our local commitments on **www.se.com**

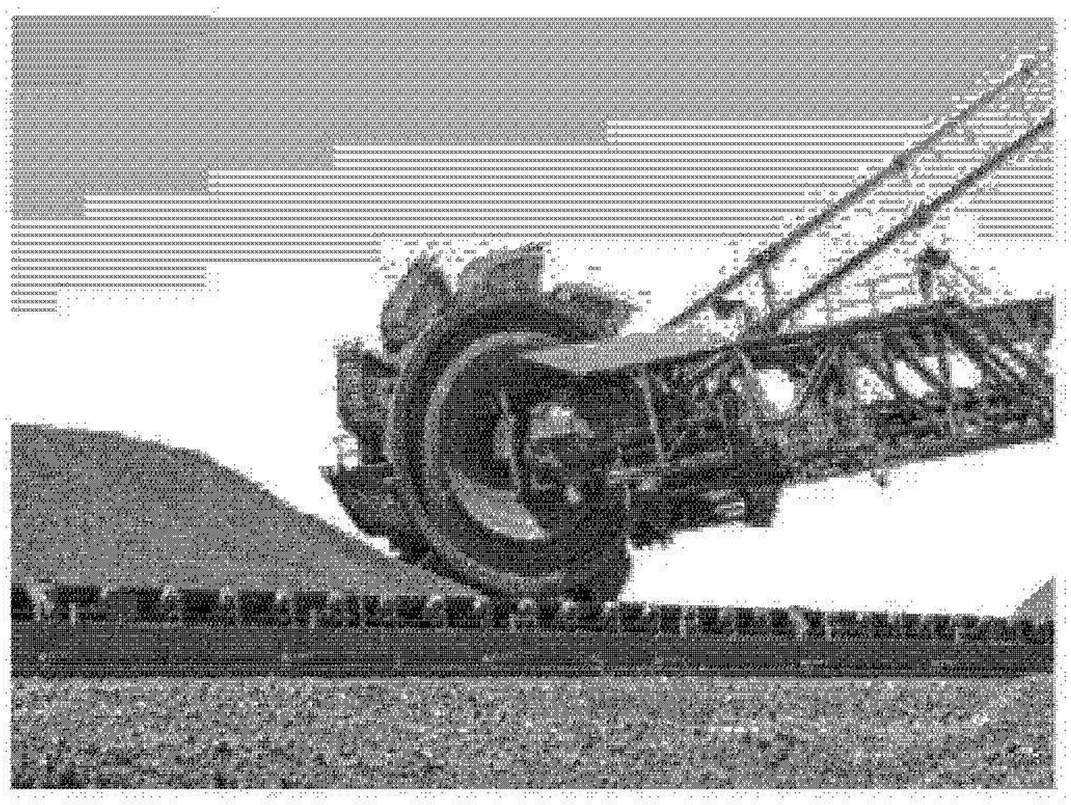
Sustainable relations with suppliers

With a network of more than 53,000 suppliers around the world, Schneider Electric is committed to developing lasting relationships, while supporting its partners to progress and embrace more sustainable social and environmental practices.

Supply chain and procurement vision

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

- Customer satisfaction and quality is our number one priority. Our supply chain is market driven and tailored to the customer.
- Sustainability is at the core of procurement actions with focus on the impact that the operations of our suppliers generate on the environment and society.
- Competitive landed costs and optimized cash, driving a 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.



Read more about our sustainable relationships with suppliers on **page 138**

Building a sustainable procurement strategy

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

- Provides a Supplier Code of Conduct with fundamental requirements that all suppliers delivering goods or services to Schneider Electric are expected to adhere to.
- Integrates sustainability criteria in day-to-day operational procurement actions. The qualification process focuses on people, social responsibility, and environmental management. Sustainability criteria accounts for a significant part of the evaluation. In 2023, these criteria were revised and enhanced, in line with the latest and most demanding internal requirements.
- Has set ambitious targets for the suppliers as part of a five year-engagement plan, based on their progress in each of the following areas:
  - Climate action, addressed by The Zero Carbon Project (SSI #3), aiming to reduce operational emissions from 1,000 suppliers.
  - Enhancement of circular supply chain by increasing the use of green materials (SSI #4) and sustainable packaging (SSI #5)
  - Upholding of social commitment related to conflict minerals and extended minerals (cobalt and mica)
  - Upholding of human rights and inclusive workplaces by implementing best-in-class practices through the Decent Work program (SSI #6).

Holistic monitoring approach

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

Strategic suppliers are subject to the Group's ambition to promote continuous improvement based on the ISO 26000 standard evaluation, and our Vigilance program aims at auditing 4,000 suppliers identified as high-risk, by 2025.

On their hand, suppliers can report any Group's misconducts through Schneider Electric's alert system, the Trust Line, which will be thoroughly and confidentially investigated.

2023 achievements

27%

operational CO_2 emission reduction in the Zero Carbon Project (vs. 10% in 2022)

+1.6pts

increase of suppliers' ISO 26000 score vs. 2022 (+7.1pts since 2019)

21%

strategic suppliers conform to Schneider's Decent Work requirements (vs. 1% in 2022)



awarded 3 times by CIPS in 2023 for our sustainable procurement programs

Sustainability for Customers

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

Green Premium™ offers

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

Green Premium™ label is an expression of our innate belief that ambitious environmental considerations must be embedded in all our value propositions. It encompasses three pillars: Trust, Transparency, and Performance. "Trust" means Schneider continuing to be transparent with customers and going beyond regulations by applying the same rules regardless of the geographies. "Transparency" is the warranty from Schneider to disclose in a digital way the environmental impacts of its products, their end-of-life treatment, as well as any meaningful environment related attribute for customers. Finally, "Performance" is Schneider's commitment to deliver products with reduced environmental impact.

In 2023, an overhaul of the Green Premium™ label was initiated to further enhance transparency regarding environmental impact of products and anticipate compliance with upcoming regulations. Today, more than 80% of Schneider's product sales originate from Green Premium™ offers.

Strive for premium quality

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

From 2022, Schneider has introduced a Customer First performance criteria in the incentive goals for Group executives, measured with its Net Customer Satisfaction through real-time digital customer surveys covering six critical touchpoints as part of its customer operational interactions. In 2023, the Net Satisfaction Score reached an historic record-level confirmed by a continuous improvement performance in most of critical touchpoints. All results are available in the Customer Feedback Management Platform where all employees are engaged to act on the customer experience.

Strive for resiliency

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

Strive for trust in cybersecurity, data privacy and protection

Schneider Electric's cybersecurity strategy encompasses people, processes, and technology across the operational lifecycle. By following globally recognized standards and complying with certified "secure by design" development processes, the Group safeguards the digital ecosystem and delivers secure offers, systems, solutions, and services. The right to privacy and protection of personal information is a fundamental human right. Schneider considers fairness, transparency, data integrity, quality, security, and trust as core principles of how it handles data and uses it in the products, systems, and services they deliver. In 2023, the Group was awarded a Gold Medal in CyberVadis' assessment for the second year in a raw, underlining its commitment to cybersecurity. By leveraging digital technologies based on human centered design with a "do no harm" oversight, Schneider's solutions benefit customers' sustainable future.

2023 achievements

553M

tonnes of CO_2 saved and avoided for customers since 2018 (+106M vs. 2022)

Rated Gold 2023 by cybervadis

Gold medalist during the second participation to CyberVadis

80.6%

of our product revenue covered by Green Premium™

98%

reduction of parts quantity affected by recalls vs. 2022

Delivering social impact for a just transition

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

Improving lives through access to green electricity

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

At Schneider this is called "Electricity for Life" and "Electricity for Livelihood":

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

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

Schneider's Access to Energy solutions already benefited more than 46 million people between 2009 and 2023. Our ambition is to support a cumulative total of 50 million people by 2025, and 100 million by 2030.



Empowering youth through education and entrepreneurship

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

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

Its work is divided into three main areas:

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

To do this, the Schneider Electric Foundation draws on a network of around 80 delegates across 100 countries, that was renewed in 2023. Its role is to select local partners in the fields of vocational training in the energy sector, to support entrepreneurship and sustainability awareness. The Foundation also leverages its "VolunteerIn" digital platform to empower employees to be local actors and ambassadors of the Group's societal commitments through volunteering initiatives, particularly around social mentorship.

Read more about our social impact on **page 242**

2023 achievements

58,000+

volunteering days since 2017 (+17,084 days vs. 2022)

578,009

young people trained in energy related professions since 2009 (+ 180,845 vs. 2022)

46.5M

people connected to green electricity since 2009 (+6.9M in 2023)

85.8M€

engaged by Schneider Electric in Impact Investing Funds since 2009

Acting for a climate-positive world and preserving resources

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

Climate and resources strategy

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

Schneider Electric was one of the first companies to have its Net-Zero targets validated by the most recent SBTi "Corporate Net-Zero Standard" in August 2022. The Group is committed to be "Net-Zero Ready" in its operations and to reduce its scope 3 emissions by 25% by 2030, and to be Net-Zero across its full value chain by 2050. In addition, as an intermediary milestone, by 2040, the Group will be carbon neutral along its full value chain. With its resource programs, the Group aims to minimize the volume of resources it needs and optimize the use of these resources. The existing systems and infrastructure are not adequate to maintain, collect, and redistribute materials effectively for a global circular economy. As a result, waste, including plastics and e-waste, pollutes our land, and the world continues to deplete the limited natural resources. Schneider Electric embraces circular economy principles all along the lifecycle of products and offers.

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

Carbon neutral in our operations — 2025

25% absolute reduction across our entire value chain and "Net-zero ready" in our operations — 2030

Carbon neutral across our entire value chain — 2040

Net-zero CO_2 emissions across our entire value chain — 2050

2021 – 2025 initiatives to act for climate and preserve resources

Suppliers

- **SSI #3** Reduce CO_2 from suppliers oporations
- **SSE #4** Improve CO_2 efficiency in transportation
- **SSI #4** Use green materials in our product
- **SSI #5** Switch to sustainable packaging
- **SSE #10** Avoid primary resource use

Operations

- **SSE #1** Transition to Zero CO_2 sites
- **SSE #3** Source renewable electricity
- **SSE #5** Improve energy efficiency
- **SSE #7** Switch to electrical vehicles
- **SSE #8** Deploy local biodiversity programs
- **SSE #9** Make waste a resource
- **SSE #11** Deploy water conservation action plans

Customers/Society

- **SSI #1** Grow our impact revenues
- **SSI #2** Save and avoid CO_2 emissions for customers
- **SSE #2** Substitute products using SF_6
- **SSE #6** Product revenues covered by Green Premium™ eco-label

2023 achievements

74%
of our revenues are impact revenues (vs. 72% in 2022)

63%
of our primary and secondary packaging is free from single-use plastic and use recycled cardboard (vs. 45% in 2022)

Climate A
Part of CDP Climate A List for the 13th year in a row

101
Zero-CO_2 sites helping decarbonize Schneider's operations (vs. 77 in 2022)

1

Group strategy

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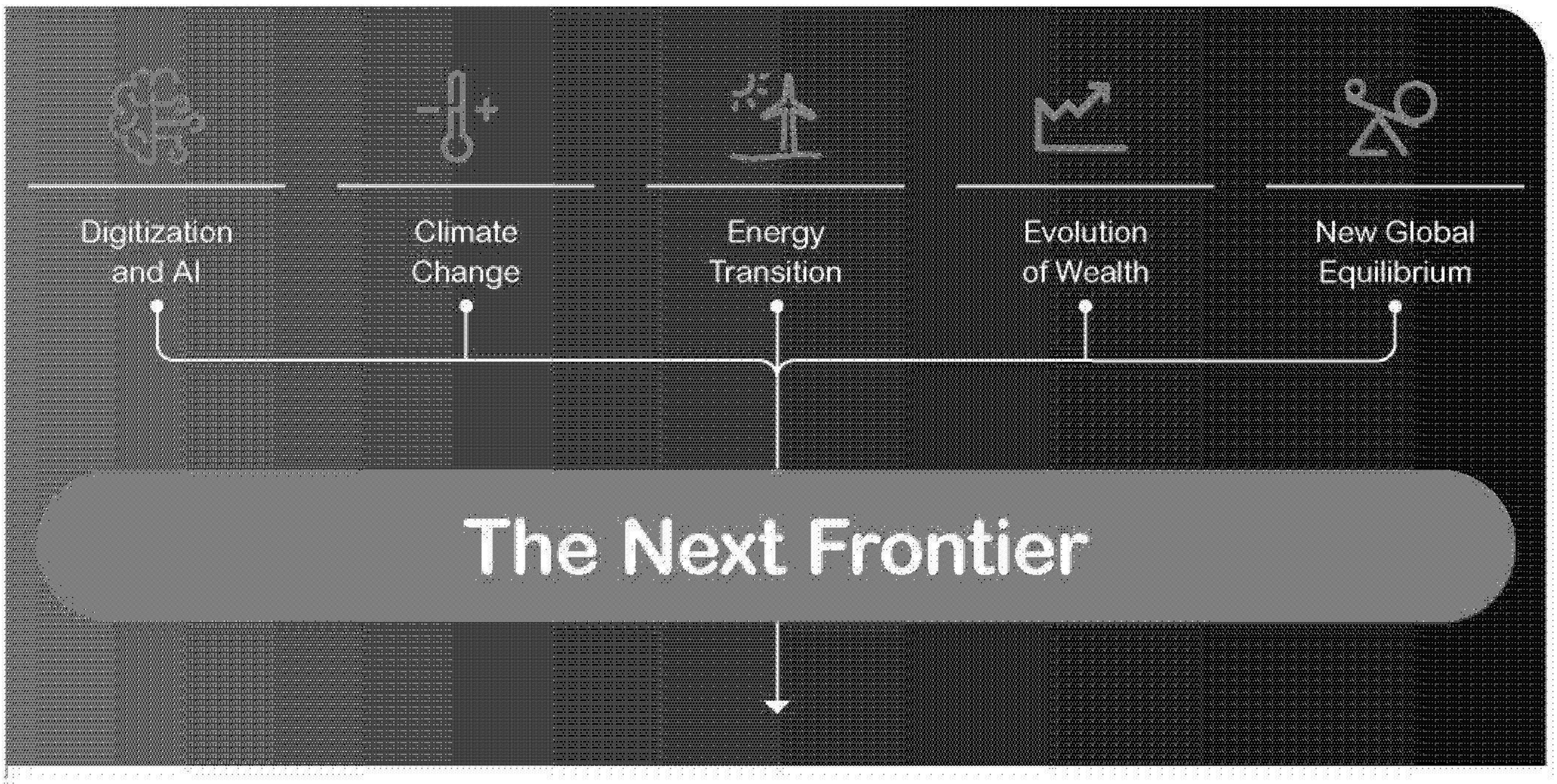


1.1 Strategy Overview

Schneider Electric is a powerhouse of electrification and digitization.

We are the global leader in creating holistic efficiency for our clients, tailored to each customer's needs. And we are an industry-recognized ESG champion with a world-leading portfolio of sustainability solutions.

Our strategy is informed by a comprehensive ten-year horizon market analysis. We believe that five "megatrends" will impact our customers and consequently our offerings over the next ten years. We refer to the convergence of these megatrends as "The Next Frontier".





"To prepare our company for The Next Frontier, we've carefully considered the macro-environmental factors that will shape business conditions over the next decade. During this time, there will be a flood of generation-defining innovation that we plan to channel into a resilient, sustainable, and human-centric future for our customers."

Dallal Slimani
Chief Strategy Officer

1.2 Megatrends and Opportunities

Schneider Electric has thrived over the years because we have always embraced a future resilient strategy.

This approach is even more important in today's world, where we are facing unprecedented changes in our markets.

Every day we hear about the latest trends and predictions for the future. We have sorted through the noise and consolidated the trends that are the most relevant to our business over the next decade. A megatrend is a powerful, long-term shift or pattern that has a significant impact on various aspects of society, economy, and business. These trends have the potential to shape the future and create new opportunities or challenges. In the context of Schneider Electric, megatrends are analyzed and considered to formulate a strategic approach. They encompass a range of factors, including political, economic, social, technological, legal, and environmental implications.

By understanding and preparing for these megatrends, Schneider Electric can align its strategy with market demands, anticipate customer needs, adapt to changing landscapes, and provide innovative solutions that address the challenges and opportunities arising from these trends. This holistic approach enables Schneider Electric to stay ahead of the curve, deliver sustainable and efficient solutions, and maintain a competitive edge in the market.

The five megatrends that have influenced our 2023 strategy:

Digitization and AI

Harnessing the power of software-defined everything, automation, data management, and machine learning

Climate Change

Adapting to the reality of greenhouse gas emissions impacts, while still working towards a carbon-free future

Energy Transition

Securing and modernizing the world's energy infrastructure

Evolution of Wealth

Providing first time electrification, telecommunication, and transportation infrastructure to new economies

New Global Equilibrium

Reimagining manufacturing and supply chains to be resilient in the face of political conflict, materials shortages, and pandemics

Schneider Electric has positioned itself as a leader in the Next Frontier. Through a proactive approach, Schneider Electric has been able to anticipate trends, adapt our offerings, and stay at the forefront of industry, enabling us to deliver sustainable and efficient solutions for the Next Frontier.

Let's take a closer look at the impact and opportunities we see in these megatrends.

1.2 Megatrends and opportunities

1.2.1 Digitization and AI

Advancements in artificial intelligence, robotics, quantum computing, and other digital technologies will have profound consequences for the global economy and society. These advancements have the potential to boost productivity everywhere, by making powerful capabilities such as Large Language Models available to all. With this massive increase in demand for data center services comes the equally massive responsibility and opportunity for Schneider Electric to lead the deployment of sustainable data center solutions.

The convergence of AI, automation, big data, cloud computing, and cybersecurity is reshaping the global economy in significant ways.

AI, and specifically the latest advancements in Generative AI, are driving innovation and efficiency across industries, automating tasks, and improving decision-making. This will lead to increased productivity, cost savings, and new business opportunities.

Automation is transforming manufacturing, logistics, and service sectors, streamlining processes, reducing errors, and improving safety. It supports companies who suffer from significant talent shortage.

Big data provides valuable insights for businesses, enabling data-driven decision-making, personalized marketing, and improved customer experiences.

Cloud computing allows businesses to access scalable computing power and storage, enabling cost-effective solutions, remote work, and collaboration. It accelerates digital transformation.

Cybersecurity becomes even more critical. Protecting people, data, systems, and infrastructure from cyber threats is paramount to ensuring trust, privacy, business continuity, and human safety.



“AI presents a massive opportunity and disruption. With its unparalleled adoption, it increases productivity of people, machines, and processes with immense scaling potential. Its ability to draw insights from large amounts of data is key to successful energy transition – no other technology can support us in smarter usage of scarce resources through relentless and continuous optimization. But its own energy demand and carbon footprint must be addressed with green solutions for data centers.”

Philippe Rambach
Chief AI Officer

Megatrend Customer Relevancy

- Massive data center capacity required
- Managing Big Data explosion
- Self-governing networks of hardware / software
- Digital twin technology for all segments
- Deploying next-gen power electronics
- Digital infrastructure
- Developing trustworthy AI Systems
- Conversational user interfaces that enable more natural human-machine interaction



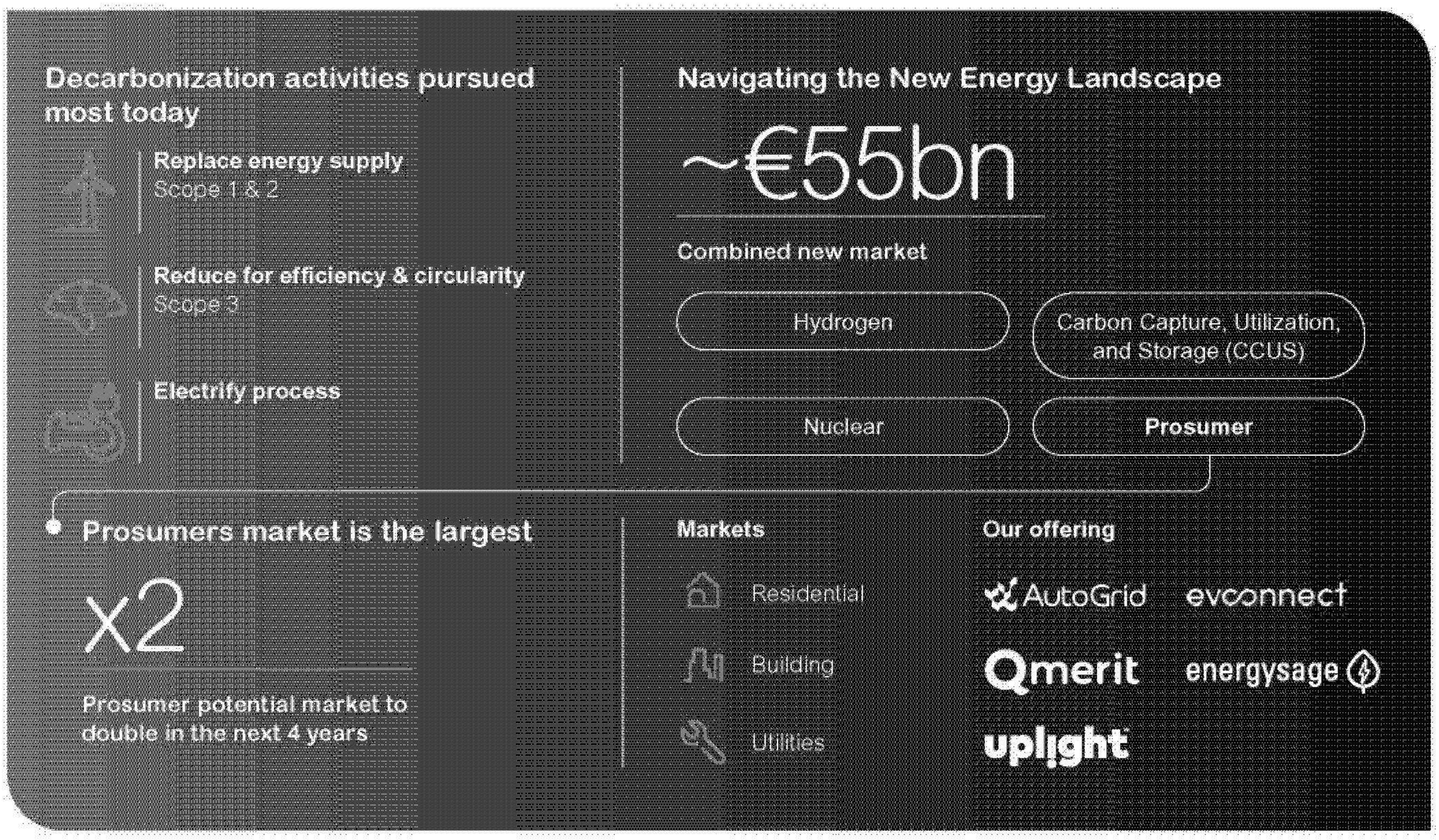
1.2.2 Climate Change

Climate change refers to long-term shifts in temperatures and weather patterns. Such shifts can be natural, due to changes in the Sun's activity or large volcanic eruptions. But since the 1800s, human activities have been the main driver of climate change, primarily due to the burning of fossil fuels like coal, oil and gas.

Climate change is having a profound impact on the globe, posing significant challenges to ecosystems, communities, and economies worldwide.

Rising global temperatures are causing more frequent and intense heatwaves, droughts, and wildfires, leading to water scarcity and agricultural disruptions. Sea levels are rising, resulting in coastal erosion, flooding, and the displacement of vulnerable populations. Extreme weather events, such as hurricanes and storms, are becoming more frequent and severe. Climate change also threatens biodiversity, causing species extinction and disrupting delicate ecosystems. Urgent action is needed to mitigate greenhouse gas emissions, transition to renewable energy sources, and implement sustainable practices to safeguard the planet for future generations.

As we work to minimize the impact of climate change, there are several clear areas of action for Schneider Electric, beyond acting on our Scope 1, 2 and 3 emissions. We also can help our customers become more energy efficient, as well as explore new power generation concepts, including hydrogen, carbon capture, utilization, and storage (CCUS), nuclear, and prosumerism.



Megatrend Customer Relevancy

- Incorporating climate-ready features into buildings and power infrastructure
- Water desalination, filtering systems
- Increasing viability of carbon capture, utilization and storage
- Growing demand for HVAC
- Lasting damage to ecosystems



1.2 Megatrends and opportunities

1.2.3 Energy Transition

Low-emissions sources of electricity, led by renewables, are poised to overtake fossil fuels by 2030. Global electricity demand will rise, due to appliance electrification, rising global incomes, electric vehicles (EVs), heat pumps, etc. In particular, the success of EVs is being driven by multiple factors, but sustained policy support is the main pillar.

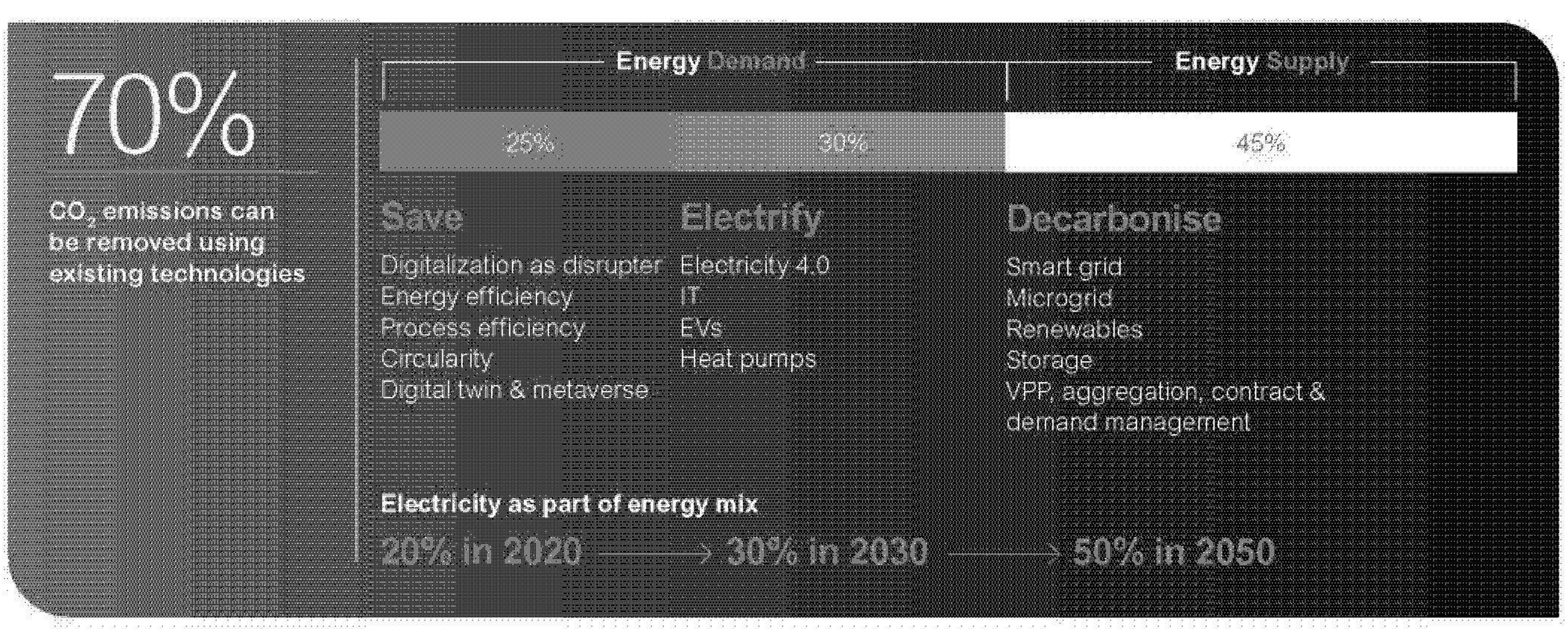
The energy transition is a fundamental shift in the way we produce and consume energy, driven by the need to mitigate climate change and reduce greenhouse gas emissions. This transition involves significant changes in both the supply and demand sides of the energy sector.

On the supply side, there has been a notable shift towards renewable energy sources such as solar and wind. Advances in technology and declining costs have made renewables more economically viable, leading to increased adoption. Governments and businesses are incentivizing renewable energy projects, leading to a substantial growth in renewable capacity. This shift towards clean energy sources helps reduce carbon emissions and dependence on fossil fuels.

Simultaneously, there is a push for energy efficiency and conservation, globally recognized as a major contributor to decarbonization. Industries and households are adopting energy-efficient practices and technologies to reduce energy consumption. This demand-side shift is driven by the need to optimize energy usage, reduce costs, and minimize environmental impact. Energy-efficient appliances, smart grids, and building management systems are being embraced to monitor and regulate energy consumption. This is complemented by electrification (also a vector of efficiency), across all sectors (EVs, Heat Pumps, etc.).

The energy transition also involves the integration of decentralized and distributed energy systems. This includes the rise of microgrids, where communities or buildings generate and manage their energy locally. Decentralized systems allow for greater resilience, energy independence, and the integration of intermittent renewable sources.

Overall, the energy transition is reshaping the energy landscape, moving towards a cleaner, more sustainable future. It requires collaboration between governments, businesses, and individuals to accelerate the adoption of renewable energy sources, promote energy efficiency, and drive innovation in the energy sector.



Sources: Schneider Electric™ Sustainability Research Institute I.E.A. | The untapped potential of energy efficiency.

Megatrend Customer Relevancy

- Huge expansion of electrification, with ever-increasing demand
- Energy efficiency initiatives
- Drive to decarbonize all industries



1.2.4 Evolution of Wealth

As wealth increases, consumption patterns change. The growing global middle class have expectations of access to energy, high-speed data services, reliable transportation, and of course food. In parallel, global demographics are projected to shift significantly through 2050. This trend necessitates advancements in automation and AI to support countries with aging populations and lower birth rates.

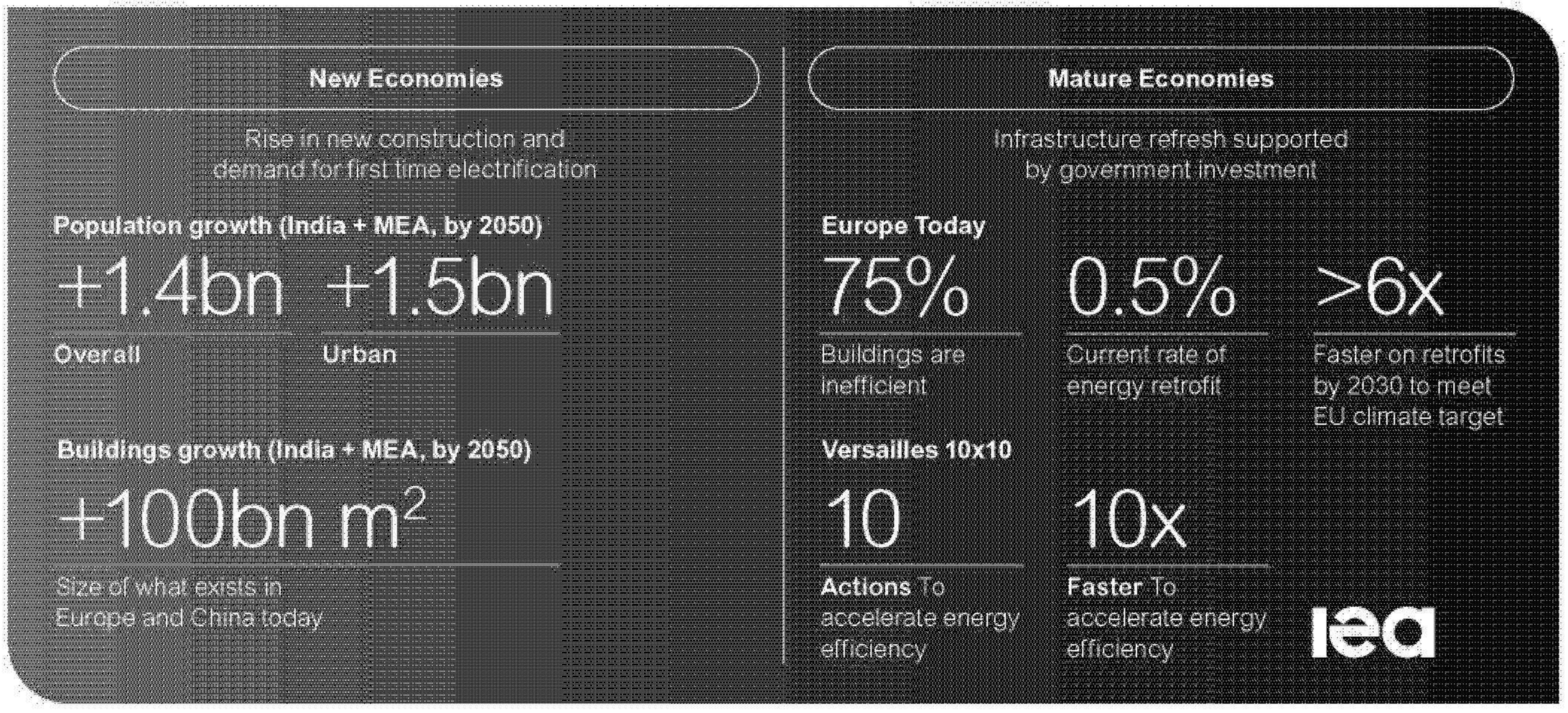
World demographics continue to be a driver to change. Increasing population and growing wealth in new economies and aging populations in mature economies, are creating new opportunities in electrification and automation.

In new economies, rising populations, increasing incomes, and improving living standards are driving increased demand for basic services, such as housing, electricity, medicine, and water. As people's purchasing power grows, there is a greater need for reliable and affordable access to energy. This leads to significant opportunities for investment in infrastructure that can be developed sustainably.

Moreover, as new economies strive to boost industrialization and economic growth, there is a growing need for automation and advanced manufacturing technologies. Automation can enhance productivity, improve efficiency, and reduce costs in various sectors, including manufacturing, agriculture, and transportation. This presents opportunities for companies specializing in automation technologies, software, and artificial intelligence to expand their markets and cater to the growing demands of these economies.

On the other hand, in mature economies, aging populations and changing demographics are driving the need for increased electrification and automation. As the proportion of elderly individuals increases, there is a greater demand for technologies that can assist with healthcare, independent living, and mobility. This includes smart homes, remote healthcare monitoring systems, and assistive robotics, which can improve the quality of life for an aging population.

Additionally, automation technologies can help address labor shortages resulting from demographic changes. Industries such as manufacturing, logistics, and healthcare can benefit from the implementation of robotics and automation systems to fill gaps in the workforce and improve productivity.



Sources: Schneider Electric Sustainability Research Institute,

Megatrend SE Customer Relevancy

- Greening of construction, transportation, and production
- Modernizing and decentralizing the grid
- Scaling the New Energy Landscape
- Reskilling workers to green jobs
- Strategic control points (i.e. Panel, Software, Architecture) redefined



1.2.5 New Global Equilibrium

While the global supply chain remains intact, understanding the global political winds will be critical in deciphering what path globalization will ultimately take. Populism, nationalism, financial re-regulation, and national security concerns have usurped economics as the priorities of international relations.

The world is experiencing a slowdown in the accelerated globalization witnessed in the last decades. This is evident through the rise of protectionist trade policies, trade conflicts, and the reevaluation of global supply chains. The focus is shifting towards national interests and self-sufficiency.

This has a significant impact on companies' strategies. They must reassess their global supply chains, diversify sourcing, and consider regionalization. Trade barriers and supply chain restrictions can disrupt operations and increase costs. Adaptation to new regulations, market shifts, and localized production are essential for maintaining competitiveness in a deglobalizing world.

This has brought a new focus on resilient supply chains. They are crucial in today's dynamic and uncertain business environment. Disruptions like natural disasters, geopolitical tensions, and pandemics highlight the need for flexibility and contingency planning. Companies must diversify suppliers, invest in digitization, and adopt agile strategies to ensure continuity, minimize risks, and meet customer demands effectively.

Countries are also pushing for additional reshoring, bringing back manufacturing and production to domestic or nearby locations. This can reduce dependency on global supply chains, create jobs, and enhance national security. However, it also entails higher costs, potential loss of overseas markets, and disruption to existing supply chains. A careful analysis of costs, market dynamics, and long-term sustainability is essential when considering reshoring strategies.

Supply Chains

Rebuilt resilient and autonomous, importance of electronics

$516bn

investment

"Manufacturing the future" investments announced by private companies under present US Administration

Reshoring

Critical industries

Trade Barriers

Obstructs free trade, favoring domestic production

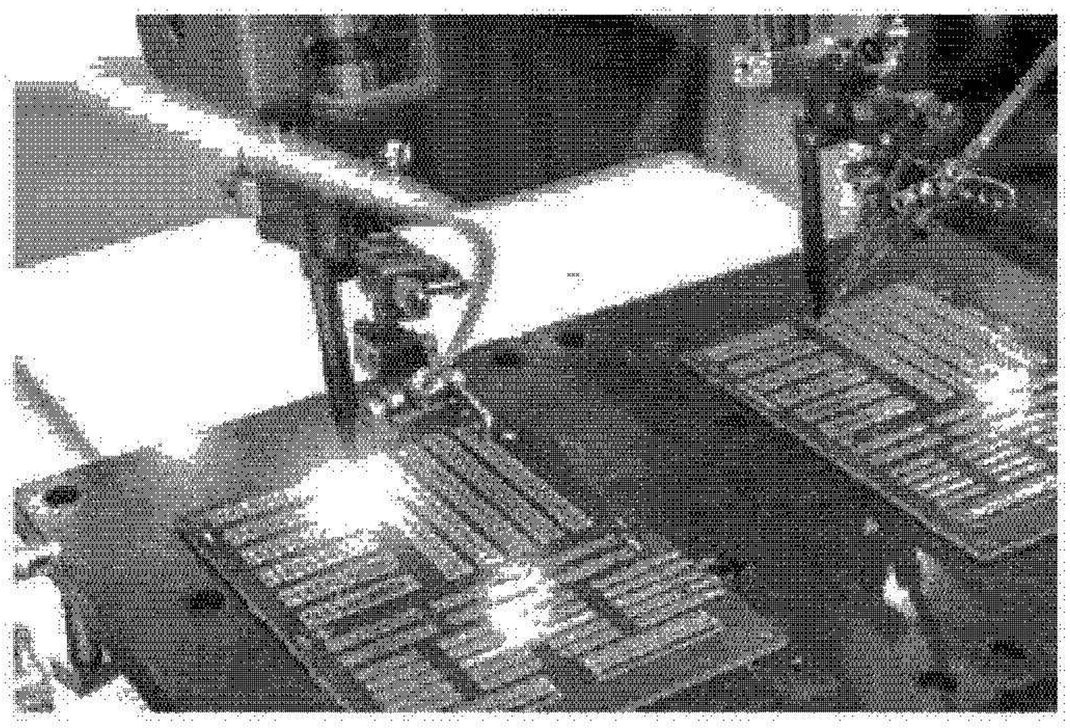
x2

by 2030

European Union ambition to double its size in the global semiconductors market

Megatrend Customer Relevancy

- Building resilient, autonomous supply chains
- Reshoring critical industries
- Cybersecurity for all segments, particularly energy, water, and other civil infrastructure



1.2.6 Trend-driven Opportunities

These Megatrends reinforce our strategic vision – creating unprecedented opportunities in our end-markets through the cycle.

Why do these megatrends matter for Schneider Electric? The explosion of digitization and AI, the accelerated need for concrete solutions to fight climate change, the ongoing transition of our energy landscape, the evolution of wealth, and the new global equilibrium create unprecedented tailwinds, pushing us towards The Next Frontier.

We anticipate that our markets will experience outsized growth in the period 2024-2027 where we see an increase in market growth CAGR to between +6% and +7%. This will impact our traditional business areas, but will also open new opportunities, as new technologies and business models come to maturity. We are committed to leading the way to The Next Frontier.

Schneider Electric's mission is to be the premier digital partner for sustainability and efficiency. We provide energy and automation solutions. We combine world-leading process and energy technologies, real-time automation, software, and services, enabling "remote-everywhere" integrated solutions that are built with safety, reliability, and cybersecurity for homes, buildings, data centers, infrastructure, and industries.

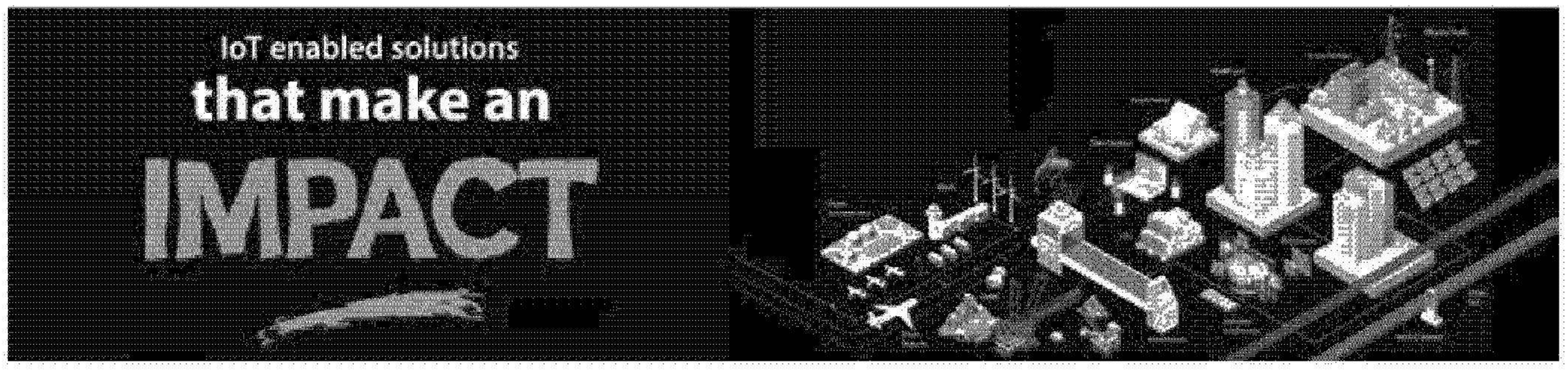


“ The Next Frontier for Schneider Electric is the evolution of our strategy, focused on transforming our company to become an industrial tech leader, supporting our four end markets, Data Centers, Buildings, Industry, and Infrastructure, to achieve new levels of efficiency, sustainability and resilience. This visibly reinforces our ability to tackle an increasingly complex world.”

Peter Herweck
CEO

1.3 Our Vision

What does the Next Frontier look like for our customers?



Residential: We help create sustainable and smart homes of the future by connecting electricity with digital in individual homes, apartments, and public housing. We support our customers to achieve a net-zero future, create safe and adaptive homes with reliable power, use actionable insights to efficiently manage energy usage and costs, and enjoy personalized living experiences.

Buildings: We are the trusted advisor on sustainability and efficiency for our building customers across healthcare, hotels, retail, real estate and design consultants. Our solutions combine early engagement, data driven design, building and power management technologies, and software to provide more resilient, sustainable, people-centric, and hyper-efficient buildings. In an All Digital, All Electric world, our technologies give our customers the structure to Design, Build, Operate, and Maintain future-ready operations, assets, and portfolios.

Cloud and service providers: Data centers will continue to be the backbone for digital solutions and sustainability will be integrated into their infrastructure. Schneider Electric has expertise in power, building, and IT domains and is uniquely positioned to partner with clients globally. Digitization enables sustainability, reliability, safety, and risk management, improving time to market.

Mobility: We partner with automotive manufacturers and electric vehicle (EV) battery manufacturers in their transformation by enabling the digitization of operations, massive electrification, and new sustainable mobility. We also provide solutions for critical transportation infrastructure, such as railways and metropolitan transport, airports, and ports for their digitization, electrification, and decarbonization. Our solutions include microgrids and Energy-as-a-Service, to help customers run safe, reliable, efficient, and carbon-free operations.

Consumer packaged goods: We provide digital solutions to help food and beverage and life science companies improve their competitiveness and profitability. We enable digital transformation on every step of the value chain, focusing on decarbonization, manufacturing flexibility, asset performance, product safety/compliance, and workforce empowerment for better sustainability, efficiency, and resiliency of the operations.

Mining, minerals, and metals: We help our resources industries to contribute to progress, ensure social license to operate, and build a sustainable mining, minerals, and metals business that is responsible, efficient, and profitable with digitally-integrated automation, power, and process along a unified value chain.

Water and wastewater: We are the digital partners for sustainability, resilience, and efficiency for the water cycle, from water resources to water distribution, sewage management, and treatment. We support customers from strategy to execution, combining power and process solutions for energy efficiency and net-zero water, and innovative smart water technologies and services to boost water efficiency, safety, reliability, and circularity.

Energies and chemicals: We are the digital partners for sustainability and efficiency for the oil, gas, and chemicals industries. We empower customers to manage the entire lifecycle of capital projects, achieve sustainability targets, and improve safety. Our strong field-proven experience enables them to decarbonize their operations and develop them into new energies businesses.

Power and grid: We help power and grid customers to fulfill growing low-carbon electricity demand, efficiently and reliably, and we enable a flexible energy system from power plant to grid to prosumers. Thanks to a stepwise digitization and optimized data management, they can overcome challenges such as increased intermittent renewables, decentralized generation, and extreme weather events. We are the trusted partner for our customers to achieve their sustainability objectives.

Semiconductor: We enable the transformation of the semiconductor industry through tailored energy management solutions that integrate digital technologies such as AI, IoT, and predictive analytics. Our offers can help turn fabs into net-zero energy facilities and help set new standards for responsible manufacturing. And our support extends beyond the fabs, aiding customers in reducing the sector's carbon footprint while working to develop a self-sustaining energy hub.

1.4 Key Focus Areas

1.4.1 Execute for Sustainable Growth

We are ideally positioned at this pivotal time, benefiting from significant market tailwinds.

Schneider Electric will continue to execute and grow our market share in new geographies and customers. We are doubling down on our new investments in India and increasing our efforts in the Middle East to take advantage of growth markets and strong investments.

We are also constantly examining new customer groups and adapting our teams to best serve their needs. For example, we recently set up a group to focus on the needs of home and electric vehicle battery manufacturers, a segment that has only gained significance in the past decade.

We continue to increase the share of service and software that we sell together with our established hardware business and trying to increase the proportion of recurring revenue that we have.

We continue to develop our growth mindset within our company to ensure that we act quickly on local needs, raise issues and work to solve them collaboratively, together.

1.4.2 Expand Position as ESG Champion

We lead clients on their journey to a carbon-free energy future.

Today, Schneider supports its customers bridge the definition of climate strategies and their climate transition plans, as well as their operational fulfilment. For most clients, the starting block is to establish their current emissions footprint on all scopes (stemming from their operations, their energy supply, and their value chain). On this basis, Schneider Electric helps its customers to strategize on their approach to net zero and to implement the operational steps required to achieve their trajectory using all relevant levers, including energy efficiency, electrification, renewable energy sourcing, and more.

Schneider Electric also offers cutting edge managed services and digital solutions to tackle climate change through digitization. The Group helps its customers collect the data needed to both design their strategy and then help show progress against emissions, both for internal purposes and disclosure against prevailing sustainability frameworks.

Finally, Schneider can connect climate strategy with operational carbon decreases, through reduction in energy consumption, transition of energy to electricity, and the decarbonization of energy supply. These actions include switching from gas to electric motors in a plant (Scope 1), buying renewable electricity via a power purchase agreement (Scope 2), and working with suppliers to assess and reduce their scope 1 and 2 emissions (Scope 3).

Sustainability Business

40%	€40bn+	16GW	3,000+
of the Fortune 500 as clients	Energy spend under management	Globally advised corporate PPAs	Sustainability experts worldwide

Walmart · Catalyze · Energize · ecoact · intel · Applied Materials · Zelgo Network by Schneider Electric

1.4.3 Organic Expansion of Product Franchise

Our product franchise is second to none.

We have a robust set of products that add value to our customers and our overall ecosystem. We are working to create even greater impact by moving R&D investment towards 7% of Group revenues. There are significant technological changes happening, e.g. generative artificial intelligence, power electronics, etc. We must make sure that we are appropriately tracking those changes, what they mean for our product portfolio and when we need respond to maintain our leading position. We are now in one of the most dynamic phases of technological development in our history.

This may mean making hard choices about what to invest in, but R&D efficiency is always a critical part of having a world class products R&D organization. We will continue to focus on appropriate returns on investment, with a strong eye on emerging innovations.



1.4.4 Expand Software and Prosumer

Software is core to our digitization journey, both for Schneider Electric and for our customers.

Our focus is on building a scalable portfolio, with our EcoStruxure platform, for open and interoperable IoT digital solutions. Our software businesses such as AVEVA, ETAP, and RIB, leverage CONNECT, the industrial cloud platform for secure access to data and applications. With EcoStruxure and CONNECT, we deliver more value to our customers spanning the life of their assets. This empowers the creation of a true digital twin from initial design, build, operate, and optimize lifecycle phases, supporting both sustainability and energy efficiency imperatives. Our software portfolio integrates market leading technologies, deep domain expertise, and an extensive partner ecosystem, resulting in a unified user experience and seamless end-to-end set of customizable solutions to specifically meet business challenges.

We are enabling a new flexible energy system for prosumers.

We continue to evolve a broad portfolio of hardware and software solutions for individual consumers as well as utility level customers. We see 2x market growth in this area over the next five years. Navigating the complex world of local regulations, local providers, and solution sets can be quite difficult. Schneider Electric enables our customers to control their own energy, while providing much needed flexibility to the electrical grids of the future.



1.4.5 Artificial Intelligence Everywhere

We are ideally positioned to lead in artificial intelligence.

The benefits of artificial intelligence will materialize across Schneider Electric:

- Unprecedented demand for energy for datacenters due to the new needs of generative AI
- Increase our internal efficiency and the Schneider customer experience through a transformation of our processes leveraging AI
- Improve our customer offering, embedded in our products and through consulting, to help them be more sustainable

Artificial intelligence will be a key technology in the fight against carbon emissions and for sustainability:

- Reduce carbon emission thanks to the reduction of energy needs, in buildings, factories, data centers, etc. by being able to model their processes through machine learning and therefore enable their optimization
- Predict energy needs and optimize energy usage, AI will recommend energy efficiency measures that shave the peak of demand and its negative impact on carbon emissions
- Make the adoption of these new technologies easier by reducing barriers to entry, thanks to the automatization by AI of tedious adoption & deployment tasks



The acceleration of demand for AI services, such as Generative AI, will greatly increase the need for compute power and therefore energy in data centers, with a strong shift from CPU's to GPU's. There will be growing importance of our ability to provide green energy for those enhanced and new datacenters, and to make those data centers more efficient through digitization.

1.5 Key Markers and Strength of Schneider Electric

1.5.1 Ecosystem and Partner Model

We have a unique ecosystem based on long-term partnerships.

Our partnership model is one of our core strengths. Around 60% of our group revenues go through our partners. This network includes over 6,000 distributors and 120,000 points of sale around the world. Our ecosystem includes over 4,000 panel builders and system integrators and 20,000 partners. This ecosystem is the result of decades of work and a strong level of intimacy with all the network partners. We are fortunate to have a loyal group of partners and work to make their interactions more frictionless and value-adding.

One of our key customer groups is electricians. We have 300,000 in our global network and all of them are trained in our products, including the digital aspects. This will help them continue to meet the needs of customers in an increasingly digitized world.



1.5.2 Multi-hub Model

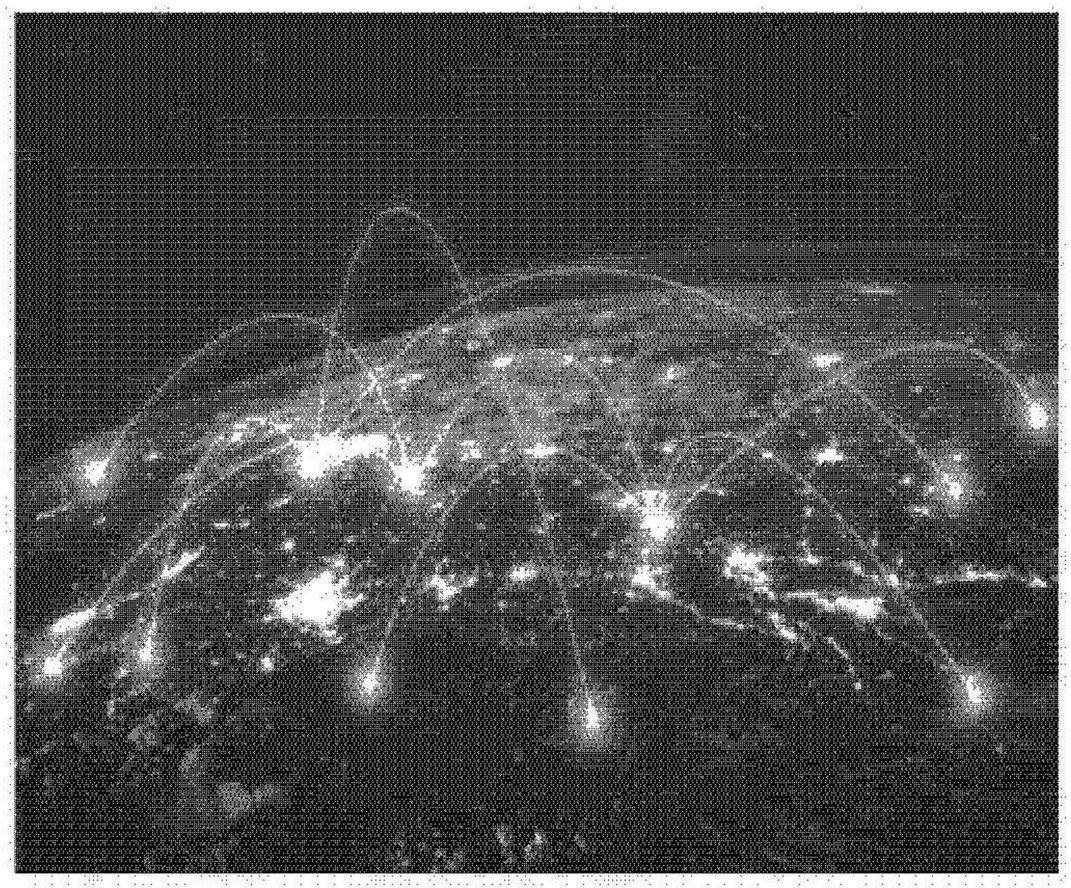
The multi-hub approach enables improved resiliency, agility and proximity with our customers and suppliers.

We are one of the most local of the global companies. Our people live and work in the regions where we operate and are close to our customers. Our model reflects our decentralized governance model and empowers our people where they need it – close to the customers.

Our multi-hub approach continues to be a key part of Schneider Electric's strategy. It enables improved resiliency, agility and proximity with our customers and our network of suppliers.

As today's world is increasingly divided by politics, conflict, trade and regulatory differences, this characteristic of Schneider Electric's model has proven its strategic value.

Four hubs serve our different markets (China, Europe, India and North America). Each hub has its own capabilities, while coordinating globally to meet customer needs.



1.5.3 Global Balanced Footprint

We are the most local of global companies.

Schneider Electric is balanced to leverage the global scale and proximity to customers. We simultaneously work to ensure we drive value and high quality from our suppliers, while shortening supply chains for greater agility, resilience, and sustainability outcomes.

We are crafting an integrated supply chain to support our growth aspirations. We are moving our sourcing and manufacturing to be 90% within the region the products and solutions are sold aligned across our supply chain hubs: North America, China, India, Europe, and "Rest of World". We have announced significant investments in North America and "Rest of World" markets to meet the anticipated demand and build greater autonomy of these two fast-changing regions. We more than doubled our investment run rate in North America with a focus on enhancing Made in America compliance for government regulated markets, and significantly expanded our presence in India. We will continue to scale our smart factories program to be best positioned for today and the future.



A global network that ensures the resilience of our end-to-end value chain

Source	Make	Deliver	Customer
18,500 suppliers, €11.0 billion purchases*	153 factories in 38 countries	79 distribution centers in 44 countries	17 segments and personas, 164,000 order lines a day, 228,000 references

*Production parts procurement

1.5.4 Focus on Sustainability

We are going beyond the scope of operations in Sustainability.

The foundation of Schneider's sustainability strategy is the belief that investing in the transition to a more sustainable world is not only the right thing to do, but it also drives the company's competitiveness, innovation and resilience. This approach secures sustainable growth, because any company's health is deeply interconnected with the health of the environmental and social systems it evolves in. It encompasses continuous improvement of environmental, social, and ethical dimensions across an organization's entire value chain and stakeholders. This holistic approach allows the Group to greatly mitigate risks and to bring tangible added value by being more attractive to stakeholders, while boosting innovation.

However, we are not stopping at improving our own sustainability posture or even that of our value chain. We are actively leading organizations globally to reach their sustainability goals via our Sustainability Business.

On this journey for a better planet, the Group is convinced that no one should be left behind, and businesses should strive for a just transition.



See page 66 to find out more about our sustainability strategy.

1.5.5 Culture and Empowered Workforce

Our People and Culture lead us into The Next Frontier.

Our commitment to our people and growing their skills is truly what allows us to create impact. We continue to invest in critical skills, including services, software, sustainability, and electronics, to build competencies that we will need to be successful in the future. This is in addition to our ongoing commitment to build digital skills, where we now have 77% of our workforce involved.

Our culture is a strength, a differentiator. We are intentional about it and shape it with design and care with our focus on leadership. Leaders at Schneider play an active role in shaping culture, in setting high ambitions for growth and transformation, by delivering impact. We are also focused on making sure we have the right talent in the right locations. We cannot fulfill our vision as the most local of global companies without a balanced approach to geographies.

The impact this makes for our people is easy to see in our increasing engagement level and decreasing turnover rates. Our people are critical to our success, and they believe in our vision, as you can see from our high level of employee ownership.



1.6 Ambition to Impact



The only constant in life is change. Schneider Electric has been a trailblazer in every industrial revolution during its 187-year long history. From the first revolution powered by steam, to the second with electricity, and the third with automation, we have constantly adapted and innovated. In the fourth revolution of digitization, we continue to lead in energy management and automation solutions. Industry 5.0, also known as the human-centric revolution, represents the integration of humans and advanced technologies in the manufacturing sector. It emphasizes collaboration between humans and robots, focusing on tasks that require creativity, problem-solving, and emotional intelligence. Industry 5.0 aims to create safer, more sustainable, and socially responsible manufacturing environments, promoting a harmonious relationship between humans and machines. We are committed to also leading into this revolution.

The underlying megatrends offer terrific opportunities for growth, particularly in a potentially volatile short-term environment. We are uniquely positioned to capitalize on the opportunities in front of us: our distinct focus on electrification, automation and sustainability, a unique ecosystem of long-term partnerships, an empowered multi-hub model, a balanced global footprint, and our people and culture.

We have set big ambitions that capitalize on our strengths, with concrete plans and targets that empower our teams to act. We are excited to lead the way forward in these extraordinary times to what we call "The Next Frontier".

2

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An introduction by our Chief Sustainability and Customer & Quality Officer



"Companies that want to do well, must also be good – and vice versa."

Agustin Lopez Diaz
Chief Sustainability and Customer & Quality Officer

I took on the role of overseeing sustainability matters at Schneider Electric at the end of the hottest summer in recorded history. The climate crisis was – and is – leaving a trail of destruction across the globe, and the window to address it is rapidly closing.

The good news is that readily available and cost-effective solutions exist, and can be deployed now by every one of us to deliver on common sustainability ambitions.

At Schneider Electric, we have worked hard for many years to do so. And by the summer of 2023, we'd reached the midterm point of our current five-year Schneider Sustainability Impact (SSI) program. SSI initiatives act as our sustainability roadmap, tracking our environmental, social, and inclusion transformation in line with six long-term commitments to climate, resources, trust, equality, people of all generations, and the local stakeholders with whom we work.

Engaging for impact with all stakeholders

As an Impact Company, we are committed to bringing everyone along – employees, customers, and suppliers – and to working closely with local communities to make a difference. And I couldn't be prouder of the impact we made in 2023.

We continued to support our customers on their journey toward Net-Zero with digital, electrification, and automation technologies. As of December 2023, we were already more than halfway towards meeting our target of helping our customers save and avoid 800 million tonnes of CO_2 emissions by 2025.

Part of the work to get to Net-Zero across our end-to-end value chain involves maintaining the highest standards of quality. And as we continue to encourage our top suppliers to switch to cleaner energy and run more energy-efficient operations, we're also tackling our own Scope 3 emissions.

We're taking a similar approach to also ensure that our partners protect their employees' rights and provide access to decent work. And we're making good progress in eliminating single-use plastic from packaging and increasing the green material content in our products.

Our long-standing efforts to address energy poverty and transform lives with affordable, reliable, and clean electricity also continued apace in 2023. We're well on our way to meeting our 2025 goal to expand energy access to 50 million people worldwide.

Maintaining our sustainability commitments over the long run

Continued recognition from external rating agencies including the Dow Jones Sustainability World Index, Euronext Vigeo, Ecovadis and CDP Climate Change, and many others, underlines our progress; none of which would be possible without the commitment of our employees.

Meanwhile, the Schneider Electric Foundation celebrated its 25th anniversary in 2023. That's a quarter of a century of creating educational and entrepreneurial opportunities and greater access to energy, and supporting the energy needs of local communities. The Foundation also provides vital support and disaster relief – most notably in 2023 sending donations and essential goods to earthquake victims in Turkey, Syria, and Morocco.

Sustainability initiatives are transformative, and not always quick wins. They're about continuously building on prior achievements and striving for long-lasting, positive impact. And that's what we will do – for the rest of the 2021-2025 SSI program, and beyond.

Agustin Lopez Diaz
Chief Sustainability and Customer & Quality Officer

2.1 Sustainability for all

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Distinctions 2023

Moody's ESG Solutions

PLATINUM Top 1%
ecovadis
Sustainability Rating
FEB 2024

Schneider Electric

Rated 2023 by cybervadis

Dow Jones Sustainability Indices

Bloomberg Gender-Equality Index 2023

CDP A LIST 2023 CLIMATE

2023 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE 12-TIME HONOREE

Corporate Knights: A Global 100 Most Sustainable Corporation

LIVING WAGE

Brandon Hall Group

2023 highlights

6.13/10
Schneider Sustainability Impact score, outperforming 2023 target (6.00/10)

63%
Sustainable packaging for our products (vs. 45% in 2022)

553M
Tonnes of saved and avoided CO_2 emissions for our customers since 2018 (+112 MT vs. 2022)

46.5M
People have access to green electricity in 2023, since 2009 (+6.9M vs. 2022)

2.1 Sustainability for all

2.1.1 Strategic vision towards long-term positive impacts

The world is changing

The world is facing multiple challenges that require a significant and rapid response from businesses. The climate crisis is causing flooding and droughts that have already resulted in billions of dollars in damage and mass population migrations. It is jeopardizing access to basic needs and services such as health, food, water, and energy for millions of people – generating further social inequalities. The biodiversity crisis, driven by changes in the usage of land and sea, direct exploitation of natural resources, pollution, climate change, and invasive species will further destabilize our economies as the ecological services nature provides to an ever-growing population are degraded. Meanwhile, the digital revolution is completely changing the way people interact with one another, how we interact with machines, and the way machines interact with each other.

In the past years, multiple geopolitical crisis have also set in motion a series of global events which have led to significant disruptions, many of which have impacts across the world. These include constrained labor availability, global shortages of raw materials and electronics, unreliable transportation, and reductions in energy availability. Supply chains across industries have been challenged by these outcomes.

New expectations and practices have emerged to help the world adapt to, or mitigate the impacts of this disruption:

- Local dynamics in response to ecological and social considerations as well as supply chain disruptions;
- The mobilization of new generations, demanding a radical shift towards a more sustainable economy;
- The flourishing of new environmental, social, and governance (ESG) regulations for both financial and non-financial undertakings;
- New ways of working, which are more flexible and more digital;
- Circular business models to preserve the planet's resources.

Articulating the strategy around an Impact Company model

While everybody – governments, NGOs, investors, and individual citizens – has an important role, companies can be crucial players.

They can be both developers and users of new solutions with have the resources, talent, technology, and geographic footprint to make real and fast change and use it to drive sustainable financial performance.

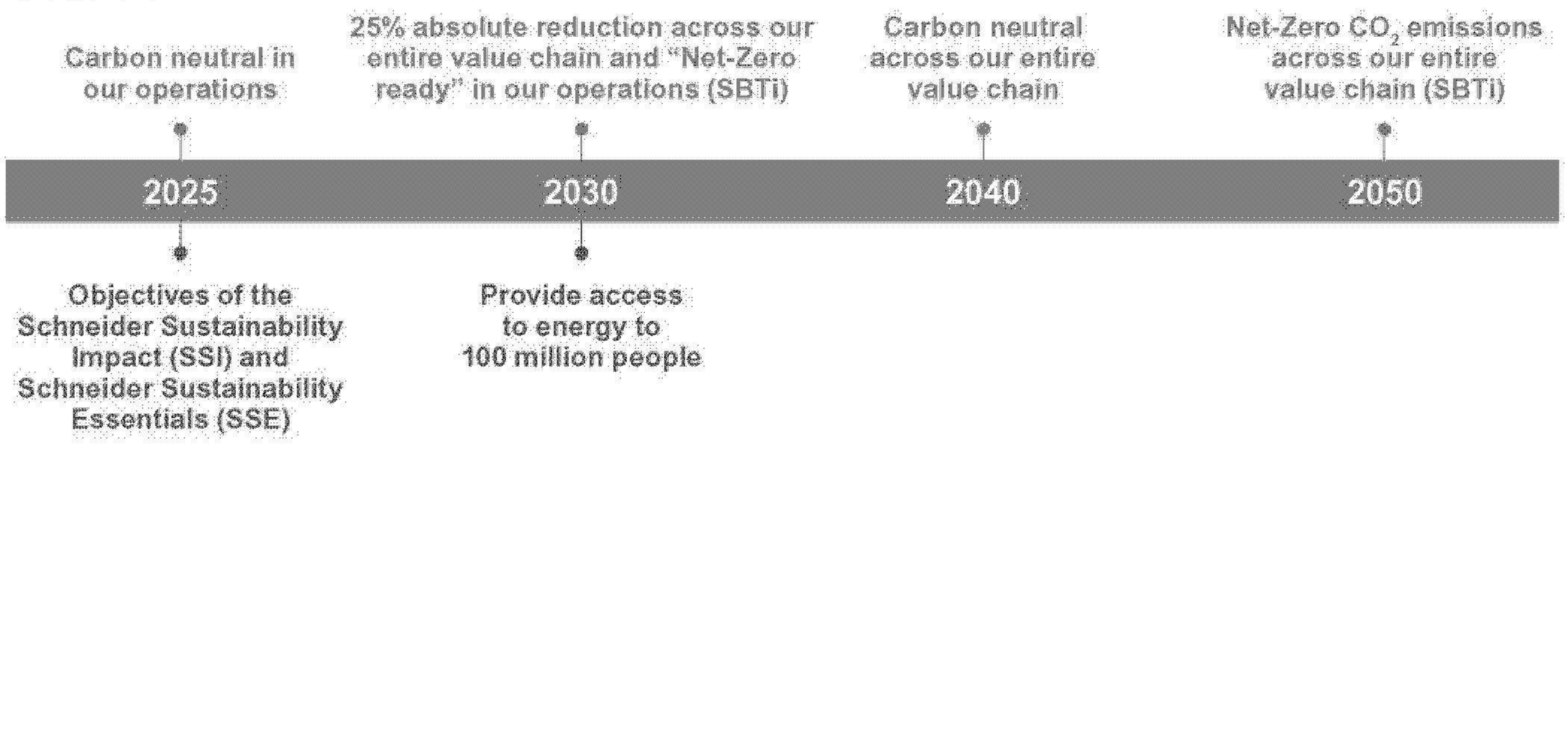
The foundation of Schneider's sustainability strategy and Impact Company model is the belief that investing in the transition to a more sustainable future – in energy sobriety, gender equity, or low carbon solutions – is about future-proofing the Company. It drives the Company's competitiveness, innovation, and resilience. It secures sustainable growth because any company's health is deeply interconnected with the health of the environmental and social systems it evolves in. It encompasses continuous improvement of environmental, social, and ethical dimensions across an organization's entire value chain and stakeholders. This holistic approach allows the Group to greatly mitigate risks and also brings tangible added value by being more attractive to stakeholders, while boosting innovation.

The transformation of Schneider Electric reflects this. The adoption of an Impact Company model has seen the Company triple in size, growing from €9 billion in 2003 to €35.9 billion in revenues in 2023. Schneider Electric products, software solutions, and services help households, companies, buildings, data centers, infrastructure projects, and entire industries make the most of their energy and resources and bolster their energy resilience. With its solutions, the Group plays a major role in accelerating the energy transition and fighting the climate crisis, while making a long-term positive impact on the planet and society.

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

This positive contribution is measured as Impact revenues, which represent 74% of the Group's total revenues in 2023. In addition, in order to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% being either strictly green or neutral. On this journey for a better planet, the Group is convinced that no one should be left behind, and businesses should operate a just transition.

Climate change, biodiversity loss and rising inequalities, are all issues that have long-term consequences and cannot be addressed with a short-term mindset alone; solving these issues requires a combination of a long-term vision and concrete short-term action presented below.



2.1.2 6 long-term commitments and tools to measure progress

In response to the societal, economic, and ecological worldwide transformations, expectations from its stakeholders, and aligned with its Purpose and the United Nations Sustainable Development Goals (UN SDGs), Schneider Electric has made six long-term commitments. By tracking its sustainability performance and publishing quarterly results, Schneider Electric upholds its commitments to the SDGs and industry leadership in corporate social responsibility.

Our tools to measure progress

The execution of the Group's 2021–2025 sustainability strategy is tracked through quantitative key performance indicators (KPIs), under two complementary tools: the Schneider Sustainability Impact (SSI) and the Schneider Sustainability Essentials (SSE). Collectively, the 11 SSI Global and Local Impact programs, as well as the 25 SSE programs, are the Group's short-term sustainability roadmap and our contribution to the 17 UN SDGs.

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, audited annually, and linked to short-term incentive plans (STIP) for more than 64,000 employees.

The SSE reflects continuous improvement actions taken by the Group, complementing the SSI. This tool brings balance between the innovative transformation plans of the SSI and the need to keep making progress with other long-lasting programs.

A notable addition to the 2021–2025 program is the local aspect, aiming to deploy local actions in the 100+ markets where the Group operates in order to better empower all leaders and collaborators to unlock meaningful local impacts.

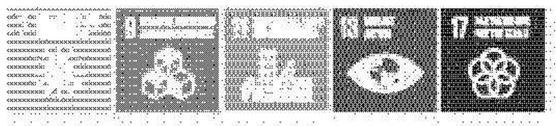
Long-term commitments and tools

Tool	Schneider Sustainability Impact (SSI)	Schneider Sustainability Essentials (SSE)	Local Schneider by Impact programs (SSI #-1)
KPIs	11	25	~200
Scope	Global	Global	Local
Reporting	Quarterly	Annual	Annual
Assurance	Yes	Yes	No
Link to STIP	Yes	No	No

Read more on the SSI and SSE programs and scope on the **next page and throughout the report**.

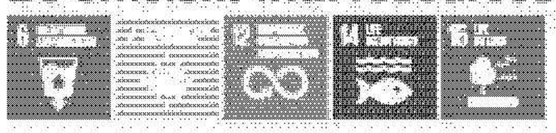
Read more on the local commitments on **www.se.com**

Act for a climate-positive world



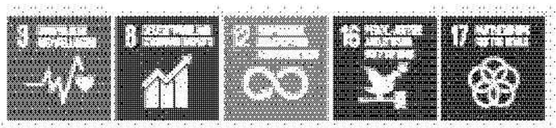
by continuously investing in and developing innovative solutions that deliver immediate and lasting decarbonization in line with our Carbon Pledge.

Be efficient with resources



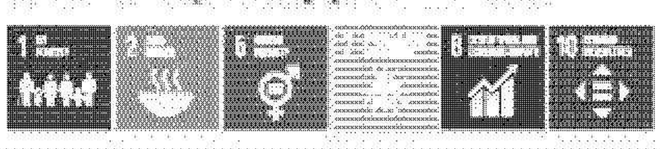
by behaving responsibly and making the most of digital technology to preserve our planet.

Live up to our principles of trust



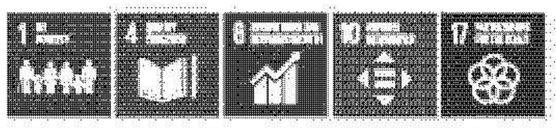
by upholding ourselves and all around us to high social, governance, and ethical standards.

Create equal opportunities



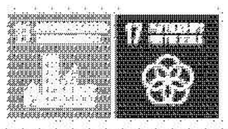
by ensuring all employees are uniquely valued in an inclusive environment to develop and contribute their best.

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.

2.1 Sustainability for all

2.1.2.1 The Schneider Sustainability Impact: a unique transformation tool

Since 2005, Schneider Electric has measured its sustainability performance each quarter in a dashboard known as the "Schneider Sustainability Impact" (SSI). Schneider uses this tool to address its sustainability challenges and to improve each of the pillars of its strategy identified through its materiality matrix. Each SSI mobilizes the whole Company around holistic sustainability goals impacting its ecosystem, shares the Group's improvement plans with stakeholders, and creates system value.

A single ESG performance score

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 in a 10/10 score. For each KPI, the relevant score is obtained by linear interpolation and rounded down to the second decimal. The overall score of the tool is the average of each KPI's score with equal weight excluding the local commitment (SSI #+1). In 2023, the SSI achieved a great score of 6.13/10 (vs. 4.91/10 in 2022), exceeding its 6.00/10 target for the year, and is well on track to achieve its 2025 ambition. The 2024 objective is to keep accelerating and reach 7.40/10.

Transparent quarterly progress disclosure

The results of the SSI are published every quarter together with financial results and made available to all stakeholders via the Group's website. On these occasions, results are collated and presented to the Function Committee (previously known as Group Sustainability Committee), which makes decisions on any corrective actions that may be necessary to reach objectives. The Governance, Nominations & Sustainability Committee (previously known as Human Resources & CSR Committee) within the Board of Directors conducts an annual review of the Group's sustainability strategy, analyzing, in particular, the performance of the SSI. The results are also publicly presented to shareholders by Schneider Electric's CEO or CFO, demonstrating the Group's commitment to making sustainability part of the Company's long-term strategy.

In addition, the results of the SSI are released in various external reports (such as the Universal Registration Document including the statutory auditors' report), and are shared during customers and investors events. Internally the results are published on the intranet, and in various communications to employees (including a quarterly internal video featuring the CEO and the CFO on the quarter's results).

Find all quarterly releases on the Financial Results page on **www.se.com**

Annual publication and external assurance

The annual publication of the SSI results follows thorough internal data controls performed by each relevant team and supervised by the Sustainability team, as well as a complete "limited" external assurance from an independent third-party verifier for all of the SSI and SSE indicators (except SSI #+1 and SSE #12), in accordance with ISAE 3000 assurance standard. Progressively, Schneider Electric aims to obtain a reasonable assurance level on the SSI. In 2023, SSI #8 obtained a reasonable assurance level, as well as other energy, CO_2 and safety KPIs (SSE #3, SSE #5 and SSE #14).

See Independent verifier's report on **page 302**.

Rewarding employees for performance

Since 2011, the SSI score is included in the variable compensation of global functions and Company leaders. In France, since 2012, the SSI has also been included in the profit-sharing incentive plan for the French entities, Schneider Electric Industries and Schneider Electric France. From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual short-term incentive, further highlighting the importance of sustainability on Schneider Electric's business agenda. In 2023, the SSI performance impacted the short-term incentive plans for 64,000 employees (20% of collective share), including the Executive Committee members and the CEO.

Read further details in the section 2.5.4. "Compensation and benefits" on **page 234**.

SSI and Sustainable Finance

In November 2020, Schneider Electric announced its first sustainability-linked convertible bond, due 2026, for a nominal amount of approximately €650 million. This bond issuance is linked with three programs of the SSI 2021-25 (SSI #2, SSI #8 and SSI #11). In 2022, Schneider Electric signed €2.7 billion Syndicated Sustainability-Linked Revolving Credit Facilities with a margin indexed on the annual performance of the SSI.

Find more information about debt and bonds on the Debt page on **www.se.com**

SSI creation process

The SSI is a cyclical process taking place every 3 to 5 years. In 2020, a specific SSI Steering Committee was created, comprising around 50 members representing each Executive Committee member, and each geography, function, and business unit. Three all-hands workshops took place, and the Sustainability team organized individual follow up interviews with each member to define precise and measurable programs.

The breadth of stakeholders involved in the design of the SSI, and the variety of analyses leveraged, makes it a powerful tool to move the Group forward on its major challenges.

Three scenarios may emerge from one SSI to the next:

- Programs are maintained and their targets are renewed or increased;
- New and more innovative or better-adapted indicators are implemented;
- Programs are removed, if for instance they have reached a threshold. Any former program may continue to be monitored internally if relevant.

The Sustainability department presents a draft version of the new SSI to the Governance, Nominations & Sustainability Committee, which reports on its work to the Board of Directors, and to the Function Committee, for validation. This latter Committee includes seven members, who each have functional responsibilities and report directly to the CEO: the Chief Sustainability and Customer & Quality Officer; Chief Strategy Officer; Chief Human Resources Officer; Chief Global Supply Chain Officer; Chief Marketing Officer; Chief Governance Officer & Secretary General; and Chief Financial Officer. The new SSI is then approved by the CEO.

During the deployment of the SSI, annual reviews take place organized by the Sustainability team together with internal experts and new or complementary programs may be launched or be evaluated in more depth.

Notable SSI achievements and challenges in 2023

SSI #2 delivered +112MTCO$_2$e saved and avoided for customers, a continuous improvement compared to 2022 (+93MTCO$_2$e), driven by good progress in Power Purchase Agreements services and Variable Speed Drives sales.

The Zero Carbon Project (SSI #3) recorded a 27% progress (vs. 10% in 2022) thanks to CO$_2$ emissions efficiency gains in the operations of 1,000 top suppliers.

The Group kept progressing on its transition to sustainable packaging, with 63% of primary and secondary packaging now free from single-use plastic, using recycled carboard (SSI #5), compared to 45% in 2022. This progress was possible thanks to the mobilisation of the teams worlwide, and particularly in Europe and North America.

SSI #6 significantly progressed in 2023, with 85% of strategic suppliers committed to the Decent Work program, of which 21% are meeting the Decent Work expectations set by Schneider Electric. This represents an increase of 20 pts since its launch in 2022, but reaching the 2025 target remains a challenge due to the shorter timeframe to achieve it.

The most significant progress was achieved by SSI #9 which delivered access to clean and reliable electricity to 6.9 million people in 2023 alone (vs. 5.5M in 2022), thanks notably to the solarization of Health Centers in South Asia and Africa, and the delivery to Impact Investment Funds.

One of the most challenging 2025 objectives will be to train 1 million people in energy management (SSI #11). Major progress was delivered in 2023 with close to 180,850 new people trained, more than twice than in 2022 (close to 70,000 people). However, due to the delay caused by the pandemic, an acceleration will be needed in the coming years to reach the target. To achieve it, the Group is opening trainings to more OECD countries and supporting new types of programs for the youth.

2.1.2.2 Schneider Sustainability Essentials

The SSE reflects continuous improvement actions taken by the Group, complementing the SSI. This tool brings balance between the innovative transformation plans of the SSI and the need to keep making progress with other long-lasting programs. All SSE KPIs are externally assured each year like for the SSI.

Notable SSE achievements and challenges in 2023

Schneider is committed to accelerating sustainable transformation in its own operations:

- In 2023, 24 new sites were certified Zero-CO$_2$ sites (SSE #1), for a total of 101 sites contributing to the Group's GHG emissions.
- Corporate vehicle fleet transformation (SSE #7) accelerated by 10 points in 2023, driven by a strong performance in Europe and a growing market maturity.
- The Group's ambition is to deploy local biodiversity conservation and restoration programs at 100% of its sites (SSE #8), and to deploy a water conservation strategy and related action plan at 100% of its sites in water-stressed areas by 2025 (SSE #11). In 2023, 66% of sites have put biodiversity programs in place (vs. 18% in 2022), and 73% of sites in scope have adopted and implemented water conservation action plans (vs. 48% in 2022).
- Improving CO$_2$ efficiency in transportation (SSE #4) is a challenge as it is primarily driven by the mode mix of the Group's aggregate freight globally, to best serve its customers.

With SSE #23, Schneider aims to provide access to meaningful career development programs for its employees during later stages of their career. 67% benefited from these programs in 2023 (vs. 43% in 2022).

Finally, 1,165 new suppliers were assesed in 2023 under Schneider's "Vigilance Program" (SSE #17), notably thanks to the increase of remote Vigilance assessments.

Deploying a 'Social Excellence' program through multiple tiers of suppliers is one of Schneider's 2021-25 objectives (SSE #12). This program is stilll in development.

Local Sustainability Commitments

A significant element of the 2021-2025 program is the local dimensions, which deploys local actions in the 100+ markets where the Group operates in order to better empower all leaders and collaborators to unlock meaningful local impacts. 100% of Schneider Electric's Country and Zone Presidents have defined three local commitments that impact their communities in line with our sustainability transformation. Close to 200 local programs have been deployed since 2021.

In 2024, the local programs will be renewed or extended by setting more ambitious targets, with the aim of increasing local impact through employee engagement. All local sustainability leaders were involved in 2023 to prepare for the launch.

Discover Schneider's local sustainability commitments on the Empower local communities page on **www.se.com**

2.1 Sustainability for all

SCHNEIDER SUSTAINABILITY IMPACT

2023 score:

6.13/10

vs. 4.91/10 in 2022 and outperforming 6/10 target for the year

Schneider Sustainability Impact

6 Long-term Commitments	11+1 targets for 2021-2025		Baseline[1]	2023 Progress[2]	2025 Target
Climate	1.	Grow Schneider Impact revenues[3]	2019: 70%	74%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	2020: 263M	553M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operations	2020: 0%	27%	50%
Resources	4.	Increase green material content in our products	2020: 7%	29%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	63%	100%
Trust	6.	Strategic suppliers who provide decent work to their employees	2022: 1%	21%	100%
	7.	Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
Equal	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	2020: 41/23/24	41/28/29	50/40/30
	9.	Provide access to green electricity to 50M people	2020: 30M	+16.6M	50M
Generations	10.	Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.52	x2.00
	11.	Train people in energy management	2020: 281,737	578,709	1M
Local	+1.	Country and Zone Presidents with local commitments that impact their communities	2020: 0%	100%	100%

(1) The baseline year is indicated in front of each SSI baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSL indicators (except SSI #1 and SSL #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent Verifier's report on page 302). In addition, SSI #8, SSE #3, SSE #5 and SSE #14 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) Per Schneider Electric definition and methodology. For the reporting requirements under the European Taxonomy Regulation, please refer to pages 277 to 293.

⊕ Read more about the SSI indicators methodology on **pages 266 to 272**

Schneider Sustainability Essentials

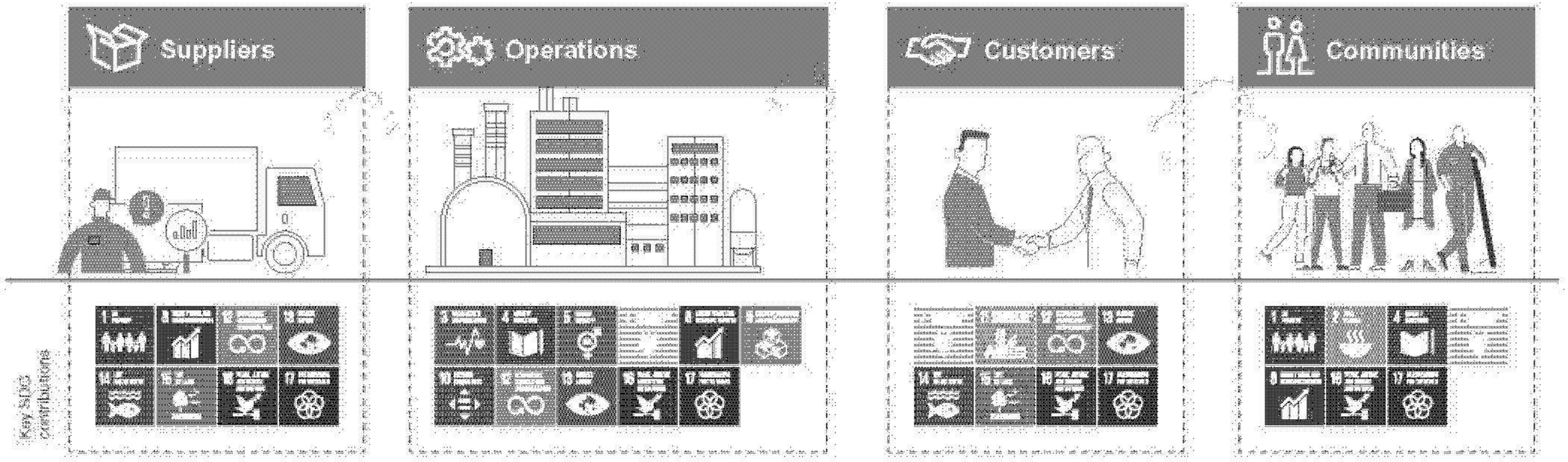
6 Long-term Commitments		25 targets for 2021-2025	Baseline[1]	2023 Progress[2]	2025 Target
Climate	1.	Decarbonize our operations with Zero-CO_2 sites	2020: 30	101	150
	2.	Substitute relevant offers with SF_6-Free medium voltage technologies	2020: 26%	60%	100%
	3.	Source electricity from renewables	2020: 80%	88%	90%
	4.	Improve CO_2 efficiency in transportation	2020: 0%	1.6%	15%
Resources	5.	Improve energy efficiency in our sites	2019: 0%	13%	15%
	6.	Grow our product revenues covered with Green Premium™	2020: 77%	81%	80%
	7.	Switch our corporate vehicle fleet to electric vehicles	2020: 1%	24%	33%
	8.	Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	66%	100%
	9.	Give a second life to waste in 'Waste-to-Resource' sites	2020: 120	137	200
	10.	Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	2020: 157,588	311,229	420,000
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	73%	100%
Trust	12.	Deploy a 'Social Excellence' program through multiple tiers of suppliers[3]	--	In progress	--
	13.	Train our employees on Cybersecurity and Ethics every year	2020: 90%	97.3%	100%
	14.	Decrease the Medical Incident rate to 0.38 or below	2019: 0.79	0.51	0.38
	15.	Reduce total number of safety recalls issued to 0	2020: 25	23	0
	16.	Be in the top 25% in external ratings for Cybersecurity performance	2020: Top 25%	Top 25%	Top 25%
	17.	Assess our suppliers under our 'Vigilance Program'	2020: 374	3,248	4,000
Equal	18.	Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.00% 0.67%	<1% <1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	61%	60%
	20.	Pay our employees at least a living wage	2019: 99%	100%	100%
	21.	Multiply the number of employee-driven development interactions on the Open Talent Market	2020: 5,019	x1.5	x4
Generations	22.	Support the digital upskilling of our employees	2020: 41%	78%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	67%	90%
	24.	Increase our employee engagement level	2020: 69%	73%	75%
Local	25.	Increase the number of volunteering days since 2017	2020: 18,469	58,177	50,000

(1). See note (1) under the SSI table on the left page.
(2). See note (2) under the SSI table on the left page.
(3). SSL #12 "Social Excellence" program is under development.

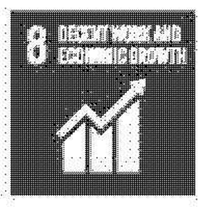
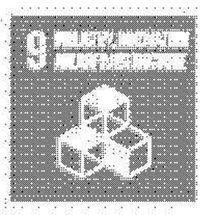
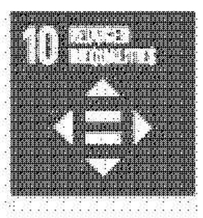
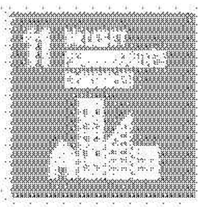
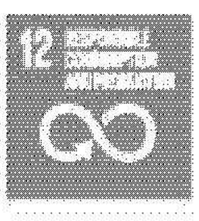
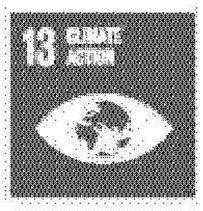
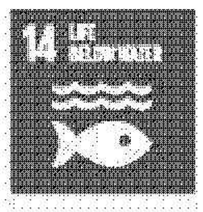
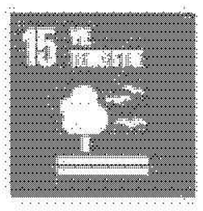
Read more about the SSE indicators methodology on **pages 272 to 277**.

2.1.3 Contribution to the United Nations Sustainable Development Goals

The 17 United Nations Sustainable Development Goals (UN SDGs) are focused on protecting the planet, alleviating poverty, and achieving worldwide peace and justice. The Schneider Sustainability Impact (SSI) and Essentials (SSE) programs contribute to those global goals, either directly or indirectly, for all stakeholders in the Company's value chain. Schneider Electric is an active promoter of the SDGs and a member of the UN Global Compact (UNGC), notably with its Chairman being a member of the global Board. Schneider discloses each year its Communication on Progress, and was one of the 850 participants in the UNGC Early Adopters program in 2022. The following mapping of the Group contribution by SDG and stakeholder was realized by reviewing all 169 targets and leveraging the SDG Compass tools.



SDG	Stakeholders	Schneider's contribution to SDGs	Key programs
1 NO POVERTY	Suppliers Communities	As a responsible employer, manufacturer, and buyer, Schneider Electric committed to ensuring the well-being of employees throughout its value chain. Through sustainable procurement, fair compensation and development opportunities, the Group ensures all its stakeholders can live fulfilling and thriving lives.	**SSI #9; SSI #10; SSI #11; SSE #20**
2 ZERO HUNGER	Communities	Food is a basic need and a necessity for livelihood. Schneider contributes to strengthen food security by improving access to energy in rural areas, through better irrigation, food storage, and processing.	**SSI #9**
3 GOOD HEALTH AND WELL-BEING	Operations	Schneider's holistic view of well-being translates into programs that support the physical, mental and emotional well-being of its people, but also across its operations, safeguarding the reliability of the healthcare sector by powering their facilities.	**SSI #6; SSE #12; SSE #14; SSE #17**
4 QUALITY EDUCATION	Operations Communities	Learning is a Core Value of Schneider Electric. The Group actively promotes a mentoring culture, connecting generations together to help tomorrow's energy leaders to grow and build a sustainable future.	**SSI #10; SSI #11; SSE #25**
5 GENDER EQUALITY	Operations	Schneider Electric believes in equality between all genders. As such, the long-lasting difference in society's treatment of men and women is a challenge we face and rise to as we believe that diversity, equity and inclusion benefit all.	**SSI #8; SSE #18**
6 CLEAN WATER AND SANITATION	Communities	Schneider takes great care in ensuring its operations have no impact on biodiversity and water quality. The Group protects water on its sites, with a specific conservation strategy and solutions in water-stressed areas to limit the impact on local communities.	**SSE #6; SSE #11**
	Operations Customers Communities	Schneider provides solutions for clean, reliable, and efficient energy consumption to its customers, and is committed to help people in underserved areas gain access to green and reliable electricity.	**SSI #1; SSI #2; SSI #3 SSI #9; SSE #1 SSE #3; SSE #5; SSE #6, SSE #7**

SDG	Stakeholders	Schneider's contribution to SDGs	Key programs
	Suppliers	For Schneider Electric, protecting workers' rights, guaranteeing their dignity and creating work opportunities is essential to enable all its stakeholders to thrive. Its Decent Work program aims to improve working conditions for its employees and for workers across its supply chain.	SSI #6; SSI #10; SSE #12; SSE #14; SSE #17; SSE #18; SSE #20; SSE #22; SSE #23
	Operations	Schneider Electric's identity and legacy drive the Company towards perpetual innovation and mobilization to make its infrastructures and products modern and up-to-date with its commitment to sustainability.	SSI #1; SSI #2; SSE #1; SSE #2; SSE #4
	Operations	Schneider is devoted to empowering and positively impacting all employees, customers, and communities. The Group hopes to bring everyone together on the same level of equality, thus allowing all to strive individually and collectively.	SSI #8; SSI #10; SSI #11; SSE #18; SSE #20
	Customers	Schneider offers a solution to ensure sustainability in urban areas, with smarter homes and buildings. The Schneider Electric Foundation acts to provide access to sustainable energy to all, turning our global commitments into local realities.	SSI #1; SSI #12; SSE #1; SSE #4; SSE #9
	Suppliers Operations Customers	Schneider Electric considers that circularity is key for sustainability. Using fewer resources and producing higher-quality products is the ideal combination to ensure safety for employees, consumers, and the environment.	SSI #4; SSI #5; SSE #6; SSE #9; SSE #10; SSE #15
	Suppliers Operations Customers	Schneider Electric has been leading the fight against climate change for 15 years. Its strategy focuses on acting for climate protection, preserving resources, and maintaining ethical practices to fight for the planet.	SSI #2; SSI #3; SSE #1; SSE #3; SSE #4
	Suppliers Customers	Resources are essential to our business; preserving them not only makes good business sense but is also the right thing to do. Hence, preserving the ocean has become core to our sustainability engagement and we commit to protecting marine life.	SSI #5; SSE #8; SSE #11
	Suppliers Customers	Schneider Electric is committed to using fewer natural resources, living within our planet's means, and advancing an accelerated biodiversity strategy. We align with like-minded partners to prioritize conservation and help create a more sustainable world.	SSI #4; SSI #5; SSE #8
	Suppliers Operations Customers Communities	Sustainability is a job for all; the urgency of the situation is impossible to ignore. All hands must be on deck and it is crucial to establish frameworks, programs, and infrastructure to allow a just and peaceful development.	SSI #6; SSI #7; SSE #12; SSE #13; SSE #16; SSE #17
	Suppliers Operations Customers Communities	Schneider Electric is a global company that aims to adapt and ensure cooperation amongst all its stakeholders to create an environment of trust and prosperity in its operations but also for its employees' and local communities' fulfillment.	SSI #3; SSI #6; SSI #11; SSI #12; SSE #2; SSE #11; SSE #12; SSE #17; SSE #24; SSE #25

Consult Schneider Electric's commitments to SDGs on the Sustainability page on **www.se.com**

2.1.4 Open dialogue with stakeholders

Schneider Electric engages in open and continuous dialogue with each of its stakeholders. In particular, the Sustainable Development department takes into account the comments, ratings, and evaluations from stakeholders on the Group's Sustainability strategy and programs. This feedback is integrated into the drawing up of the registration document, new improvement plans, and during the design of the SSI programs, which takes place every three to five years.

Stakeholder	How we create value	Key achievements
Suppliers	The Group established an ambitious sustainable procurement strategy providing guidelines to its 53,000 suppliers to ensure that all are aligned with the Group's ambitions to build an inclusive and carbon-neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.	27% CO_2 emissions reduction from our top 1,000 suppliers' operations
Employees and social partners	The Group is committed to all its employees, empowering people across generations and regions offering equal opportunities. The Group motivates its employees and promotes involvement by making the most of diversity, supporting professional development, and ensuring safe, healthy working conditions.	82% of our employees are confident to report unethical behavior
Distributors and end-customers	To enable a more sustainable future we ensure our customers are provided efficient, safe, and decarbonized solutions through digitalization and electrification, providing them with high environmental performance products and full transparency on environmental impact with Green Premium™ offers. The Group insists on high quality and cybersecurity to deliver strong customer experience.	553M tonnes of CO_2 emissions saved and avoided for our customers
Financial partners	Our more than 15 years of experience and expertise in sustainability has led us to understand that not only does sustainability allows us to do good but it also makes good business sense. In fact, our business model delivers consistent, sustainable, and strong financial performance, offering our financial partners attractive returns.	74% Impact revenues
Institutions and technical bodies	The Group is involved with various local and international organizations supporting sustainability, working with key players from all levels of society. Schneider Electric makes it its priority to maintain a transparent and constructive dialogue with policymakers and regulators so that our views are represented on issues affecting our industry.	300+ associations and organizations we take part in worldwide
Communities and civil society	Schneider Electric acts to empower local communities by promoting local initiatives and enabling individuals and partners to make sustainability a reality for all, everywhere. Through education on energy management and investments supporting high social and environmental impact, the Group hopes to have a positive impact on its ecosystem.	200+ local commitments that positively impact communities

2.1.5 Materiality assessment

Assessment principles

Each year, Schneider Electric performs risks, opportunities, and impact assessments, considering issues that can have direct positive or negative financial impacts for the Company in the short-term (3 – 5 years), medium-term (5 – 10 years), or long-term (10 – 30 years), as well as impacts the Company may have on people and the planet, directly or indirectly in its value chain.

The assessments rely on a panel of both internal and external tools, take into account stakeholders' expectations, and are coordinated by different teams. In particular, the Sustainability team, the Strategy team, the Group Risk Management function and the Duty of Vigilance Committee play a key role. Other topic-specific committees contribute to the assessments and oversee the Group's strategy on those issues, such as the Carbon Committee, Human Resources Committee, and the Ethics Committee.

Key internal tools include:

- An internal and external stakeholder consultation (materiality assessment), focused on analyzing key stakeholders expectations, is performed prior to each SSI program launch every three to five years (last exercise done in 2020). This assessment is described in the next pages of this chapter.
- The Group risk matrix, led by the Group Risk Management function, is updated every year and focuses on identifying the risks considered by the Group as specific to its business and identified as having the potential to affect its business activity, its image, its financial performance, its results, or the achievement of its objectives. For more details about the Enterprise Risk Management (ERM) please consult Chapter 3, pages 326 to 357.
- The Vigilance risks matrix, which is presented and described in chapter 2.2.2 "Vigilance Plan" on page 117, focuses on the potential adverse impacts the Group may have on people or the planet, directly or indirectly in its value chain through its business relationships. A dedicated Vigilance report is available online.
- Other specific risk mappings are conducted regularly, dedicated among others to Ethics & Compliance (including Anti-Corruption and Conflicts of Interest), Climate, Water and Biodiversity, supplier, and cybersecurity risks.

Internal tools are complemented with external inputs, such as:

- Regulatory frameworks: for instance, the key topics listed under Article R. 225-105 of the French Commercial Code (Extra-Financial Performance Declaration), the European Taxonomy Regulation or European Sustainability Reporting Standards (ESRS);
- International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability;
- International institutions and Non-Governmental Organization (NGOs), and peer working groups and initiatives;
- Analysis of Environment, Social, and Governance (ESG) rating agencies expectations;
- Specific requests from investors and customers;
- Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), the Taskforce on Nature-related Financial Disclosures (TNFD), and various other frameworks (SASB, GRI, etc.).

The assessment covers the entire value chain of the Group and its stakeholders: suppliers and subcontractors, financial transactions, customers, as well as Schneider Electric's scope – on cross-functional, environmental, social, and societal topics, including human rights and anti-corruption.

The main identified risks, opportunities, and impacts are quantified based on probability of occurrence and magnitude of impact by the relevant departments to determine gross risks, and an assessment of current mitigation measures informs on potential net impacts. In this sustainability chapter, we present and discuss gross risks, and detail the mitigation actions implemented. Net risks are presented in Chapter 3, page 337 in accordance with "Prospectus 3" requirements.

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

Six main risk categories were identified in 2023 and are presented in detail in the following pages:

- Corporate governance
- Ethical business conduct
- Cybersecurity and data privacy
- Sustainable supply chain
- Product, projects, system quality, and offer reliability
- Responsible workplace

Creation of the SSI programs and targets leveraging the analysis

The Group Sustainability team collates the various inputs to identify the strategic issues that need to be addressed. Every 3 to 5 years, the analysis leads to the creation of new transformative programs under the Schneider Sustainability Impact.

For each target and indicator composing the SSI, the ambition is defined in consultation with the departments concerned, and leveraging the various risks, opportunities, and materiality analyses described above, as well as best practice benchmarks.

Zoom on the latest materiality analysis

In 2020, Schneider Electric built its third materiality matrix by consulting external stakeholders (such as customers, suppliers, international organizations, trade associations, experts, and shareholders) and top and senior managers within the Group, including the Executive Committee. Nearly 200 stakeholders were consulted in total. The details of the analysis can be found in the Group's Universal Registration Document 2021 pages 76-77.

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

- Climate change is the main trend identified externally and internally. It includes the move towards energy transition and electrification, on which external stakeholders expect Schneider Electric to take the lead.
- Inclusion and deploying a just transition benefits all equally, covering the Company's extended responsibility to its ecosystem, in particular in the supply chain, to ensure the low-carbon transition. Stakeholders also mentioned the growing expectations in providing ethical and sustainable products.

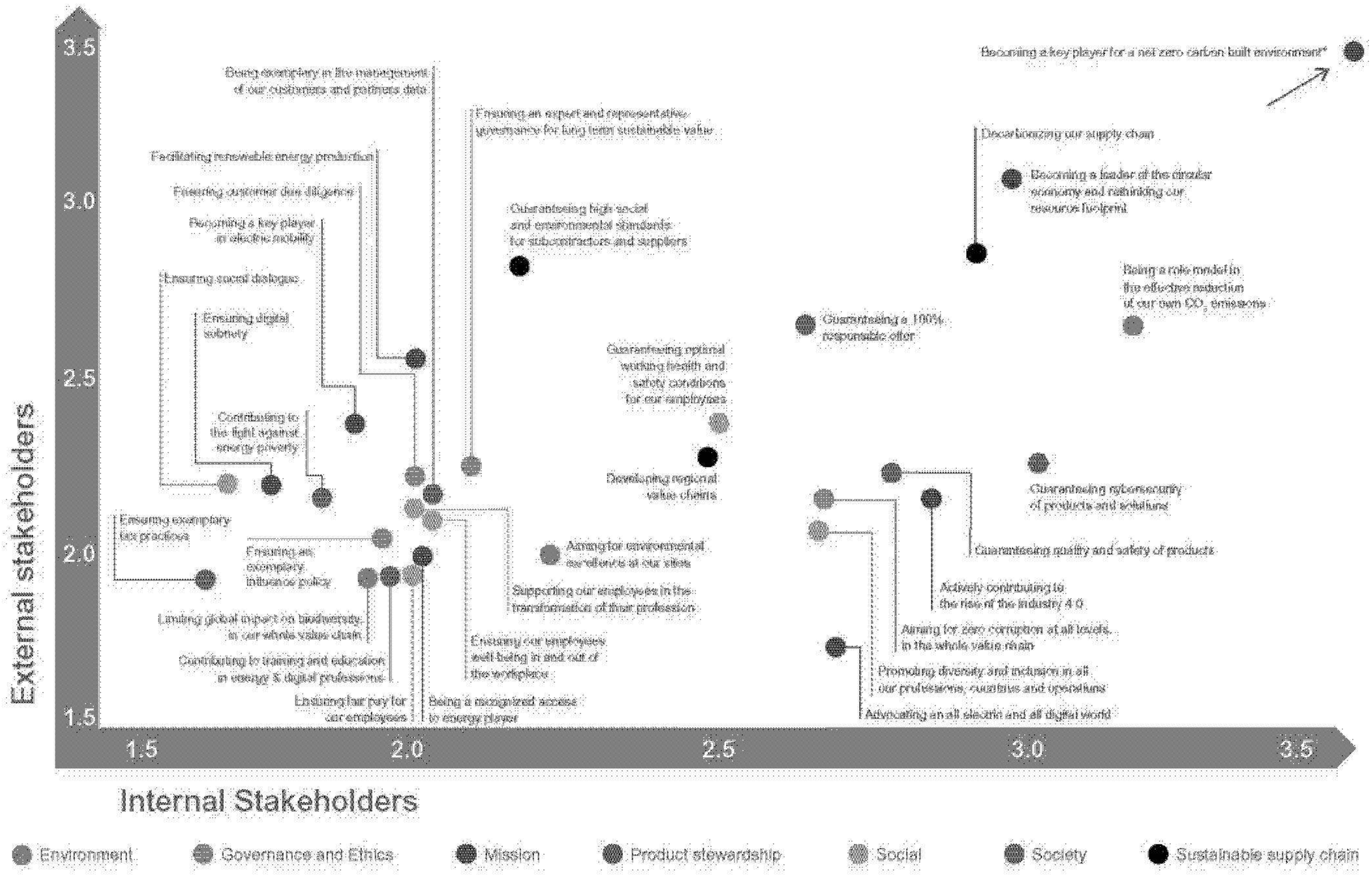
2.1 Sustainability for all

- Resilience, and the move towards more local supply chains, specifically post-COVID-19, can be a way to mitigate geopolitical uncertainty and a rise in protectionism.
- Ethics in digital: the growth of digitalization and the need for stronger ethics represents both an opportunity and a risk for Schneider Electric. This covers topics such as the power of data and the ethical use of it, the potential opportunities and dangers of Artificial Intelligence (AI), as well as people's well-being and job security in a transitioning world.
- Resource scarcity and circular economy featured very highly in terms of internal expectations.

During the discussions, a number of matters were frequently mentioned:

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

Schneider Electric 2020 Materiality matrix



Top four expectations

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

1. Leading climate action in our ecosystem with our partners.
2. Pioneering circular economy and being efficient with resources.
3. Ensuring a fair transition and guaranteeing high ethical, social, and environmental standards along more local value chains.
4. Leverage digital in cybersecure solutions to boost positive impact.

In 2023, Schneider Electric started to perform its double materiality assessment in line with the European Sustainability Reporting Standards (ESRS) as a first step to comply with the Corporate Sustainability Reporting Directive (CSRD). This assessment involves the collaboration of various teams, especially the Sustainability team, the Group Risk Management function, and the Duty of Vigilance Committee.

The double materiality assessment leverages various internal analyses and external inputs, including stakeholders' consultations, to determine the materiality of relevant sustainability topics for the Group, both from a financial and/or impact perspective. Material risks, impacts, and opportunities across the value chain will be validated by the Company's highest governance bodies. The results of this assessment will be disclosed in Schneider's Universal Registration Document 2024.

2.1.6 Main sustainability risks, opportunities, and impacts

As part of its Extra-Financial Performance Declaration, the Group presents the main risks, opportunities, and impacts identified with respect to major societal challenges in this section. For more details about risk management at Schneider Electric, see Chapter 3 on page 324.

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Ethical business conduct			
Competition law			
Non-compliance with competition laws and regulations could result in: • Fines • Brand and reputational impact • Other consequences	Trust Charter Competition Law Policy Competition Law Guidelines Channel Contract Review and Approval Policy Conflict of Interest Policy E-learnings Trust Line whistleblowing system	• New Competition Law Guidelines and Processes issued • Competition law e-learnings issued • Commercial Compliance Program • Refreshed channel contract templates • SSI #7: 82% achieved in 2023 (stable since 2022)	Increase trust among our customers, partners and larger community Increase business opportunities Increase employee risk awareness
Corruption and bribery			
Corruption links to B2B and project business may occur through third parties' activities (partners, suppliers, intermediaries, companies to be acquired, public officials, public-private partnerships, and extractive industries) and cause various impacts: • Legal proceedings, prosecutions, and sanctions • Subverting local social interests and/or harming local competitors • Debarment from public tenders or public funds • Increasing costs for companies, and further down the chain, their customers • Public relations backlash	Trust Charter Anti-Corruption Policy Whistleblowing Policy Case Management & Investigation Policy Conflict of Interest Policy Business Agents Policy Third Party Due Diligence Policy Gifts & Hospitality Policy Philanthropy Policy Sponsorship Policy Specific Marketing guidlines Specific M&A guidelines Dedicated Trust Standards Risk mapping dedicated to "Ethics & Compliance" risks	• New and updated policies • Anti-corruption e-learning and ad hoc anti-corruption learnings • Communication campaigns • Third-party management processes enhancement • Anti-corruption controls enhancement • Dedicated Key Internal Controls and central monitoring process • SSI #7: 82% achieved in 2023, aiming for 10 pts increase by 2025 • SSE #13: 97% of employees trained on Cybersecurity and Ethics in 2023 (vs. 96% in 2022)	Increase employee satisfaction Improve workplace culture Strengthen legal compliance and public reputation Reinforce customer, partner, supplier, and local communities' engagement and loyalty

2.1 Sustainability for all

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Export Controls			
Non-compliance with export controls and sanctions, lack of third-party screening, could result in: • Criminal penalties and fines • Brand and reputational impact • Business disruptions • Denial of export privileges	Export Control Policy Export Control Directive Global Export Control Program	• Export Control program • Export Control Center of Excellence (CoE) transformation project • Global Export Control awareness and training • Global Export Control Network of 806 Single Point of Contact (SPOC) sharing standards and best practices • About 2,250 hours of training delivered to SPOC Network • 3rd Party Screening • Created a Global regulation change advisory board (GCAB) created to review impact of new and updated global regulations, manage change, internal communications, and training	Building trust with customers and partners Ensure compliance to global export controls and sanctions Transparency and traceability in the supply chain, reducing the risk of disruptions and enabling smoother operations
Corporate governance			
Sustainability Commitments and Regulatory Requirements			
Failure to deliver on long-term public sustainability commitments such as the SSI and the Group Net-Zero commitment, as well as **failure to comply with regulatory requirements**, may result in: • Brand and reputational impact • Distrust from stakeholders and loss of attractivity to investors, customers, or new talents	Internal governance in place from Board to operational levels to monitor performance and progress, ensure compliance with regulatory requirements, and oversee Sustainability risks through a global Sustainability Committee SSI performance embedded in managers' and leaders' short-term incentives ESG performance in four external ratings linked to attribution of performance shares for leaders (Schneider Sustainability External and Relative Index, or SSERI)	• SSI 2023 performance reached 6.13/10, above the 6.00/10 target • 100% performance in Schneider Sustainability External and Relative Index (SSERI) thanks to industry leader ranking in several ESG ratings • Good progress in SSI and SSE climate programs and CO footprint reduction of 17% vs. 2021	Higher credibility and attractivity to stakeholders (such as investors, new talents, customers, or governments) Risks mitigation ahead of competition thanks to the SSI disruptive and virtuous continuous improvement process Business opportunities thanks to innovation and transformation
M&A and Integration			
Insufficient due diligence when acquiring new companies and implementing controls post-acquisition could result in: • Suboptimal acquisition strategies or flawed selection of acquisition targets, overestimating an acquisition's future performance or potential, revenue or cost synergies with Schneider Electric • Post-M&A risks may include failure in: – Acquisitions' strategic intent realization – Acquisitions' value creation – Acquisitions' integration process – Divestiture strategy execution	M&A and divestment assessments Risk mitigation systems Trust Standards Integration Task Framework	• Trust Standards and Integration plan status reviewed twice a year in Function Committee • Compliance with applicable Trust Standards across less than 3 years majority owned acquisitions: 45% in 2023	Trust Standards as opportunity for business enabler and integration standardization

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Cybersecurity and data privacy			
Cybersecurity **Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Groups' customers and partners)** may result in a risk of a malicious exploitation or a risk of intrusion into the infrastructures of Schneider Electric production and distribution centers, the potential consequences of which are: • Impacts on productivity, data privacy, and operations • Financial cost, and loss of confidence from stakeholders	Directive Site Protection Data center, IT Room and Network Enclosure Security Policy IT Disaster Recovery Plan for Business Continuity Policy Network Security Policy Acceptable Use of Assets Policy Security testing for products and systems Product and System Security Policy Source Code Security Policy Cyber Badge Principles Third-Party Security Principles Malicious Software Policy	• 220+ Cybersecurity leaders appointed and trained • Cyber performance of sites part of the bonus of the plant manager • Operational Technologies (OT) workers security awareness deployed • Access level defined, granted, and checked as per the profile/ need • For customer-facing employees: deployment of Cyber Badges across 20,000+ employees (compliance monitoring) • For customer-facing suppliers: Cybersecurity and Privacy Terms & Conditions developed for all suppliers • OT network, monitoring and threat detection, incident response process • IT/OT network segmentation secured industrial Personal Computers (PCs), secure remote access, backup restore for PCs, and Programmable Logic Controllers (PLC) • SSE #13: 97% of employees trained on Cybersecurity and Ethics in 2023 (vs. 96% in 2022 • SSE #16: top 25% in external ratings for Cybersecurity performance achieved	Greater confidence of our customers and partners in our supply chain and products Market access to critical infrastructures/ customers Critical certifications obtained IEC 62443 Advanced discussions with authorities and greater collaboration on safety and security

2.1 Sustainability for all

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Compliance			
Non-compliance with data laws could result in: • Endangerment, modification, and exfiltration of data from Schneider Electric's data systems • Potential fines • Brand and reputational impact	Trust Charter Global Data Privacy Policy Data Classification Policy Global Data Retention and Disposal Policy Record Creation Backup and Recovery Policy Log Management & Monitoring Policy Acceptable Use of Assets Policy Digital Certification Policy	• 30+ Data Protection Officers and Correspondents at country level • Data Risk Resource scale up • Data Risk Maturity assessment • Mandatory Cybersecurity & Data Privacy annual training sessions • 40+ Data Privacy Champions appointed globally • Annual review of all policies • Data Retention • Sensitivity label feature enabled on Microsoft Office 365 Suite for all employees	Increase trust among our customers, partners, and larger community Prove alignment to regulations and devotion to ESG requirements
Data Management			
Inappropriate Data Management could result in: • Breaches in data security and privacy, leading to reputational damage, legal consequences, and financial losses • Non-compliance with data protection regulations leading to regulatory penalties and compliance issues • Ineffective decision-making • Hinder innovation and digital transformation	Data Classification Policy Global Data Security Policy Global Data Privacy Policy Schneider Electric Data Charter Global Data Retention and Disposal Policy	• 20+ Data Risk Managers and Data Security Leaders • 30+ Data Officers globally Data Classification Enforcement • Data Classification Education • Data Risk Resource scale up • Data Risk Maturity assessment	Increase trust with customers and partners Maintain excellence and drive business performance Drive innovation Improve operational efficiency
Sustainable Supply Chain			
Supply Chain Disruption			
Lack of Supply Chain flexibility and resilience due to increase of climate-related risks as well as the evolution of international trade and market barriers may result in: • Delays in production and delivery, incurring important costs • Impact on customer experience if delays are too long	Regional Supply Chain footprint calculation Multi-sourcing Independent risk assessment (fire, weather, climate) of our industrial sites Preventive and reactive risk management of Natural risks in Supplier Risk Management (SRiM) program Recurring risk assessment of our Industrial sites and suppliers through Global Risk Consulting program	• Introduction of CO_2 simulations to compare alternative supply chain strategies and footprints, and network models • Implementation of deliberate redundancies of both dual factories for same products, and dual suppliers ("Power of Two") for all critical parts and components	Strong local presence Deepening Strategic Supplier Relationship with greater C-Level engagement Shorter lead times and low logistics costs and CO_2 from deliveries Improving component lifecycle visibility and taking the opportunity to standardize electronic components

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Sustainable value chain transition failure			
Sustainable value chain transition failure due to climate transition and adaptation failure over the value chain, may threaten business continuity: • Access to critical raw materials • Transportation and distribution disruption • Damage to assets • Logistic bottlenecks	Power of two in Manufacturing Logistic nodes monitoring system Third-party critical sites assessment EcoDesign resource parameters	• Performed a forward-looking climate risk and vulnerability assessment • Scenario-based analysis of direct and indirect climate physical and transition risks • SSI #3: 27% CO_2 emissions reduction from top 1,000 suppliers operations • SSI #4: 29% of green material content in our products • Suppliers assessed through EcoVadis / ISO 26000 evaluation. Score 2023: 61.9 (vs. 60.3 in 2022) • Deployed a full business continuity plan process	Growing demand for green, low-carbon product and services Increasing interest in decarbonization and digitization Accelerate the adoption of circular business models and technological solutions
Human Rights			
Violations of human rights and fundamental freedoms, in particular in supply chain and off-site projects, linked to the lack of transparency at suppliers or the discovery of malpractices in terms of human rights may lead to: • Workers Health & well-being impact • Legal impact • Reputation and brand image	Trust Charter and associated trainings Trust Line Supplier Code of Conduct Schneider Human Rights Policy, updated in 2022 Environmental Engineering and Health Services (EEHS) risk mapping of suppliers EEHS included in procurement process	• On-site supplier audits with Responsible Business Alliance (RBA) protocol • ISO 26000 assessment • SSI #6: 21% of strategic suppliers conform to Schneider's Decent Work requirements (vs. 1% in 2022) • 'Social Excellence' program through multiple tiers of suppliers in progress (SSE #12) • SSE #17: 3,248 suppliers assessed under our 'Vigilance Program' since 2018 (+1,165 vs. 2022)	Increased cooperation with suppliers Increased trust with our customers
Resources			
Scarcity of resources used in the products or in their manufacturing, due to volatile prices and availability of materials and resources could lead to: • Cost increase of primary materials and energy • Disruption of supply	Supply chain resiliency Raw material productivity and hedging strategy Project risk controversy management Water stewardship in water-stressed areas Proactive product returns and take-back policies for a range of offers	• SSI #4: 27% green material content in our products (vs. 18% in 2022) • SSI #5: 63% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard (vs. 45% in 2022) • SSE #11: 73% of sites in water-stressed areas have a water conservation strategy and related action plan (vs. 48% in 2022) • Resilience management : short-term by business impact prioritization; medium-term by de-risking portfolio; long-term through re-design	Differentiation through greater environmental performance Access to demanding green markets Superior resiliency to face potential decrease in availability of virgin raw materials

2.1 Sustainability for all

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Product, project, system quality and offer reliability			
Deficient product safety **Product malfunctions or failures** could result in: • Liabilities for tangible or intangible damages, or personal injuries • Incurred costs related to the product recall, to new development expenditure, and use of technical and economic resources • New or more stringent standards or regulations for quality and safety controls could result in capital investment or costs of specific measures for compliance	All our sites are certified ISO 9001 New Quality Strategy Implemented Advanced Product Quality Planning Deploy 10 Fundamentals of design assurance, liability, training, and implementation	• Quality Basics into Schneider Performance System (SPS) enhancement • Enhanced Quality Fundamentals for suppliers: Supplier Assessment Module (SAM) 2.0 • Implemented Quality Fundamentals for field execution • Deployed Quality Basics for Software • SSE #15: 23 safety units recalled in 2023 • 98% reduction in the number of parts affected by recalls compared to 2022	Work in collaboration with customers Challenging innovation and research & development (R&D) to seek perpetual improvement Increase brand reputation and value
Responsible workplace			
Health and Safety **Serious or fatal employee injury or illness** could result in: • Loss of, or impact to, employees • Property damage • Impact to Company image • Decreased customer confidence • Fines	Safety strategy Global safety directives Serious Incident Investigation Process (SIIP) GlobES reporting, Global Safety Alerts, EHS assessment	• SSE #14: 0.51 Medical Incident rate (vs. 0.58 in 2022)	Increase confidence of current and prospective employees. Continuous Safety improvement
Well-being and mental health **Lack of focus on well-being and mental health,** by not providing ideal working conditions may lead to: • Absenteeism • Cost of turnover • Disengagement • Poor company image in the marketplace	Global Family Leave Policy Career development and learning Flexibility@Work hybrid policy Well-being practices and training	• 99% of countries deployed the new Flexibility@Work policy to support hybrid work • 81% of our employees say they have the flexibility to modify their work arrangements as needed • New Ways of working playbook and training rolled out to all managers and employees • Mental Health mandatory training completed by 97% of employees (vs. 98% in 2022), and by 76% of new hires	Improved talent attractivity and retention

Risk description and impact	Policies and systems	Main actions and 2023 performance	Opportunity created
Talent acquisition and retention			
Talents and skills attrition linked to the failure to attract, develop and retain the best talent on the market, especially for critical skills, leads to: • Cost of recruiting and onboarding • Gaps in critical skills • Succession pipeline for critical expert and leadership positions • Less positive brand perception by talent pool	New talent acquisition platform to simplify the application process and track the candidate journey by stages Annual performance and development approach, with fair, transparent and competitive rewards and development A robust talent management system to review annually the development plans for all employees, identify key talent such as experts and high potentials, prepare key successions and developments Grow the early talent pipeline through global program and country-specific initiatives Learning and Development programs for employees at different stages of their professional career and specific talent segments and critical skills Support employees to build a sustainable and meaningful career by democratizing access to development opportunities (internal mobility, project and mentoring) via Open Talent Market (OTM), and upskilling for today and tomorrow Flexibility@Work policy	• Global Career Days in over 100 countries and >100 events • SSE #21: x1.55 employee-driven development interactions in 2023 vs 2020 on the Open Talent Market platform • SSE #22: 78% performance in digital upskilling through the Digital Citizenship program • SSE # 23: 67% of employees having access to meaningful career development programs during later stages of their career (vs. 43% in 2022) • Launched global candidate feedback tool to track recruitment experience • SSI #10: Created more opportunities by hiring x1.52 early career talents vs. 2019 • Digital Boost was completed by almost 50K employees • Functional and digital skills program (CoMET) deployed (>40K employees)	Recognized as an employer of choice and market leader for talent development for everyone, everywhere, leading to greater talent attractivity

2.1.7 Integrated and transverse governance of sustainable development

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

Management oversight

The Board of Directors

In 2013, the Board of Directors extended the powers of the Governance & Remunerations Committee to include corporate social responsibility (CSR) issues. Since 2014, the Group has benefited from a specific Human Resources & CSRD Committee. In 2023, this Committee was renamed Governance, Nominations & Sustainability Committee. It meets at the initiative of its Chairperson or at the request of the Chairperson of the Board or CEO. The agenda is drawn up by the Chairperson, after consultation with the Chairperson of the Board. The Committee meets at least three times a year (6 meetings in 2023). The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

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

⊕ More details about the composition and activities of the **Governance, Nominations & Sustainability Committee** are provided in **Chapter 4, page 390**.

The Function Committee

In 2022, the Group Sustainability Committee (created in 2010) became the Function Committee. The committee is composed of the Executive Committee members in charge of key Functions: Governance, Global Marketing, Human Resources, Strategy, Sustainability, Finance and Digital. The committee meets quarterly. In 2023, this committee met 7 times. The Committee may seek advice from any person it feels will help it with its work.

Main responsibilities:

- Decides the sustainability agenda;
- Sounding board for Functions;
- Escalation body for highly transversal programs, such as the Schneider Sustainability Impact (SSI);
- Informs the Board Governance, Nominations & Sustainability Committee.

The Stakeholders Committee

To reinforce its sustainability governance further with solid external insights, Schneider Electric created a Stakeholder Committee in 2021. The Committee comprises eight external members who share the Group's passion for sustainability, and its mission is to oversee the delivery of short and long-term commitments undertaken by Schneider Electric in accordance with its Purpose and Sustainability strategy. The Company strives to ensure diversity of the Stakeholder Committee members, in terms of origin, gender, and experience. The Stakeholder Committee meets three times a year and is chaired by Peter Herweck, CEO of Schneider Electric, while Agustin Lopez Diaz, the Chief Sustainability and Customer & Quality Officer of Schneider Electric, acts as its secretary.

⊕ More details about the Stakeholder Committee are provided on **page 35**.

Coordination and monitoring

The Group Sustainability department

The Sustainability department was created in 2002. It has the following responsibilities:

- Schneider Electric's sustainability strategy and rollout of action plans at Group level with relevant entities;
- Central point of contact for internal and external stakeholders regarding sustainability at Schneider Electric;
- Organize and drive the work of Global Sustainability Committee

It is organized around four areas:

- Access to energy, with responsibility for the Access to Energy program;
- Environment, with responsibility for deploying Group climate and environmental policies, actions and strategies;
- Group performance, in particular by steering the SSI, and external ESG reporting;
- Sustainability Transformation, in particular driving the ENGAGE and INVENT programs.

Territory Sustainability Leaders (TSL)

In 2021, Schneider's Country and Zone Presidents worldwide made 200 local commitments that impact their communities, in line with the Group's 6 long-term commitments. To manage these programs and to better answer the needs of local stakeholders, a new internal sustainability governance model was created with a network of +60 TSL. This new network meets once a month and works to further instill a culture of sustainability at every level of the Company, to empower every employee to act, and to innovate with disruptive sustainability actions.

Diffusion

SSI and SSE pilots and sponsors

The execution of all Schneider Sustainability Impact and Schneider Sustainability Essentials programs is ensured by operational managers or "pilots", and sponsors at SVP-level to ensure proper oversight and efficient program implementation.

Other key organizations

Several further Committees and organizations drive progress on all pillars of the sustainability strategy, including:

- Global Supply Chain organization, with responsibilities including safety and the environment;
- Human Resources organization;
- The Ethics & Compliance organization;
- The Corporate Citizenship department and the Schneider Electric Foundation.

Sustainability governance at Schneider Electric

Management oversight

Board of Directors
Governance, Nominations & Sustainability Committee

- Approve the sustainability strategy and SSI
- Approve LTIP and STIP for the CEO

Executive Committee
Function Committee

- Validate strategy and alignment with the United Nations SDGs
- Challenge and monitor global sustainability performance and progress of initiatives

Stakeholders Committee

- Participate, challenge and oversee the execution of Schneider's Purpose, Sustainability strategy and delivery of long- and short-term commitments

Coordination and monitoring

Sustainability Department and Global Sustainability Committee

- Coordinates and monitors the sustainability strategy and performance
- Manage innovation projects
- Lead the relationships between internal and external stakeholders

Diffusion

360-degree ESG implementation

Businesses, operations, and corporate functions

- Implement strategy and Company programs and policies
- Execute sustainability objectives (SSI, variable compensation)
- Support awareness
- Innovate

360-degree ESG vision

SSI Pilots and Sponsors

- Establishes dialogue with the entire Company to boost ambition, innovation, and integrate all challenges
- Co-develops new SSI programs
- Representatives from Executive Committee, operational activities and central functions

Network and expert committees

Schneider Electric has expert committees* on dedicated and material topics, in particular:

- Climate
- Environment
- Human rights
- Governance
- Ethics
- Citizenship
- Diversity & Inclusion

All employees

Sustainability Fellows network, Volunteers, Schneider Electric Foundation delegates

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

Invest in Sustainability talents

To drive its Sustainability strategy, Schneider Electric has been investing for the past years in the development of its talents across ESG fields.

While its talent pool continues to flourish, the Group redefined in 2023 its organization strategy to best harness its collective potential, resulting in the launch of the INVENT program and a Sustainability Academy. This latter acts as a key enabler to deploy the INVENT program and push the needle further on talent management and allow continuous growth across the organization.

Engage Employees in Sustainability

In 2022, the Group launched the ENGAGE initiative, with the ambition to make every employee an advocate for sustainability, thereby accelerating the Group's transformation and contribution to the UN SDGs.

In complement, the Sustainability School was launched the same year to help employees and partners understand how they can act personally and professionally on sustainability through different learning paths covering a large range of environmental and social topics, including challenges of our decade and Schneider's detailed Sustainability strategy.

2.1 Sustainability for all

The ENGAGE program builds on other initiatives already underway:

- The Sustainability Essentials training deployed for all employees;
- The "Act For Green" initiative, which aims at supporting all employees to pursue local environmental actions;
- The UN World Environment Day on June 5th has been celebrated on all sites since 2014. Communities of ambassadors facilitate e-learning and workshops (such as Climate Fresk);
- The Schneider Electric VolunteerIn initiative, as part of the Schneider Electric Foundation, enables employees since 2012 to participate in volunteering missions through partnerships with NGOs from all around the world.

Internal governance model and policies

Internal policies are the backbone of an organization's Compliance and Security program. They ensure employees understand how to implement critical tasks and meet behavior expectations. Regulators have made clear the need for effective policy development and management programs.

It is no longer enough to merely document the existence of policies and procedures. Organizations must be able to demonstrate that employees know, understand and apply them. To that end, Schneider Electric has established a four-tier form of documentation pyramid of norms, under the umbrella of its Code of Conduct called the Trust Charter, strengthened by policies, standards, procedures, and guidelines.

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

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

Trust Charter

In 2021, Schneider Electric evolved its Principles of Responsibility to the Trust Charter, acting as its Code of Conduct and demonstrating its commitment to ethics, safety, sustainability, quality, and cybersecurity. It is an executive summary of our policies and a guide on how we work. It is available publicly on our website in 30 languages. Further details are provided on page 108.

Discover Schneider's Trust Charter on **www.se.com**

Human rights and corporate citizenship

Schneider Electric wrote a specific Human Rights Policy as part of a broader program on duty of vigilance in its value chain and in line with the United Nations Guiding Principles on Business and Human Rights (see page 136). The policy was updated in 2022.

Human resources and safety

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

Ethical business conduct

In addition to the Trust Charter, the Business Agents Policy specifies the rules to be followed when an external stakeholder is solicited to secure a deal and integrates the approval process of business agents. The Internal Fraud Investigation directive indicates the commitment to whistleblower protection. The Gifts & Hospitality Policy was approved by the Group's CEO in December 2015 and updated in 2021 before local deployment. It is supplemented by an anti-corruption Code of Conduct detailing related processes. Other policies cover social media management, competition law, conflict of interest, export control, etc.

Cybersecurity, data privacy, and protection

Schneider Electric developed a number of policies to reinforce its cybersecurity and respect personal data and privacy, such as IT asset management and usage, acceptable use of assets, general information security, data classification, global data privacy, user access management policy, email security policy, and many others.

Climate and resources

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

Responsible sourcing

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

Products quality

Schneider's priority is to satisfy its customers with outstanding end-to-end experience. Quality is every customer's right and every employee's responsibility. Experience is the most important for customers, defining the business relationships they sustain with suppliers and partners. The Group's customers place trust in its resilient, highly-personalized, multi-channel experience, and the superior quality of its products. Hence, the Company acts with agility, discipline, and good business sense throughout the offer lifecycle; from creation to supply, manufacturing, and delivery, when in operation and when being serviced. The Group has deployed a specific Quality Directive "Managing Customer Safety Risks" and a Quality Procedure "Offer Safety Review" to protect its customers. These are supported by the Quality Management System, which is improved continuously. It is in full alignment with the Trust Charter and the ISO 9001 standard.

2.1.8 Global and local external partnerships to move forward collectively

Schneider Electric works with more than 300 local and international organizations and associations on economic, social, and environmental issues to foster sustainability in cooperation with various players. The Group confirms its commitment to and participation in discussions on challenges related to climate change, social equity and ethics. The main memberships are presented in the following table.

Access to Energy		
Alliance for rural electrification	Alliance for rural electrification advocates for a decentralized, sustainable and inexpensive renewable energy sector that generates local employment and inclusive economic growth.	In 2023, Schneider strengthened its sponsorship and took part in several events such as the Energy Access Investment Forum 2023 (Abidjan), panels, webinars and newsletters, and collaborated on a position paper about Microgrid in Africa.
Solar Impulse Foundation	The Foundation relies on innovation to propose solutions helping decision makers harness the economic opportunities of the ecological transition whilst reducing their environmental footprint.	Schneider has made a four-year commitment to the Solar Impulse Foundation, which selects 1,000 solutions contributing to the achievement of at least five SDGs. In 2023, they partner to host the exhibition '1000+ Solutions for Cities' in Schneider's Grenoble site "intencity". The Group also works with the Foundation for its products certification.
All digital topics		
Information Technology Industry (ITI) Council	ITI Council is the trusted leader of innovation policy that drives sustainable, ethical, and equitable growth and opportunity for all.	Through ITI, Schneider Electric contributes to provide inputs and influence national governments about global digital policy and regulations. ITI, in coordination with its members, submit feedback reflecting their input on various topics such as digitization, cybersecurity, data privacy, IT supply chains, and public procurement.
Information Technology and Innovation Foundation (ITIF)	ITIF is a non profit think tank whose mission is to formulate, evaluate, and promote policy solutions that accelerate innovation and boost productivity to foster growth, opportunity, and progress.	In 2023, Schneider Electric collaborated closely with ITIF on various topics such as clean energy and data education for policy makers.
Circular Economy and product environmental performance		
Ellen MacArthur Foundation Membership	The Ellen MacArthur Foundation works to accelerate the transition to a circular economy by developing and promoting this new and innovative model. The Foundation works with business, academia, policymakers, and institutions to mobilise systems solutions at scale, globally.	Schneider has been a member of the Ellen MacArthur Foundation since 2021. The goal for the Group is to gain knowledge on circular economy, develop its network, identify best practices, challenge its circularity strategy and share practices.
Product Environmental Profile (PEP) ecopassport	PEP ecopassport® program employs the LCA approach and will be acknowledged as a framework and method that are compatible with the PEF methodology created by the European Commission. PEP ecopassport will be a recognized body for the EU's upcoming Sustainable Product Initiative.	Schneider is a founder of the association, chairing the Steering Committee and Technical committee to ensure the rules to perform PEP are compliant with international standards and use in a consistent manner. In 2023, Schneider supported PEP methodology through the Ecoplatform association and participated to the Lifecycle Management Conference, among other events. In 2023, 80.6% of Schneider's products were covered by PEP-Green Premium™.

2.1 Sustainability for all

Organization	Activities	Schneider's contribution
Climate		
Energy Transition Commission	The Energy Transition Commission (ETC) is a global coalition of leaders from across the energy landscape who are committed to a Net-zero world by 2050 and focused on advancing the debate and solutions to climate change.	Schneider has collaborated with the Energy Transition Commission on multiple topics of research such as hydrogen and clean electricity all in the direction of Net-Zero. The Group contributed to the publication of several reports, notably on energy productivity, and the supply chain in the new energy economy. It also organized expert workshops and participated in major events such as the COP 2023.
Entreprises pour l'Environnement (EpE)	French association that brings together some sixty major French and international companies committed to lead their own and society's ecological transition.	Schneider worked closely with EpE in 2023, notably on several publications such as the report "2030 Milestone for the Ecological Transition", a report on Climate dialogue with stakeholders, and a joint tribune published ahead of the COP28 asking to accelerate the Climate transition.
Cybersecurity and Data		
ISA Global Cybersecurity Alliance (ISAGCA)	The Global Cybersecurity Alliance is a new organization aiming at influencing government policies in favor of the IEC 62443 suite of standards. Of late, they have set up helpful meetings with DHS (Department of High Security) and DOE (Department of Energy) officials.	In 2023, the ISAGCA and Schneider worked with the Cybersecurity and Infrastructure Security Agency (CISA) to map ISA/IEC 62443 to CISA Cross-Sector Cybersecurity Performance Goals. Through ISA/CEI, Schneider contributed to several publications and to the development of standards (primarily through ISA/IEC and aided by ISA GCA), and defended ISA/IEC 62443 cyber standard as the reference for OT cybersecurity.
Confederation of Europe Data Protection Organizations (CEDPO)	CEDPO contributes to promote the role of data protection officer, provide advice on balanced, workable and effective data protection, and contribute to better harmonization of data protection law and practice in the EU/EEA.	Schneider works closely with CEDPO, through working groups, contributing to the writing of documents such as "Ten questions at the intersection of AI/ML and data protection", and by commenting on EU privacy laws.
Diversity, Equity and Inclusion		
Valuable 500	The Valuable 500 is a worldwide corporate alliance of 500 CEOs and their organizations that collaborates on innovations for disability inclusion.	Schneider Electric is committed to ensure that disability inclusion is on its senior leadership agenda, and that its commitment is shared with the business and the world. The Group is committed to reporting on the following 5 criteria: Workforce representation, objectives, training, ERNs, Digital accessibility.
International Labour Organization Global Business and Disability Network (ILO GBDN)	The ILO GBDN is a platform dedicated to ensuring that the employment policies and practices of companies of all types are inclusive of people with disabilities worldwide.	Schneider signed the ILO Charter on Business & Disability and has committed to applying these principles in its organization. In November 2023, the Group participated in a panel discussion during the ILO GBDN Summit "No social and environmental sustainability without disability inclusion". With a view to continuous improvement, Schneider also benefits from peer-to-peer sharing on a quarterly basis.
Education		
HEC Paris - Movement for Social and Business Impact	The goal of HEC Specialization "Movement for Social and Business" is to achieve a more inclusive economy, in which companies seek to maximize their social impact alongside their economic performance.	In 2023, HEC and Schneider have worked very actively together. They co-founded « The Impact Company Lab », a new experimentation platform that harnesses the power of companies and the expertise of HEC Paris researchers to amplify the impact of business leaders' just transition agendas. Furthermore, Schneider has engaged with climate entrepreneurs/innovators, as part of the Creative Disruption Lab, to support and promote technological start-ups with high growth potential.

Energy Efficiency/Electric mobility/Digital Renewables		
European Alliance to save Energy (EU-ASE)	This coalition actively advocates to advance the European energy efficiency agenda, in particular through more stringent legislation on energy efficiency and buildings.	EU-ASE influences the Energy Efficiency Directive and the Energy Performance of Buildings Directive and Hosted Energy Efficiency Day. It was an important participant in the Sustainable Energy Week organised by the European Commission.
Comité Stratégique de Filières Nouveaux Systèmes Energétiques	The Committee aims to turn the energy transition into an opportunity for reindustrialization, by combining the efforts of the Government, industrial companies, and trade union players under a common roadmap.	In 2023, Schneider participated in the definition of the new organization's roadmap (2024-2027) and led the "I decarbonize" initiative, which consists in decarbonizing French industry and offer decarbonation solutions with a significant local content.
Ethics		
Cercle d'Éthique des Affaires	Its mission is to promote ethics and compliance in the management and governance of French companies by organising different meetings and discussions with multiple parties.	Schneider is actively involved in defining the challenges of Ethics and Compliance in France, and to exchange with its peers to better meet those challenges. In 2023, Schneider focused on ethical challenges in artificial intelligence, internal speaking and inquiry, gift management and hospitality.
Mouvement des Entreprises de France (MEDEF)	MEDEF is the leading employers' association acting in the interests of businesses. It takes part in social negotiations and intervenes in tax and regulatory decisions affecting companies.	Schneider engages to establish private sector's position in all matters related to Ethics & Compliance within the dedicated Committee, particularly with regard to laws and regulations on anticorruption, Human rights and whistleblowing, at French and European levels.
Human rights		
Entreprises pour les droits de l'Homme (EDH)	EDH aims to promote the understanding and integration of human rights within companies through the deployment of vigilance approaches.	In 2023, Schneider worked in collaboration with the association and participated in the organization of several events such as workshops, learning and awareness sessions about Human rights.
UN Global Compact (UNGC)	Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.	Schneider is Patron of the UNGC Labour and Decent Work program as well as Sponsor on Climate. In September 2023, Schneider committed to take action as an early mover of the UNGC Forward Faster initiative in the area of the living wage.
Industry 4.0 and Smart Manufacturing		
OPC Foundation	The OPC Foundation is an industry consortium that establishes and maintains standards for automation, open systems and equipment connectivity.	OPC and Schneider continued to work together in 2023, through several technical working groups about the next generation of industrial network with OPC UA FX as unified network for controller to controller (C2C) and controller to Device (C2D).
FDT Group	FDT is the open standard for enterprise-wide connection that uses IIoT and Industry 4.0 to integrate networks and devices for industrial automation.	In 2023, Schneider supported FDT Group technical work in various project groups and contributed to the maintenance and evolution of the international industry standard ("FDT - Field Device Technology", IEC 62453 / ISA 103).
FieldComm Group	FieldComm Group is in charge of industrial protocols implemented in Process Automation Systems (HART, FieldBus, FDI).	FieldComm and Schneider have been working together in 2023 to reduce gap between Process automation and Factory Automation networks.
Philanthropy		
Alliance pour le Mécénat de compétences	Coalition of French companies involved in volunteering of big companies employees.	The group has participated in the creation of a multi-enterprise impact study about the social impact of skills-based sponsorship.

2.1 Sustainability for all

[illegible]	[illegible]	[illegible]
Smart Grids and Sustainable Cities		
T&D Europe	T&D Europe is a grid technology providers association. It represents electricity transmission and distribution equipment and services providers in Europe.	T&D and Schneider have published a joint report on IEC 62443 adoption and promoted its representativeness in sectorial regulations.
Smart Energy Europe (smartEn)	SmartEn integrates consumer-driven clean energy transition solutions. It aims to create opportunities for companies to integrate increasingly renewable energy system.	Schneider and SmartEn have worked hand in hand to publish different position papers on renewable energy systems efficiency and other related topics.
Sustainable governance and crossfunctional topics		
World Business Council for Sustainable Development (WBCSD)	The WBCSD is a community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a Net-zero, nature positive, and more equitable future.	Participation in various workstreams such as Equity & Human Rights; PACT (Partnership for Carbon transparency) on carbon accounting and avoided CO_2 emissions; and SOS1.5, a cross-sectoral framework designed to assist businesses in modernizing their processes and preparing for a 1.5°C scenario.
World Economic Forum (WEF)	The World Economic Forum is a nonprofit organization that works to improve the status of the world by bringing together influential figures from business, politics, academia, and other sectors of society to help set priorities for the globe, individual regions, and various industries.	Schneider worked jointly with the WEF on various subjects such as transforming energy demand, through public-private collaboration and presenting use cases of Schneider buildings, Net Zero Industry, Zero Carbon Project, Smart Factories, via the WEF Global Lighthouse Network. Schneider also collaborated with peers on the AI Governance Alliance launched in 2023, the Urban Decarbonization roadmaps of San Diego and the Global Parity Alliance and the Good Work Alliance.
GIMELEC	GIMELEC is a trade association grouping digital electronics companies in France promoting efficiency and electrification, supported by digitization. It has 4 Market's Committees: Smart Building, Industry 4.0, Smart Grid & Infrastructures, Datacenters.	Schneider and GIMELEC work hand in hand on different topics such as Energy Efficiency, Decarbonization, Digitization, Flexibility, Circular Economy, SF_6-free, and Standardization.
National Electrical Manufacturers Association (NEMA)	NEMA is a trade association that allows electrical equipment manufacturers to provide feedback to relevant governments on a variety of policy and standards.	Schneider has been working closely with the NEMA to update the National Electric Code in the US. In 2023, 8 US States adopted this new Electric Code standard (NEC2023).

2.1.9 Schneider Electric contribution to standardization

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

At National level

Schneider's experts are involved in National Committees in the US, China, India, and European countries. The French Electrotechnical Institute is a founding member of CENELEC (European standardization body) and IEC (International standardization body).

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

At European level

CENELEC (European Committee for Electrotechnical Standardization), CEN (European Standardization Committee), and ETSI (European Telecommunications Standards Institute) are the three official European standardization bodies. They have been officially recognized by the European Union, and by the European Free Trade Association (EFTA) as being responsible for developing and defining voluntary standards.

European Commission DG Grow (Internal Market) decided to create a High-Level Forum for Standardisation to be launched in January 2024. Schneider Electric, through T&D Europe (European Association of Transmission & Distribution manufacturers) will represent the European Power System stakeholders, together with Grid Operators, Manufacturers, national Electricty Associations. The workstream is dedicated to propose strategic topics and standardisation moves, to better activate Energy Transition across Europe through Digitalization, Green and Resilience.

CENELEC

CENELEC is an association that brings together the National Electrotechnical Committees of 34 European countries. CENELEC prepares voluntary standards in the electrotechnical field, which help facilitate trade between countries, create new markets, cut compliance costs and support the development of a Single European Market.

CENELEC supports standardization activities in relation to a wide range of fields and sectors including: electromagnetic compatibility, accumulators, primary cells and primary batteries, insulated wire and cable, electrical equipment and apparatus, electronic, electromechanical and electrotechnical supplies, electric motors and transformers, lighting equipment and electric lamps, low voltage electrical installations material, electric vehicles railways, smart grid, smart metering, and solar (photovoltaic) electricity systems.

Most Schneider Electric activities and offers are covered by CENELEC, although CEN and ETSI also benefit. In addition, Schneider Electric experts are participating in the development of common works and standards through specific joint technical committees and joint working groups.

At international level

IEC – International Electrotechnical Commission

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

Schneider's experts contribute through joint technical committees and joint working groups to ISO and ITU.

Smart grids and sustainable cities

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

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

2.1 Sustainability for all

Circular economy and product environmental performance

To support high standards of health and safety, Schneider experts continuously contribute to standards around materials and substances. They provide standards on methodology and test methods, raising the bar on safety and protection against toxicity.

Regarding environmental footprint, our experts ensure fair comparison, relevance of assumptions, consistency of approach, interoperability and meaningful content for our customers.

They are developing standards around:

- Terminology and catalogue data;
- Product Category Rules for Life Cycle Assessment (LCA) dedicated to electrotechnical products;
- Product Specific Rules for high and low voltage equipment, low voltage switchgear and controlgear, and power electronics;
- Extension of Product Specific Rules and Environmental conscious design to cover material efficiency or digital format;
- Quantification of greenhouse gas (GHG) emission reduction and avoidance.

Relating to Circular Economy and eco-design, Schneider chairs the Ecodesign Coordination Group (CEN-CLC/Eco-CG) and has contributed to the European Commission's Circular Economy package, and with CEN-CENELEC-ETSI developed a set of published standards assessing factors such as durability, repairability, reusability, recyclability, and ability to be remanufactured, which fall within the scope of the EcoDesign Directive and the new Ecodesign for Sustainable Products Regulation. Schneider continues to contribute to the evolution of those standards and their extended scope and has appointed active experts in each of the existing and new working groups. For example, our experts are highly involved in the development of the future standard on circular design: material efficiency within environmentally conscious design.

As digitalization is a lever for circular economy and environmental performance, our experts are contributing to standards on terminology and digital formats.

Standardization to accelerate environmental transformation

Since February 2007, Schneider has represented France on the IEC's Advisory Committee for Environmental Aspects (ACEA). ACEA works to advise and coordinate the IEC's efforts to tackle environmental issues. At the same time, Schneider Electric is actively present in ACTAD (Advisory Committee for Transmission and Distribution) to ensure electricity and environment are closely considered.

- Schneider is particularly heavily involved in the working groups on sustainability (chairing environment and circular economy groups, participating in working groups in product technical committees (TC) dealing with environmental aspects (IEC TC121, IEC TC17, CLC TC22X) and in the work on the rational use of energy.
- The Group chairs the IEC TC111 Committee on Environmental Standardization of Electric and Electronic Equipment and IEC TC 23 Electrical Accessories (protection devices, wiring devices, home and building control systems).
- The Group is the secretary of IEC SC23K on Energy Efficiency Products, Systems and Solutions.
- In 2018, Schneider led the UPS manufacturers' group in the EU Commission's Product Environmental Footprint (PEF) pilots for defining rules to assess the PEF of products put on the EU market, prior to its implementation of the European policy.
- The Group chairs ISO/TC 184 (Automation systems and integration).

Digital transformation

Digitization is the key driver for advanced manufacturing, optimizing production with more flexibility, more interoperability, more predictability, and continuity to provide a new level of system efficiency and sustainability. Further data, software, and tools enabling virtual descriptions – known as digital twins – and creating new capabilities and services are combined with Machine learning and Artificial Intelligence, while taking account of Safety and Cybersecurity.

- In Cybersecurity, Schneider is secretary of Joint Advisory Group between IEC TC65 and ISO/IEC JTC 1/SC 27 from Enterprise level to Field Devices and participates in several working groups bridging Regulation to Standardization (EU, US).
- The Group is particularly heavily involved in the working groups on Smart Manufacturing in ISO and IEC technical committees (Chair of ISO/TC 184, Secretary of IEC TC65, Chair of IEC SC65E).
- Schneider chairs Industrial Digital Twin Association (IDTA) to deep dive and deploy the Asset Administration Shell as standardized digital twin.
- The Group also chairs UniversalAutomation.org association to address a more functional and distributed approach for the orchestration of industrial systems.

2.1.10 Measuring our contribution to a more sustainable world

Schneider Electric has been an early adopter of transparent disclosures on sustainable revenues and created its own methodology of "Impact revenues"(1) in 2019, consolidating revenues from offers bringing higher efficiency and sustainability to customers, and excluding revenues from carbon intensive segments and equipment with SF_6. The Group uses this indicator to measure progress towards a low-carbon transition. In 2020, the EU adopted the Taxonomy Regulation aimed at driving investments towards environmentally sustainable activities, which the Group applauds and supports. Both methodologies are progressively converging (for example on the exclusion of revenues from fossil fuel industries and equipment that utilizes SF_6), but currently differ in the scope of activities covered or in applicability of specific criteria. These methodological differences may be changed or reduced in the future, as new economic activities are gradually included in the EU Taxonomy framework.

Early-adopter of transparent disclosures on sustainable revenues

For nearly 20 years, Schneider Electric has led by example and transparently presented its ESG performance, and worked to develop new market practices, such as its saved and avoided CO_2 methodology and biodiversity footprint assessment.

In 2019, the Group was one of the first companies to proactively disclose information on the share of its Impact revenues, i.e., revenues coming from offers bringing energy, climate, or resource efficiency to customers. In 2021, the Group took a step further by committing that Schneider Impact revenues reach 80% of Group sales by 2025 as part of its Schneider Sustainability Impact (SSI) program. The performance of the SSI impacts short-term incentive plans for 64,000 employees.

Schneider Impact revenues can be split into four categories:

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

Schneider Impact revenues exclude revenues derived from activities with fossil sectors. These encompass oil & gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, even though Schneider's technologies deliver resource and carbon efficiency here as well.

Climate

SSI #1

Our 2025 Commitment

Grow our Schneider Impact revenues to 80%

As the data center industry has grown to keep pace with increasing digitization, major data center operators have made sustainability central to their strategy, setting bold targets for efficiency, waste, and decarbonization.

Schneider Electric is proud to partner with its customers to realize their growth and sustainability ambitions simultaneously. Schneider provides digital solutions, efficient equipment, and expert consulting to address every part of the data center sustainability challenge. Digital Realty, a global provider of data center, colocation and interconnection solutions, is supported by Schneider Electric for renewable energy procurement in numerous global markets. It also uses EcoStruxure™ Resource Advisor to track the production and emissions associated with these investments, along with the energy use and expenditure in its facilities. Connected Schneider equipment gives Digital Realty the ability to optimize its efficiency in real time. Additionally, the two companies collaborated on a circularity pilot at one of Digital Realty's campuses in France, in which the companies conducted a joint inventory of Schneider's portfolio of equipment in the data center to evaluate and execute opportunities to extend equipment life, take back equipment at end-of-life, and maximize reuse and recycling.

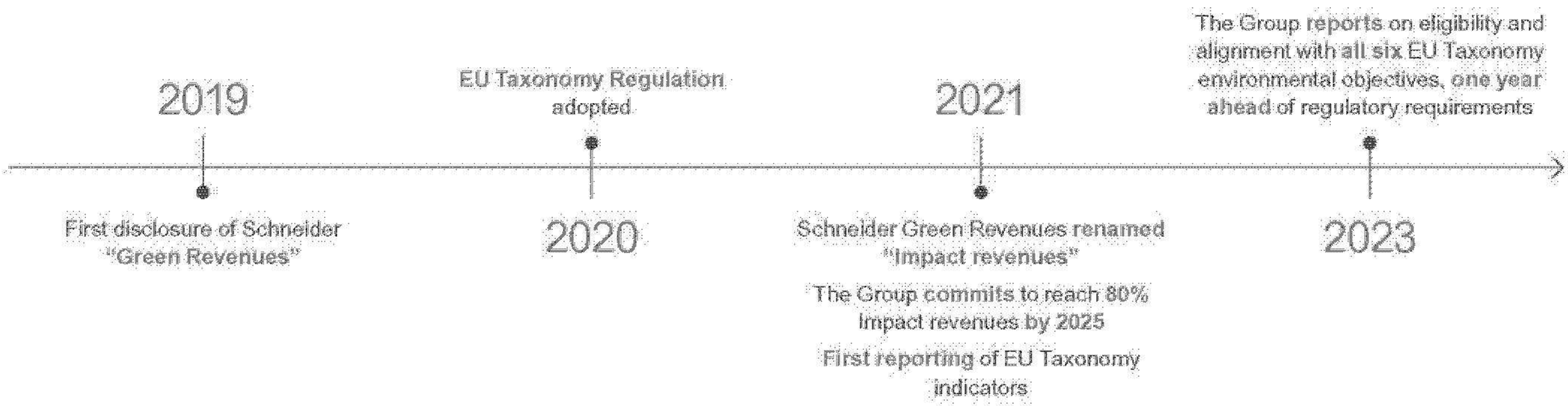
Our progress



In line with the Group's strategy to gradually substitute SF_6 with air in its offers, SF_6-containing switchgears for medium voltage applications are also excluded, as well as neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting.

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

2.1 Sustainability for all



Out of all revenues of Schneider (as published in the financial statements), the total share of Schneider Impact revenues is 74% in 2023 vs. 70% in 2019.

In addition, to further contribute to a new electric and digital world, 100% of Schneider Electric's innovation projects are aligned with its purpose, more than 90% qualifying as impact innovation under Schneider's definition, or neutral. This includes every innovation contributing to a decarbonized world, for instance energy and process efficiency, resource optimization, SF_6-free projects, or Green Premium™ offers. The methodology to calculate this figure is similar to the Schneider impact revenue methodology and should not be confused with capital expenditure (CapEx) and operating expenditure (OpEx) eligible or aligned under the EU Taxonomy.

Reporting requirements under the EU Taxonomy Regulation

The adoption of the Taxonomy Regulation[1] in 2020 establishes a EU-wide classification system to identify economic activities that are considered as environmentally sustainable as part of the EU's long-term plan to connect finance with its sustainability goals. Dedicated Delegated Acts (DA) specify for six identified environmental objectives[2], which economic activities are included in the EU Taxonomy (eligibility), as well as the screening criteria to determine if they are indeed making a substantial contribution to at least one of the environmental objectives, while also Doing No Significant Harm (DNSH) to the remaining objectives and meeting minimum standards on human rights, corruption, fair competition, and taxation (alignment).

Pursuant to Article 8 of the regulation, the proportion of turnover, CapEx and OpEx resulting from products, systems, software, or services associated with economic activities considered sustainable is due to be reported progressively over the fiscal years (FY) 2021 to 2024. In FY 2023, large undertakings are required to disclose those three KPIs for eligible and aligned activities for climate environmental objectives according to the EU Climate Delegated Acts published prior to 2023, as well as the eligible activities for "new" climate change activities and non-climate environmental objectives according to the amended Climate Delegated Act[3] and new Environmental Delegated Act[4] published in 2023. Schneider Electric is proactively going beyond this requirement and already reporting the eligibility and alignment of its economic activities under all six environmental objectives in its FY 2023 reporting, which is expected of large undertakings only from 2025 (FY 2024).

As a sustainability leader, the Group is committed to communicating transparently and consistently on its sustainable economic activities and preparing for upcoming requirements from the Corporate Sustainability Reporting Directive (CSRD). Disaggregated data is disclosed in section 2.7.2 on pages 277 to 293.

Importantly, the phased application of reporting requirements as well as their evolving nature means that the KPIs disclosed in this report may evolve in line with changing regulatory and reporting requirements. Regular revisions of the Delegated Acts are expected in order to include missing activities and strengthen the technical screening criteria and DNSH requirements for existing activities, in line with technological developments, EU policy priorities, or usability challenges. This means that the share of eligible and aligned revenues of Schneider Electric is expected to gradually increase, as the EU Taxonomy framework gets closer to full maturity and companies improve their data collection and reporting capabilities.

Notably, some provisions of the text are subject to differing interpretations, while the data needed to evaluate certain criteria remains unavailable or challenging to obtain; for example, the Group is unable to assess alignment of its remote monitoring and predictive maintenance systems with technical screening criteria for activity CE 4.1 (provision of IT/OT data-driven solutions and software), as it does not have granular data on whether its systems or software are being used by customers to manage engines powered by fossil fuels. While the Group is in the process of collecting the relevant information, in such cases the Group has taken a conservative approach to interpreting and calculating its activities' Taxonomy alignment. As such, the reported proportion of Taxonomy-aligned revenues may be lower than if full granularity on usage data had been available.

⊕ Read more on Schneider's EU Taxonomy assessment methodology and the full list of activities eligible under the current EU Taxonomy on **pages 277 to 293**

(1) Regulation (EU) 2020/852.
(2) The six environmental objectives include two climate environmental objectives (climate change mitigation (CCM) and climate change adaptation (CCA)), and four non-climate environmental objectives (sustainable use and protection of water and marine resources (WTR), transition to a circular economy (CE), pollution prevention and control (PPC), and protection and restoration of biodiversity and ecosystems (BIO)).
(3) Regulation (EU) 2023/2185 amending Regulation (EU) 2021/2139.
(4) Regulation (EU) 2023/2486.

2023 EU Taxonomy reporting covers all 6 environmental objectives

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Protection of water and marine resources (WTR)
- Transition to a circular economy (CE)
- Pollution prevention and control (PPC)
- Biodiversity and ecosystems protection (BIO)

Climate environmental objectives | Non-climate environmental objectives

1. Illustration of Schneider Electric's eligible activities

Energy efficiency equipment and services in buildings	• Energy efficient building automation and control systems • Smart monitoring and regulation of electricity or heating systems • Zoned thermostats and devices for the smart monitoring of electricity loads or heat loads • Energy efficient cooling systems • Service plans related to building management and power metering systems • Technical consultations such as energy audits, simulations, and trainings
Low CO_2 mobility end segment	• Electric vehicle charging stations and grid reinforcement technologies • Electrical infrastructure for urban and suburban public transport • Port infrastructure for shore-side electrical power to vessels at berth and electrification and efficiency of ports' operations
Medium and low voltage equipment for electrical transmission and distribution	• Low voltage electrical products equipment, systems and services increasing energy efficiency • SF_6 free medium voltage switchgears and control gears • Communication and control technologies for the controllability and observability of the electricity system • Demand response and load shifting equipment, systems and services that increase flexibility of the electricity system and support grid stability • Transmission and distribution wiring devices that improve energy efficiency and Tier 2 transformers
Electrical and electronic equipment	• Manufacture of electrical and electronic equipment
IT/OT data-driven solutions and software	• Asset performance management • Remote monitoring and predictive maintenance systems • Lifecycle performance management software • Design and engineering software
Services and activities supporting the circular economy	• Repairing, refurbishing, or remanufacturing products that have already been used • Sale of spare parts beyond legal obligations • Product-as-a-service and other circular use- and result-oriented service models

Eligible activities
89% of revenue | 86% of CapEx | 48% of OpEx

2. Evaluation of eligible activities against alignment criteria

Alignment criteria	Conclusions of the assessment	Reference for details
1. Substantial contribution to environmental objectives? (Technical Screening Criteria)	47% of revenue not compliant with technical criteria 5% of revenue not compliant due to exclusions (revenues from fossil sector, products with SF_6)	Section 2.7.2 page 277
2. Compliance with DNSH?		
• Climate change mitigation (CCM)	Compliant	Section 2.3 page 154
• Climate change adaptation (CCA)	Compliant	Section 2.3.1 page 156
• Sustainable use and protection of water and marine resources (WTR)	Compliant	Section 2.4.5.4 page 203
• Transition to a circular economy (CE)	22% of revenue not compliant[1]	Section 2.4.6 page 207
• Pollution prevention and control (PPC)	Compliant	Section 2.7.2 page 277
• Protection and restoration of biodiversity and ecosystems (BIO)	Compliant	Section 2.4.2 page 187
3. Compliance with minimum safeguards?	Compliant	Section 2.7.2 page 277

Aligned activities (complies with all 3 criteria)[2]
31% of revenue | 35% of CapEx | 48% of OpEx

(1) 16% of revenue are double counted due to non-compliance with the requirements of both Technical Screening Criteria and the DNSH
(2) Due to the impact of rounding on individual elements within this disclosure table numbers may not exactly sum to the Group total.

2.1 Sustainability for all

Schneider Electric's support to the EU Taxonomy

Schneider Electric supports the purpose of the EU Taxonomy. When fully developed, it will act as a tool for decision-making on sustainable investments and channel funding where it is needed to accelerate the transition to a sustainable economy.

Schneider Electric has experienced both the value as well as the challenges of conducting a mapping of sustainable business activities early on and is leveraging this know-how to support the development of the EU Taxonomy. 2023 saw the addition of over 35 new economic activities across various sectors to the EU Taxonomy framework, an evolution that the Group has actively supported. Schneider Electric has engaged with the European Commission as well as with the Platform for Sustainable Finance directly and via trade associations. The Group joined the latter to help draft the technical screening criteria for the new activity CCM 3.20 on low, medium, and high voltage electric equipment for transmission and distribution.

Schneider Electric will continue active involvement in the discussions to improve the framework on two fronts: speeding up the completion of the framework with missing sustainable technologies, and improving the usability and practical implementation of the technical screening criteria. Going forward, the Group will also continue to engage with its peers, through industry bodies, to discuss interpretation of the technical screening criteria.

Calculation of Taxonomy-eligible and -aligned revenue

Schneider Electric identified several Taxonomy-eligible business activities, contributing to at least one of the six environmental objectives defined in the corresponding Delegated Acts. The list of those activities is provided in our methodological notes on pages 277 and 293.

In 2023, Taxonomy-eligible and -aligned revenues amounted to 89% and 31% respectively, representing EUR 32,099 million and EUR 11,240 million respectively out of EUR 35,902 million total 2023 consolidated revenue, as disclosed in the consolidated statement of income on page 452. Schneider Electric's Taxonomy-eligible revenues increased significantly compared to 2022, leveraging on the publication of additional activities complementing the climate objectives, and the new Environmental Delegated Act detailing the four non-climate environmental objectives.

There are four reasons for the difference between Schneider Electric's Taxonomy-eligible and -aligned revenue.

Firstly, challenges in assessing the alignment of economic activities with the technical screening criteria for manufacturing of electrical and electronic equipment (CE 1.2) led to a conservative disclosure whereby all revenues eligible under this activity have been declared as non-aligned (39% of total revenues). Challenges encountered include a lack of clarity of some terms used (e.g., "superior recyclability"), and lack of applicable requirements of some criteria (e.g., no clarifications on how hardware can qualify as being designed for long lifetime).

Schneider Electric is continuously reviewing and improving its circular practices via its EcoDesign Way™ process and Green Premium™ program to further reduce the environmental impact of its products. See more details in section 2.4, on page 184.

Secondly, SF_6-insulated switchgears are eligible but not aligned due to non-compliance with technical screening criteria for activity CCM 3.20 (manufacture of high, medium, and low voltage electrical equipment for transmission and distribution aimed at GHG emissions reductions). Notably, the exclusion of SF_6 switchgears from Taxonomy-aligned revenues is in line with the Group's methodology for calculating Schneider Impact revenues (SSI #1).

Thirdly, eligible revenues derived from activities with fossil fuel sectors are not aligned. This affects alignment under activities including but not limited to CCM 3.20 (manufacture of high, medium, and low voltage electrical equipment for transmission and distribution aimed at GHG emissions reductions). This exclusion is also in line with the Group's Schneider Impact revenues methodology.

Finally, non-compliance with some of the requirements listed in the generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals accounts for non-alignment of 22% of Schneider Electric's total revenues. This comprises exclusions on two grounds.

- 9% are related to non-compliance with the EU Restriction of Hazardous Substances (RoHS) Directive or in the list of restricted substances (Annex XVII) to the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).
- 13% are related to products with substances identified in the candidate list for inclusion in the list of substances subject to authorization from Annex XIV of REACH regulation and for which no exemption could be applied, i.e., when no other suitable alternative substances or technologies were available.
- In both cases, substances that have been granted exemptions under the requirements of the RoHS Directive are not excluded.
- Schneider has deployed tremendous efforts to be able to measure and improve its proactive compliance to REACH and RoHS even outside of the EU, as part of its environmental programs. The Group is continuously working on substituting hazardous chemicals from its products, processes, and supply chain, and when substitution is not technically possible, ensures that risks posed by such chemicals are under control at all lifecycle stages to minimize any potential harm towards the environment and people's health.

All other eligible activities comply with technical screening criteria, do not cause any significant harm to any of the other environmental objectives and respect the minimum safeguards as specified in the respective Delegated Acts.

Read more about the calculation method of Taxonomy-eligible and -aligned revenue on **pages 277 to 293.**

Read more about the DNSH checks performed on **page 279**.

Calculation of Taxonomy-eligible and -aligned CapEx and OpEx

In 2023, Taxonomy-eligible and -aligned CapEx amounted to 86% and 35% respectively, representing EUR 1,444 million and EUR 592 million respectively out of EUR 1,675 million total 2023 consolidated CapEx, as per EU Taxonomy definition.

To compute the Group's Taxonomy-eligible and -aligned CapEx, CapEx related to assets, processes, and business combinations associated with Taxonomy-eligible and aligned activities were calculated with a high level of granularity using allocation keys of eligible and aligned revenue per business and operations, except for Research and Development (R&D) CapEx and IFRS 16 long-term leasing of buildings CapEx, which have been qualified through the prism of CapEx for eligible and aligned individual measures. The allocation keys methodology is considered a conservative approach as it is based on the current activity of each product line, which does not consider transformations driven by the product lines' investments in the calculation of Taxonomy-eligible and -aligned CapEx KPIs. Meanwhile, CapEx associated with product-related R&D projects are considered Taxonomy-eligible and -aligned under the activity CCM 3.6 (manufacture of other low carbon technologies). This is because each product-related R&D project of the Group enables a substantial carbon footprint saving through more efficient products and systems. Those improvements are measured with a lifecycle assessment (LCA) shared publicly in the Product Environmental Profile, aligned with ISO 14067 and verified by an independent third party. This is described more exhaustively in section 2.3.4, on page 166.

The difference between eligibility and alignment in revenue, as explained in the previous section, also applies to CapEx. In addition, the fact that CapEx based on IFRS 16, related to long-term leasing of buildings, is fully eligible but not aligned also contributes to the difference between the Group's Taxonomy-eligible and -aligned CapEx.

In 2023, Taxonomy-eligible and -aligned OpEx amount to 48%, representing EUR 844 million out of EUR 1,758 million total 2023 consolidated OpEx, as per EU Taxonomy definition.

To determine the Group's Taxonomy-eligible and -aligned OpEx, only non-capitalized costs related to R&D are analyzed for the establishment of the numerator of the OpEx KPIs. This includes non-capitalized costs relative to product-related R&D projects but also, among others, costs incurred in relation with support and platforming, costs of IT global applications dedicated to R&D, and costs relative to continuous engineering costs for quality, productivity, and obsolescence. As mentioned for CapEx, each product-related R&D project of the Group demonstrates a substantial carbon footprint saving and therefore the numerators of the KPIs correspond to operating expenditure directly associated to Group's R&D projects. These OpEx are both Taxonomy-eligible and -aligned under activity CCM 3.6 (manufacture of low carbon technologies).

⊕ Read more about the calculation method of Taxonomy-eligible and -aligned capital and operating expenditures on **pages 278 to 279**.

2.1 Sustainability for all

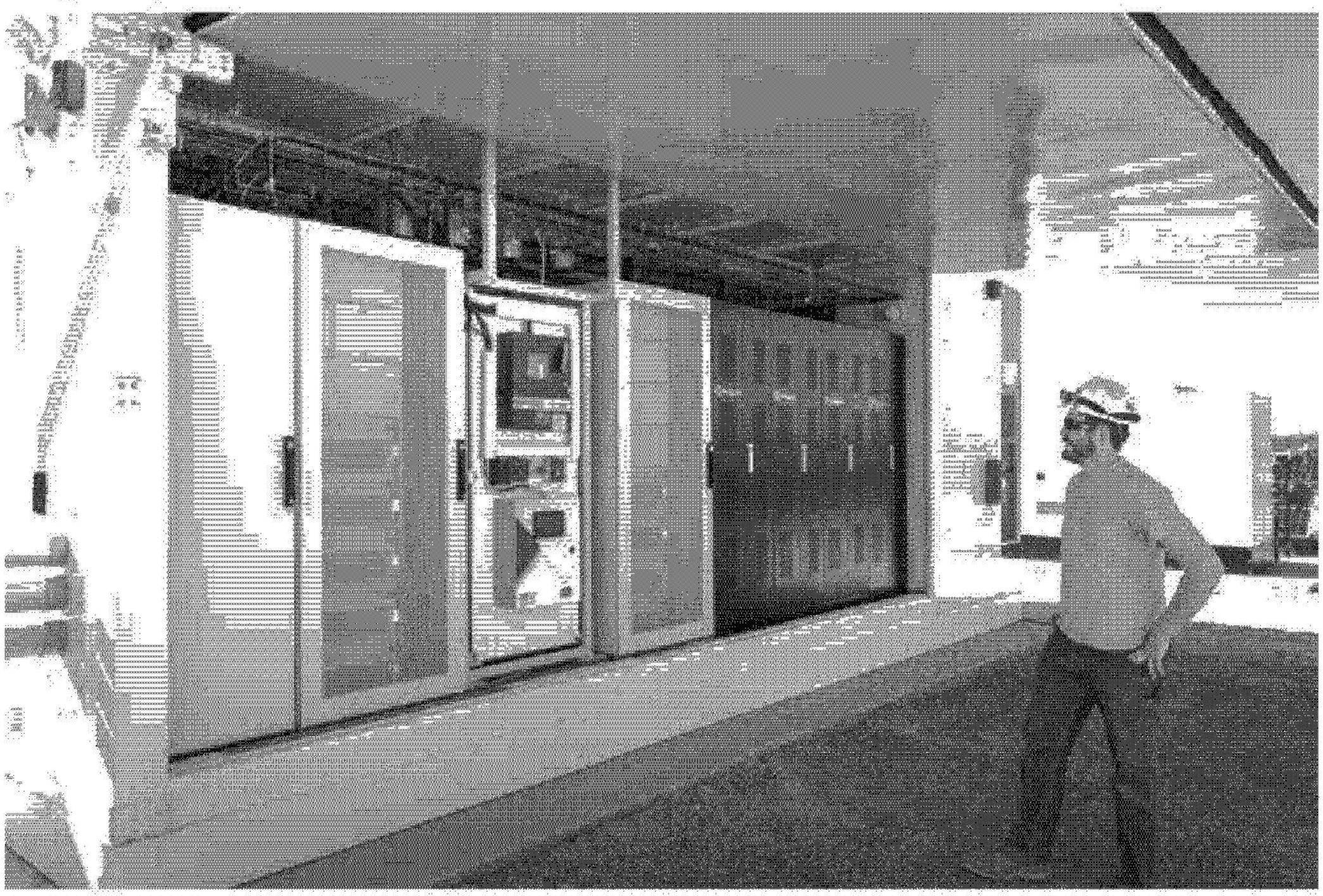
Spotlight on EcoStruxure™ Microgrid Advisor: empowering efficient grids

While the influx of decentralized renewable power (such as rooftop solar) is integral to both mitigating climate change and providing for growing electrification to customers and utilities, electricity grid operators must find ways to balance the hourly fluctuations of renewable electricity generation without compromising reliability and stability. To this end, microgrids can be leveraged, either by installation both in front of and behind the meter to incorporate these energy resources and maintain electricity service in case of wider grid outages.

Schneider Electric's EcoStruxure™ Microgrid Advisor provides optimization of distributed energy resources and on-site energy demand alongside the grid through automatic and intelligent orchestration and control of when to consume, produce, or store energy on a single interface, thereby optimizing on-site energy usage. The software delivers energy cost efficiency by using electricity when it is lowest in cost and emissions, and on-site renewable energy when the cost is high. Optimization is made possible by leveraging behind-the-meter flexibility provided by battery storage or other flexible applications. In addition to greater energy efficiency and smooth integration of renewable energy, EcoStruxure™ Microgrid Advisor enables the facility to participate in demand response programs, helping to reduce strain on the grid in times of peak electricity demand. This qualifies the activity under EU Taxonomy activity CCM 3.20 for the provision of services essential to the functioning of microgrid management systems.

For example, EcoStruxure™ Microgrid Advisor is deployed for customers as part of full microgrid solutions via Faith Technologies Incorporated (FTI), a leader in engineering, construction, manufacturing, and clean energy solutions. By implementing integrated microgrid solutions, FTI facilitates reduced energy usage and costs and increased resiliency to grid events, whilst supporting growing electrification needs such as EV charging infrastructure.

Through their work to date, FTI has saved and avoided over 90 thousand metric tons of carbon emissions across industries. For enabling smarter and lower-carbon energy for customers, FTI was recognized as one of 6 winners of the Schneider Electric Sustainability Impact Awards for Partners, chosen from 241 award submissions.



2.1.11 Key external frameworks and ESG ratings

External guidelines

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

Parties signing the UN Global Compact commit to 10 fundamental principles in four areas: human rights, labor rights, the environment, and anti-corruption. By signing the Global Compact in December 2002, Schneider Electric made a public commitment to these universal values. In line with the requirements of the Global Compact, Schneider publishes an annual Communication on Progress (COP) and meets the requirements of the Global Compact Advanced Level. Schneider Electric is committed to contributing to the 17 SDGs through its sustainability programs.

Consult Schneider's latest COP on the Global Compact website **www.unglobalcompact.org**

International Organization for Standardization (ISO)

Schneider Electric has worked since 2012 to promote the adoption of the ISO 26000 principles with its suppliers. Schneider also adopts other ISO guidelines or certifications: see ISO 14001 and ISO 50001, page 201; ISO 45001, page 122; ISO 9001, page 124; ISO 27000, page 336; and ISO 14025 and 14021, page 194.

The Global Reporting Initiative (GRI)

Schneider Electric has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023. The Board of Directors has reviewed and approved the reported information, including the organization's material ESG topics, under Disclosure 2-14 in GRI 2: General Disclosures 2021. A reference table with its indicators and those proposed by the GRI is available on the Schneider Electric website.

Consult Schneider's GRI reports on the Sustainability Reports page on **www.se.com**

The Sustainability Accounting Standards Board (SASB)

The SASB Foundation was founded in 2011 as a not-for-profit, independent standards-setting organization. Schneider Electric provides information in alignment with SASB reporting guidelines for its sector (Electrical and Electronic Equipment). A correspondence table can be found in pages 294 to 295 of this report.

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

In June 2017, the TCFD, a working group led by Michael Bloomberg under the G20 Financial Stability Board's (FSB) mandate, published its recommendations for companies' climate action disclosure. CEOs from more than 100 companies signed a statement of support for the TCFD recommendations and Schneider Electric's CEO was among them. Detailed information can be found in Schneider Electric's CDP Climate Change public disclosure and in this report on pages 296 to 301.

The Science Based Targets initiative (SBTi)

Science-Based Targets (SBTs) specify how much and how quickly companies need to reduce Greenhouse Gas (GHG) emissions in order to avoid a 1.5°C or 2°C global temperature increase, compared to pre-industrial levels. Schneider Electric is part of the 4,700+ companies globally that have committed to reduce GHG emissions in alignment with prevailing climate science through and get their targets approved by the SBTi. The Group's GHG footprint is calculated following the World Resources Institute (WRI) Greenhouse Gas Protocol (see page 301). The Group's Net-Zero commitment was validated with the Corporate Net-Zero Standard in 2022.

Organisation for Economic Co-operation and Development (OECD)

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

International Labour Organization (ILO)

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

Consult Schneider's ESG reporting according to various external frameworks (Schneider Sustainability Disclosure Dashboard) on **www.se.com**

2.1 Sustainability for all

ESG ratings and awards

Dow Jones Sustainability Index (DJSI)

In 2023, Schneider Electric ranked 1st among industry peers in S&P Global's Corporate Sustainability Assessment (CSA) with a score of 88/100 (top 1%). The Group was included in the DJSI World Index for the 13th year in a row, which is comprised of 321 corporate leaders in sustainability, representing the top 10% from among around 2,500 companies worldwide.

CDP Climate A List and Supplier Engagement Leader

In 2023, Schneider Electric was among just 353 Climate Change A List companies out of 21,000+ companies assessed by CDP, and the only one in its sector to achieve this 13 years running. Schneider Electric also scored A in CDP's Supplier Engagement Rating (SER) in 2023. The SER assesses performance on governance, targets, Scope 3 emissions, and value chain engagement in the CDP Climate Change questionnaire.

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

CDP Water

In 2023, Schneider Electric received an A- score for its participation in CDP's Water Security questionnaire, a significant improvement on its 2022 score of B.

Moody's Analytics

Following assessment in June 2023 by Moody's Analytics (formerly Vigeo Eiris), Schneider Electric achieved an overall rating of 73/100, with an Energy Transition Score at the highest level (Advanced). Thanks to this score, as of January 2024, the Group is part of the Euronext Vigeo World 120, Europe 120, Euro 120, France 20 and CAC40 ESG indices, which are composed of the highest-ranking listed companies in terms of their performance in corporate responsibility.

FTSE4Good

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

EcoVadis Outstanding level and Platinum medal

In 2024, Schneider Electric has achieved Outstanding level with a rating of 88/100 (a significant increase from 79 in 2023) and obtained a Platinum medal (top 1% of all companies assessed) for the 4th year in a row.

MSCI industry leader

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

Sustainalytics leader

As of February 2024, Schneider Electric was recognized as an Industry Top-Rated ESG Performer, ranking 1st out of 289 companies in its industry group with a 10.5 risk rating (Low Risk), thereby confirming its inclusion in STOXX Global ESG Leaders, Environmental Leaders, Social Leaders, Governance Leaders, and EURO STOXX Sustainability indices.

ISS

In 2023, Schneider Electric is at Prime level on ISS-ESG with an absolute B rating, the best rating in its industry (Electric Components) out of 187 companies.

Global 100 Most Sustainable Corporations

Schneider Electric has been featured on Corporate Knights' Global 100 list of corporate sustainability leaders every year since 2012 and ranked top 10 for the 4th consecutive year, ranking 1st in 2021, 4th in 2022, and 7th in 2023 and 2024.

Terra Carta Seal

In January 2023, the Group was one of 19 companies awarded the Terra Carta Seal, which recognizes global companies who drive innovation and demonstrate their commitment to the creation of genuinely sustainable markets.

TIME's World's Best Companies of 2023

In September 2023, Schneider Electric was ranked 39th in TIME Magazine's World's Best Companies of 2023 list, with a sustainability ranking of 34th.

Sustainability external ratings	DJSI	CDP Climate Change	Vigeo Eiris Moody's Analytics	EcoVadis[1]	MSCI ESG Ratings	Sustainalytics
2023 Schneider score	88/100	A	73/100	88/100	AAA	Low risk
Industry average score	21/100	C	39/100	47/100	BBB	Low risk
Progress vs. 2022	-2 pts	Unchanged	Unchanged	+9 pts	Unchanged	Unchanged
Highlights	13th year in world index	13th year in A List	World 120 and Europe 120 Indices	Platinum medal for 4th year	AAA for 13th year	1st in industry
Assessed universe (# companies)	9,400+	21,000+	4,800	90,000	8,500	15,100

(1) 2024 score

Other awards in 2023

Workforce Disclosure Initiative (WDI)

In 2024, Schneider obtained a disclosure score of 80% (up from 79% in 2023), above the industry average of 65%, in the investor-backed WDI survey, which aims to improve corporate transparency and accountability on workforce issues.

Impak Finance

Since 2022, the independent, B-Corp Certified, impact rating agency, has ranked Schneider Electric 1st in CAC 40 for its contribution to the UN SDGs. The Group obtained a score of 495/1000, way ahead of the CAC 40 average of 216/1000.

Climate

Carbon Clean 200 list

Schneider Electric has consistently been included in Corporate Knights' Carbon Clean 200 list since ranking began in 2016, for its revenue devoted to energy transition. In 2024, the Group ranked 7th worldwide.

Supply Chain

Gartner 2023 Supply Chain Top 25

Schneider ranked 1st in 2023 in the Gartner Supply Chain Top 25, and 1st in the Europe Top 15 for the fourth consecutive year, recognizing the exemplary management of its value chain.

2023 CIPS Excellence in Procurement Awards

In 2023, Schneider Electric was awarded "Best Commitment to Carbon Reduction in Supply Chains" and "Sustainable Procurement Champion" for its The Zero Carbon Project and sustainability leadership.

World Sustainability Leaders 2023 Sustainable Supply Chain Award

Schneider Electric received the Sustainable Supply Chain Award at the World Sustainability Awards 2023 in recognition of its engagement efforts through The Zero Carbon Project.

CPOstrategy Sustainable Procurement Champions Index 2023

In 2023, the Group's leadership in sustainable procurement was recognized by CPOstrategy magazine's Sustainable Procurement Champions Index.

Diversity & Inclusion

Bloomberg Gender Equality Index

In 2023, Schneider confirmed its inclusion in Bloomberg's Gender Equality Index among 484 companies for the 6th year in a row. The Group achieved an overall score of 81%, up from 77% vs. 2022 and well above the index average of 73%.

Financial Times Top 50 Diversity Leader

In November 2023, the Group was recognized as a Top 50 Diversity Leader by the Financial Times in their Diversity Leaders 2024 rankings, for the 5th year in a row, ranking 8th among 850 companies and 2nd in its industry.

Equileap Global Gender Equality Report and Ranking

In February 2024, Schneider Electric ranked 56th globally out of 3,795 publicly listed companies assessed based on 21 gender equality criteria, including gender balance from the board to the workforce, as well as the pay gap and policies relating to parental leave and sexual harassment, among other topics.

Forbes World's Top Companies for Women 2023

Forbes teamed up with market research firm Statista and ranked the "World's Top Companies For Women 2023", and Schneider Electric was included in the list.

Brandon Hall Group HCM Excellence Gold Award

In September 2023, Schneider Electric was recognized by Brandon Hall Group with an HCM Excellence Gold Award in the Diversity, Equity and Inclusion category for its Global Family Leave Policy.

Ethics and Governance

Ethisphere

In 2024, Schneider Electric was again recognized as one of the World's Most Ethical Companies by Ethisphere, a global leader in defining and advancing the standards of ethical business practices; only one other French company was included in this year's ranking.

Grand Prix de la Transparence

In 2023, Schneider Electric received a Transparency Award in the "ESG information" category, and was included in the Top 20 most transparent companies with an overall ranking of 7th out of 125 French companies.

Employer awards

Universum Top 50 World's Most Attractive Employers

In 2023, Schneider Electric was recognized by students worldwide as one of the World's Most Attractive Employers ranking 24th in Engineering. Over 172,000 respondents from the Universum Talent Surveys participated in the ranking.

Fortune's World's Most Admired Companies

In 2023, Schneider Electric was recognized by Fortune as one of the "World's Most Admired Companies" for the sixth consecutive year, ranking 3rd in the electronics industry sector.

Forbes World's Best Employers 2023

In 2023, Schneider Electric was included the Forbes World's Best Employers 2023 ranking.

Glassdoor

Schneider Electric received a score of 4.3/5 from Glassdoor as of January 2024. Based on more than 10,000 reviews, 89% of surveyed participants would recommend the Group to a friend, and 95% approve of the CEO.

2.2 Driving responsible business with Trust

In this section

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Context and Group's commitments

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

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

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

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



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

Hervé Coureil,
Chief Governance Officer & Secretary General

Progress of the Trust commitments

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

These programs contribute to UN SDGs

(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 300). In addition, SSI. #14 received a "reasonable" assurance level in 2023. Please refer to page 264 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) 2023 performance is in progress for SSE #12 'Social Excellence' because the program is still in development.

2023 Highlights

2023 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE

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

TRANSPARENCE

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

RoSPA Health & Safety Awards RoSPA

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

The Gartner Supply Chain Top 25 for 2023

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

2.2 Driving responsible business with Trust

2.2.1 Trust, Foundation of Schneider Electric's Business

2.2.1.1 Context

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

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



Discover our Trust Charter on **www.se.com**

2.2.1.2 Risks, impacts, and opportunities

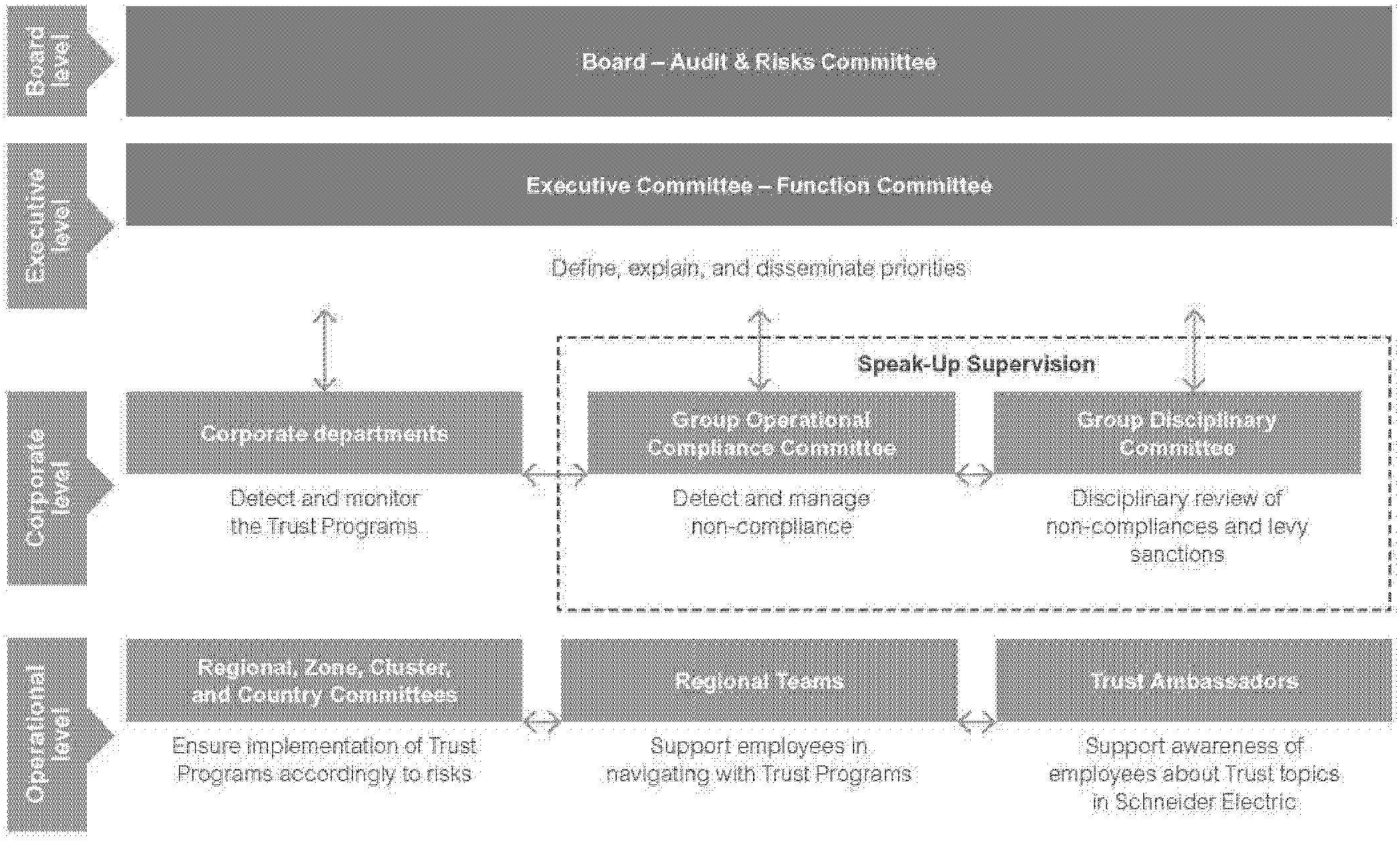
Resilience is a cornerstone in building and maintaining stakeholder trust. Schneider Electric's commitment to effective risk identification, assessment, and management, coupled with a thorough understanding of potential impacts illustrates the Group's strategic approach to building resilience in a robust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

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

2.2.1.3 Governance

The Trust Programs are managed through a dedicated governance framework:

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



Speak-Up Supervision

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

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

Ethics Delegates, one of Schneider Electric's Trust Ambassadors



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

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

Paulina Gomez
Ethics Delegate in Mexico

2.2 Driving responsible business with Trust

2.2.1.4 Trust Charter, Schneider Electric's Code of Conduct

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

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

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

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

Discover our Trust Charter on **www.se.com**

2.2.1.5 Actions and resources



Management Commitment

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

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

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

Awareness

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

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

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

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

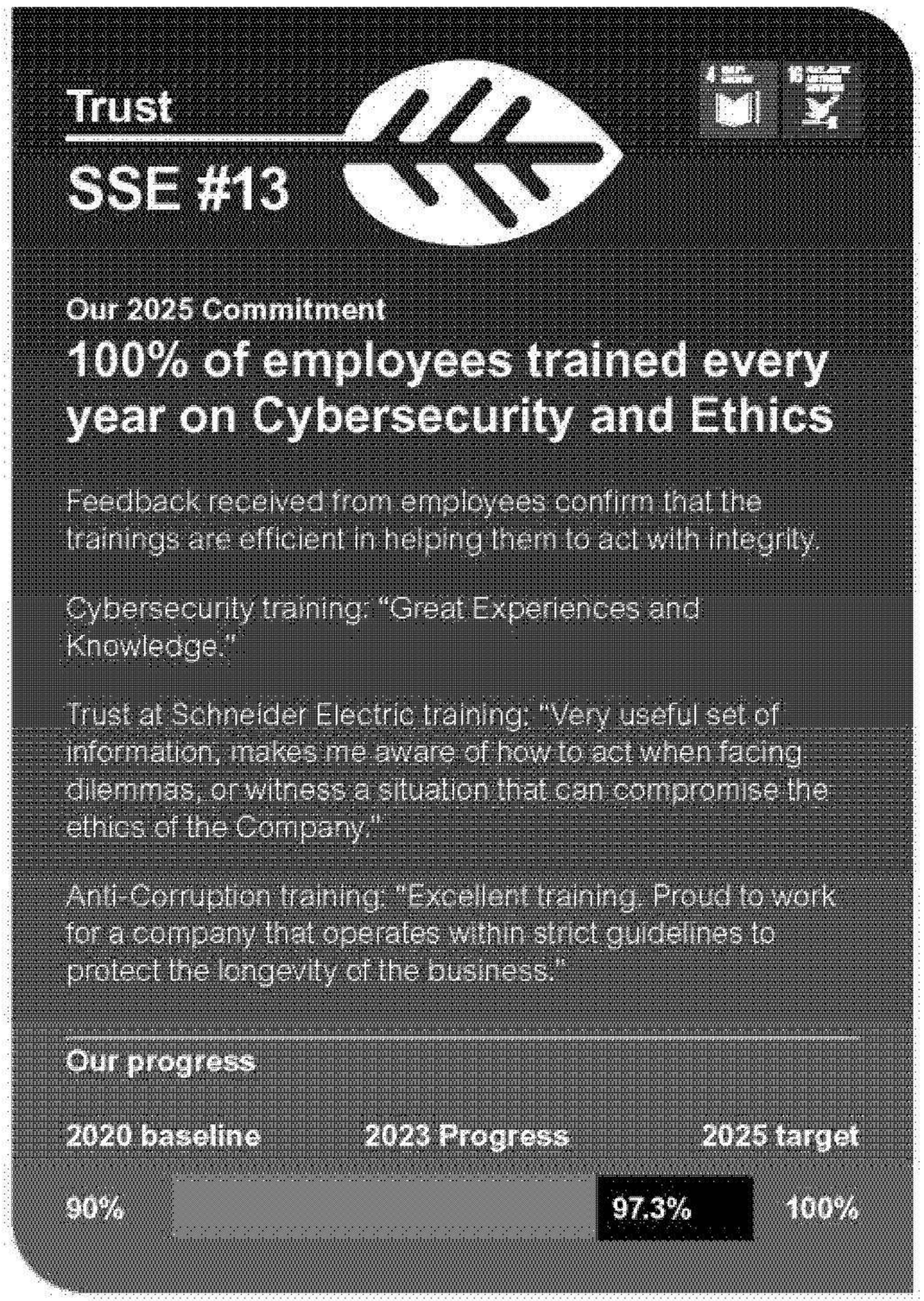
Training

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

Several specific trainings are also delivered:

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

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



2.2 Driving responsible business with Trust

Third-parties integrity

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

For more details on Third Parties Due Diligence, please refer to **page 132**

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

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

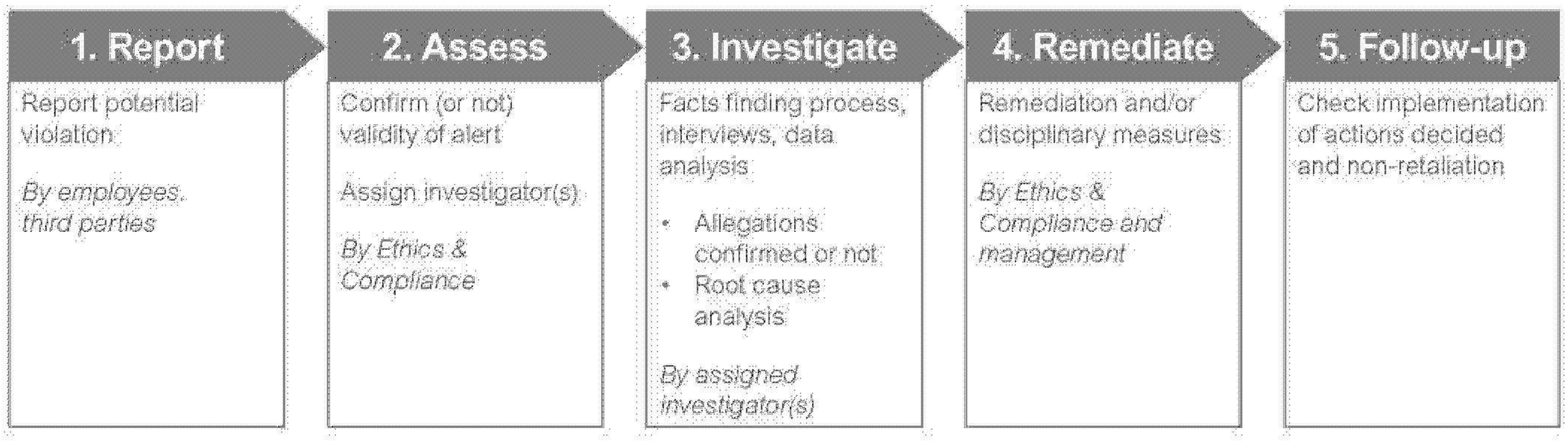
Additionally, M&A operations represent risks for the Company. A specific process and guidelines were put in place to ensure full compliance of M&A operations with anti-corruption, export control regulations and human rights risk. In 2023, they were updated to identify, manage, and mitigate those risks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

Whistleblowing

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

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

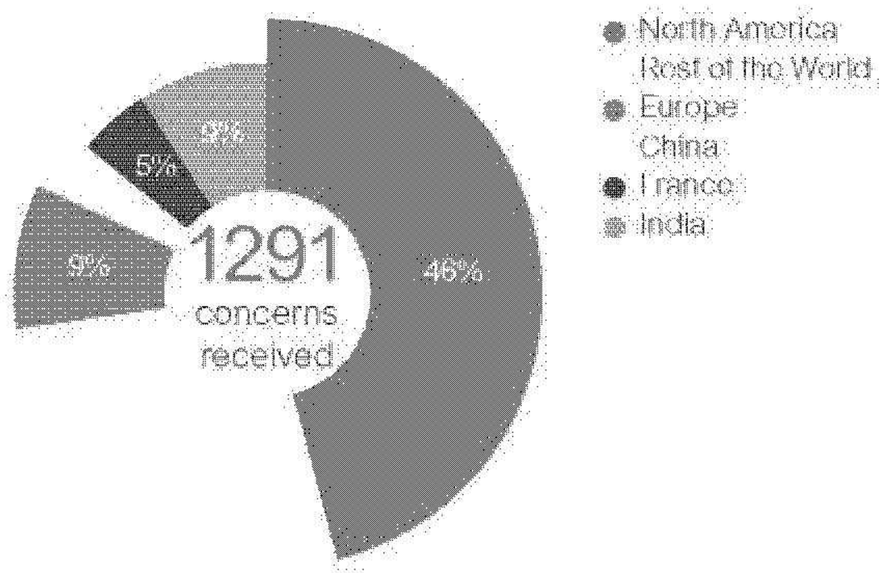
Case management: a structured process led by Ethics & Compliance



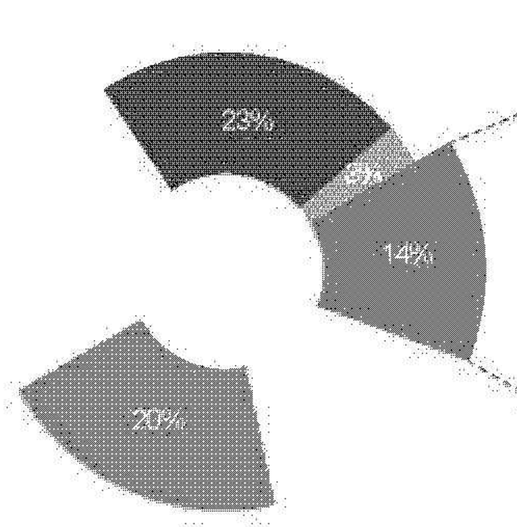
In 2023, Schneider Electric updated its Whistleblowing Policy, and therefore reinforced the protection of the reporter, reported person, witnesses, and other involved people by highlighting rights and responsibilities of people involved. A significant reinforcement of people protection was implemented,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

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

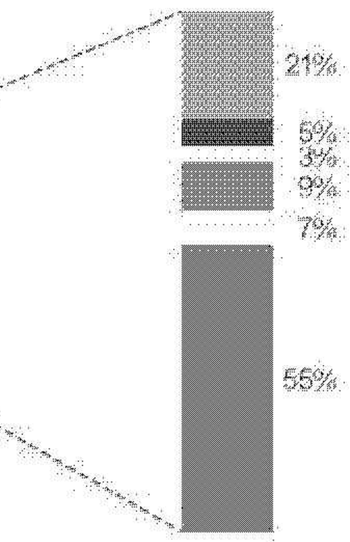
Number of concerns received through our whistleblowing system per region



Status of concerns received* through our whistleblowing system



Distribution of confirmed alerts by type of issue



*as of January 1st, 2024

2.2 Driving responsible business with Trust

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

Corrective actions

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

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

Monitoring and audit

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

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

For more details on Key Internal Controls and Group Internal Audit, please refer to sections 3.2 and 3.3 on **pages 327 to 336**

Trust

SSI #7

Our 2025 Commitment

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

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

Experience feedback from an employee in India in 2023.

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

Our progress

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

2.2.2 Vigilance plan

2.2.2.1 Context

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

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

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

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

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

2.2.2.2 Risk, impacts, and opportunities

Risk assessment methodology

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

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

Risk categories

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

Human rights:

- Decent workplace
- Health and safety

Environment:

- Pollution and specific substances management
- Waste and circularity
- Energy, CO_2, and greenhouse gases (GHG)

Business conduct:

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

Offer safety and cybersecurity:

- Offer safety
- Cybersecurity and data privacy

Risk location

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

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

2.2 Driving responsible business with Trust

Risk evaluation and scale

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

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

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

Key findings

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

Medium to high risk: Suppliers

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

- **Human Rights** have been identified as a key risk, especially in countries where labor laws and social protection are below average standards. The areas of concern are mostly around safety at work, decent workplace, and labor standards. The most frequent issues detected by Schneider's audits are related to decent working hours, paid leave, and proper resting time.
- **CO_2 emissions** coming from the transformation of raw materials into components, and then the transportation of these components, have been identified as an area of risk. This risk is quantified in the Scope 3 analysis of the Company's carbon footprint.
- **A few very specific pollution risks** are linked with some categories of purchases, due to the nature of substances used (solvents, GHG, etc).

For more information on actions taken, please see **section 2.2.12 on page 136**.

Medium to high risk: Contractors

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

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

For more information on actions taken, please see **section 2.2.13 on page 147**.

Low to medium risk: Schneider entities and sites

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

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

Low to medium risk: Local communities

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

As regards customer projects, the review of a sample of large projects shows that in most instances, impacts on local communities are limited. However, in a few specific cases, interactions with communities are significant, and require greater attention. As these projects are usually very different from one another, a "customized" approach is necessary, both for risk evaluation, and selection of mitigation actions. For more information on actions taken, please see section 2.2.14 on page 151.

Special mention of Carbon emissions for customers (Scope 3)

Since the beginning of the vigilance plan in 2017, the focus has been on Schneider operations, on the upstream supply chain and the transformation programs associated (supplier vigilance, contractors, The Zero Carbon Project, Decent Work, etc.). The downstream part of the supply chain has not yet been the subject of an evaluation from a Human Rights perspective. However it has been analyzed from the perspective of climate and CO_2 emissions. Scope 3 carbon emissions have been quantified, and several major action plans are deployed as part of Schneider's Net-Zero Commitment. Schneider considers that acting on carbon and climate are key responsibilities of the Company. The Duty of Vigilance section does not provide details of these measures. For more information, please see the description of the program included in Chapter 2.3 "Leading on decarbonization", page 154.

Schneider Electric 2023 vigilance risk matrix

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

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

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

2.2 Driving responsible business with Trust

Comparison of the 2023 analysis with 2022:

The following items have evolved:

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

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

2.2.2.3 Governance

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

Composition of the Duty of Vigilance Committee

Chairman:

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

Management:

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

Experts:

- Environment Performance Measurement
- Sustainable Procurement
- Human Rights

2.2.2.4 Group policy

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

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

2.2.2.5 Actions and resources

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

Key Topics	Risk Categories	Policies implemented and Mitigation Actions	Pages
Schneider Electric sites			
Human rights	Decent workplace Health and Safety	See (i) section "2.2.11 Human Rights" and (ii) section "2.2.4 Employee health and safety" for more details on the deployment of health, safety, and human rights actions on Schneider Electric sites. It covers, notably: • Schneider Electric's employees' safety; • Human rights and people development policies; • Well being programs.	(i) page 136; (ii) page 121
Environment	Pollution and specific substances management Waste and circularity Energy CO_2 and GHG	See section "2.3 Leading on decarbonization", for more details on the deployment of environmental actions on Schneider's sites. It covers, notably: Certification of its sites to ISO standards; • Schneider Electric specific programs to reduce CO_2 emissions; • Reduction of SF_6 emissions; • Schneider Energy Action program for energy efficiency; • Reduction of waste and increased circularity.	page 154
Business Ethics	Ethical business conduct Alert system, protection, and non-retaliation	See (i) section "2.2.1 Trust, Foundation of Schneider Electric's Business" and (ii) section "2.2.7 Zero tolerance for corruption" (ii) for more details on the deployment of business ethics actions on Schneider Electric sites. It covers, notably: • Internal and external alert systems; • Third-party relationship management; • Specific anti-corruption actions.	(i) page 108; (ii) page 130
Offer safety	Offer safety	See section "2.2.5 High standards for the quality and safety of our products" for more details on the deployment of offer safety actions. It covers, notably: • Sustainability Quality Excellence; • Reliability.	page 124
Cybersecurity and Data privacy	Cybersecurity Data privacy	See section "2.2.6 Digital trust and security" for more details on the deployment of data privacy and cybersecurity actions. It covers, notably: • Cybersecurity by design approach; • Personal data protection; • Training and awareness on cybersecurity.	page 127
Suppliers			
Suppliers	Supplier vigilance	See section "2.2.12 Sustainable relations with suppliers" for more details on the deployment of actions towards Schneider Electric's suppliers. It covers notably: • Continuous improvement process based on ISO 20000 standards; • Decent Work program for strategic suppliers; • Vigilance plan for suppliers; • The Zero Carbon Project.	page 138
Subcontractors			
Sub-contractors	Subcontractors vigilance	See section "2.2.13 Vigilance with project execution contractors" for more details on the deployment of actions towards Schneider Electric's subcontractors (or solution suppliers). It covers, notably: • Integration of ESG into the project decision making; • Vigilance plan for project contractors.	page 149
Local communities			
Local communities	Around Schneider Electric sites Around customer projects sites	See section "2.2.14 "Ethical relations with downstream stakeholders" for more details on the deployment of health, safety, and human rights actions around Schneider Electric and customer projects sites. It covers, notably: • Risk mitigation around Schneider Electric sites; • Risk mitigation around customer project sites.	page 151

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2.2.3 Responsible Workplace

2.2.3.1 Context

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

2.2.3.2 Risks, impacts, and opportunities

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

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

The process at regional level is as follows:

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

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

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

See more details in **Chapter 2.5 on page 210.**

2.2.3.3 Governance

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

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

2.2.3.4 Group policy

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

2.2.3.5 Actions and resources

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

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

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

(1) As of January 1st, 2024

2.2.4 Employee health and safety

2.2.4.1 Context

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

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

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

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

2.2.4.2 Risks and opportunities

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

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

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

Injuries based on the Top Hazards

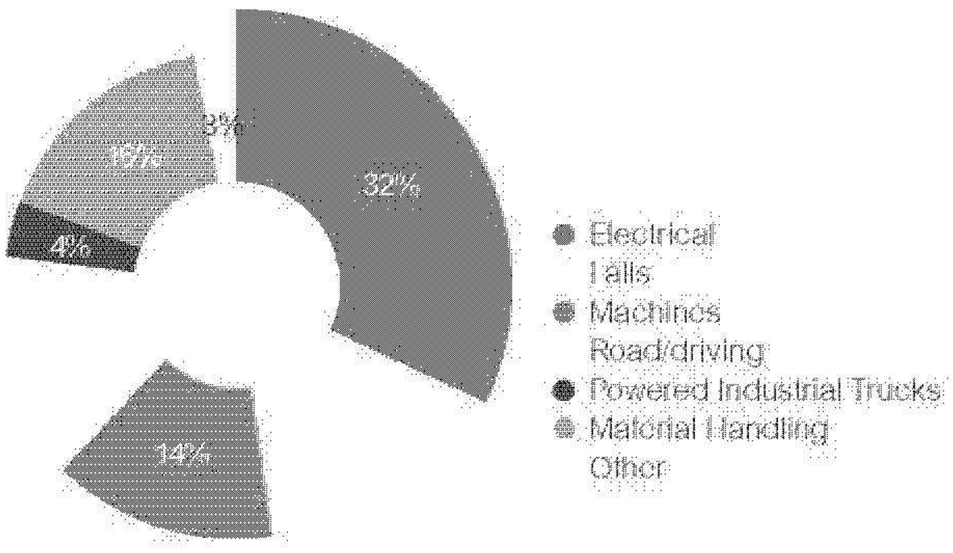


Fig. Last 5 years

2.2.4.3 Governance

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

Steering Committees

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

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

2.2.4.4 Group policy

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

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

The Group values engagement at all levels and:

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

The Group provides a safe work environment for all and:

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

2.2 Driving responsible business with Trust

The Group communicates in an open and transparent manner and:

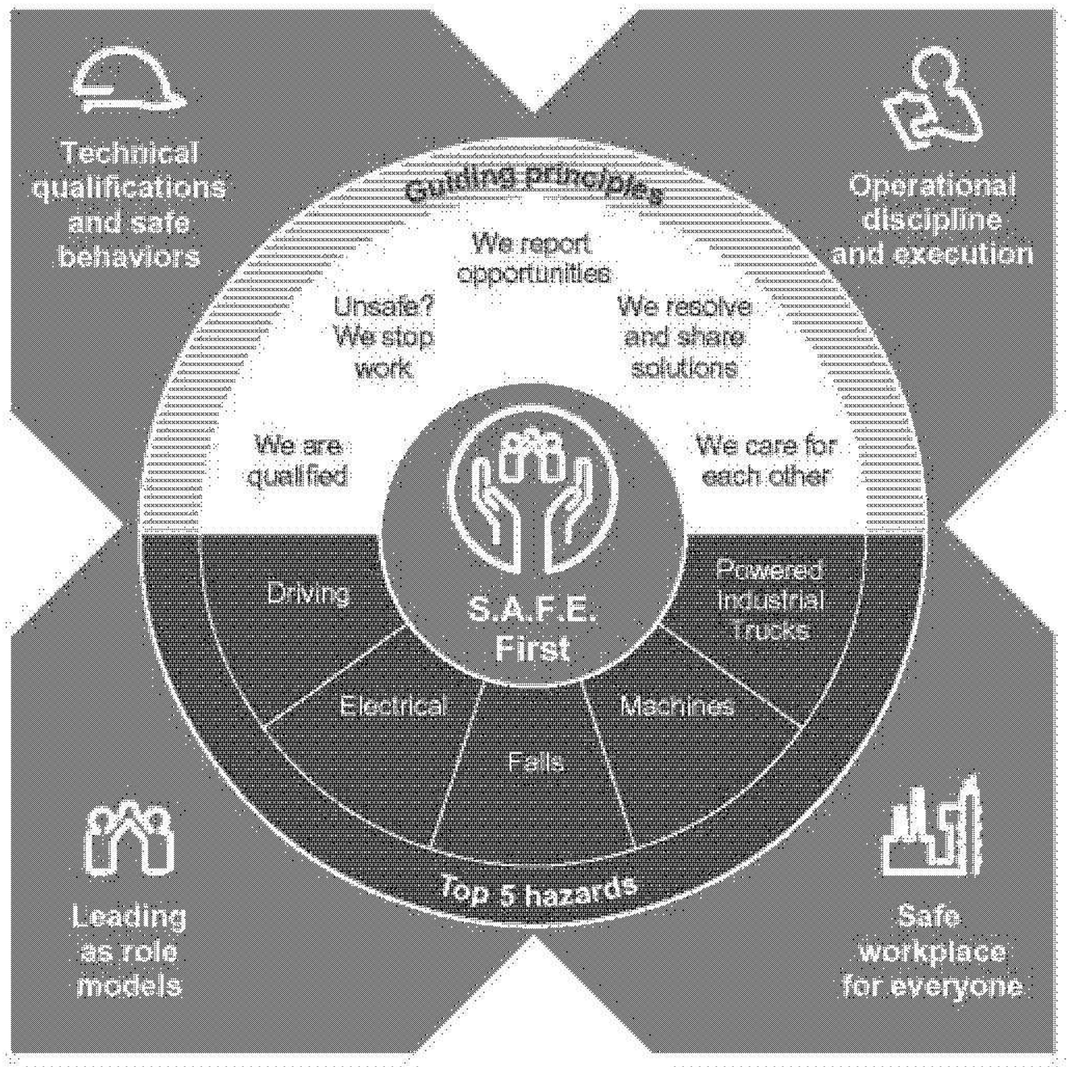
- continually improves its Health and Safety Systems by benchmarking, adopting best available techniques, and through continuous learning;
- captures, analyzes, and communicates safety improvement opportunities, near-misses, and incidents in a systematic manner;
- creates global action plans and shares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

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

2.2.4.5 Actions and resources

The fundamentals of the Health and Safety Strategy are:

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



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

Each year a global action plan is generated by the Health and Safety corporate team to implement the 2025 vision. In 2024 the plan will cover a safe driving program, reducing cut accidents, machine safety, office and R&D safety, and Health and Safety leadership training for Managers and safety professionals. A local action plan, managed by each region, complements the global plan and includes the improvements identified by the Environment Health and Safety Assessment (EHSA) deployment, the ISO 45001 implementation, and the safety culture assessment. The safety culture assessment has evolved into a program called "Safer Future", which includes a safety climate tool (NOSACQ50) that is an internationally recognized questionnaire, which was piloted in 12 countries in 2023. The next step will be to deploy it in the rest of the countries.

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

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

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

Audits and engagement

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

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

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

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

Health and Safety performance results

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

Trust

SSE #14

Our 2025 Commitment

0.38 or below Medical Incident Rate

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

Our progress

2019 baseline	2023 Progress	2025 target
0.79	0.51	0.38

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

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

Recognition and awards

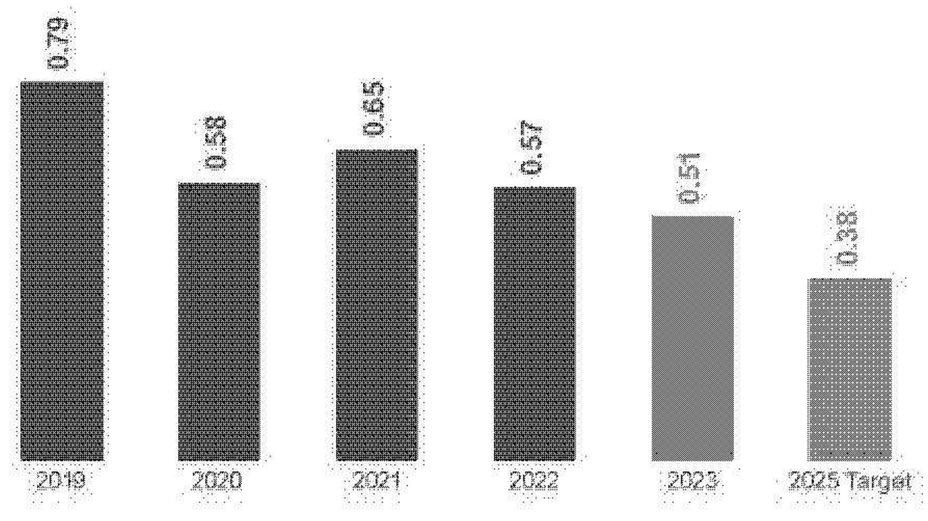
95 locations won the Operational Excellence award including several GSC sites. This represents 78% of all North America (NAM) locations.

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

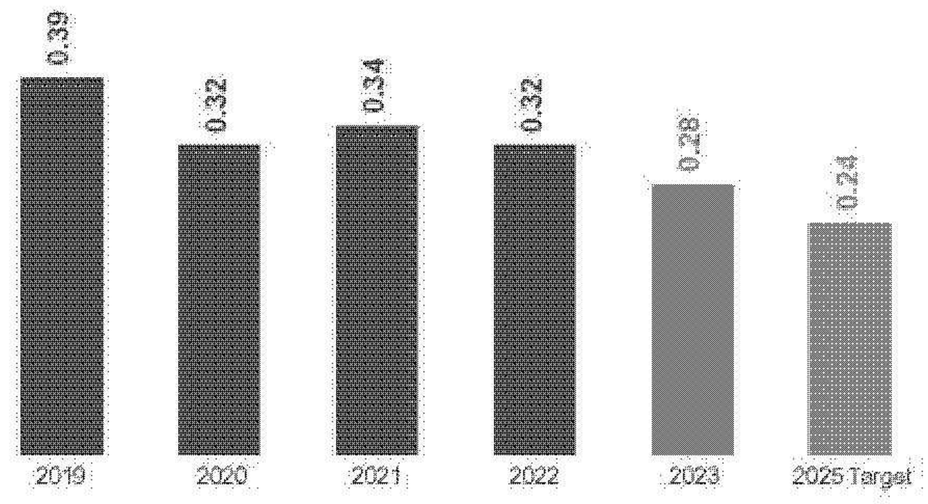
Schneider Electric Canada has been awarded a partnership in injury reduction. Schneider Electric Perú received an award from the insurance company RIMAC for its excellence in the category "Best Comprehensive Occupational Risk Management."

Employee safety participation trend

MIR historical trend



LTIR historical trend



Future evolutions

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

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

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

2.2.5 High standards for the quality and safety of our products

2.2.5.1 Context

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

2.2.5.2 Risks and opportunities

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

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

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

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

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

2.2.5.3 Governance

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

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

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

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

2.2.5.4 Group policy

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

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

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

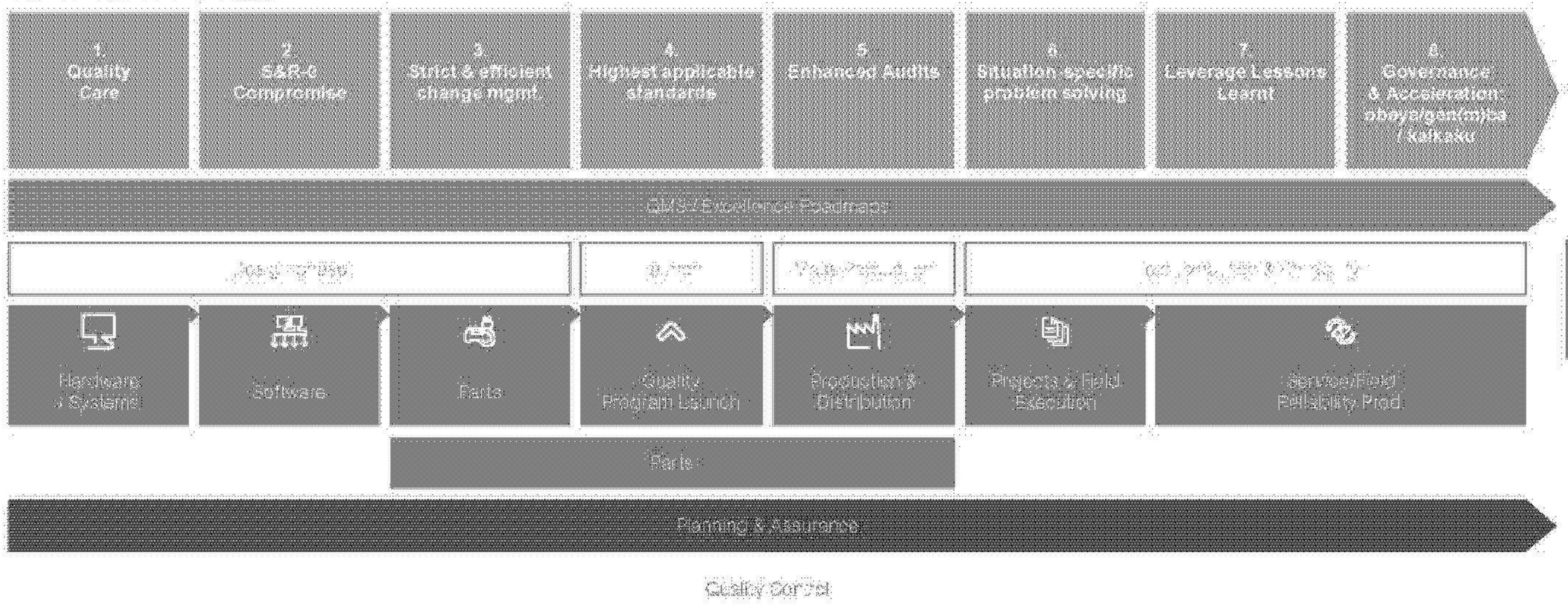
Schneider Electric benefits from a full set of quality directives that require the application of systematic processes to properly address potential offer safety issues discovered inside or outside Schneider. These processes are to be used for all offers sold or manufactured by Schneider Electric. They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

- **Quality Directive "Managing Customer Safety Risks".** This directive requires the application of Schneider Electric's systematic processes to properly address potential offer safety risks of bodily injury or property damage discovered inside or outside Schneider Electric. These processes are to be used for all offers sold or manufactured by Schneider Electric.

- **Quality Procedure "Offer Safety Review".** The overall objective of offer safety is to reduce the risk arising from the use of Schneider's products, solutions, or services throughout their lifecycle. Offer safety reviews are conducted by Offer Safety Review Committees and are used to focus attention on safety and help ensure that offers are safe when properly installed (based on safety manual), maintained and used for their intended purpose and other reasonably foreseeable use or misuse.

2.2.5.5 Actions and resources

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



Quality strategy

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

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

Quality Management System and Internal Audit

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

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

Quality in design phase

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

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

2.2 Driving responsible business with Trust

Quality in industrialization and launch

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

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

Quality throughout the Supply Chain

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

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

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

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

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

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

Quality in projects and Field Services

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

Quality improvement

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

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

Trust

SSE #15

Our 2025 Commitment

Reduce total number of safety recalls issued to 0

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

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

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

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

Our progress

2020 baseline	2023 Progress	2025 target
25	23	0

2.2.6 Digital trust and security

2.2.6.1 Context

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

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

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

2.2.6.2 Risks, impacts, and opportunities

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

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

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

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

2.2 Driving responsible business with Trust

As a result, the Group is:

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

2.2.6.3 Governance

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

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

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

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

2.2.6.4 Group policy

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

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

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

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

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

2.2.6.5 Actions and resources

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

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

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

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

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

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

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

Trust

SSE #16

Our 2025 Commitment

In the top 25% in external ratings for Cybersecurity performance

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

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

Our progress

2020 baseline	2023 Progress	2025 target
Top 25%	Top 25%	Top 25%

2.2.6.6 Data privacy and protection

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

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

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

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

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

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

2.2.7 Zero-tolerance for corruption

2.2.7.1 Context

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

2.2.7.2 Risks, impacts, and opportunities

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

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

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

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

(1) As of January 1st, 2021.

The process at regional level was as follows:

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

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

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

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

2.2.7.3 Governance

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

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

2.2.7.4 Group policy

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

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

2.2.7.5 Actions and resources

Management commitment

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

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

Awareness

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

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

2.2 Driving responsible business with Trust

Training

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

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

Third-Parties Due Diligence

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

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

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

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

Anti-Corruption Controls

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

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

2.2.7.6 Focus on responsible lobbying, political activity, and donations

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

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

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

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

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

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

The largest contributions and expenditures concern two main engagement topics:

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

2.2.8 Compliance with Competition Law

2.2.8.1 Context

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

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

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

2.2.8.2 Risks, impacts, and opportunities

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

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

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

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

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

2.2.8.3 Governance

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

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

2.2.8.4 Group policy

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

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

2.2.8.5 Actions and resources

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

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

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

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

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

2.2.9 Compliance with tax regulations

2.2.9.1 Context

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

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

2.2.9.2 Group policy

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

Governance and Control

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

Compliance with national and international tax regulations

The Group and the Tax department are committed:

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

Transparency and Trust

All employees with tax responsibilities or activities are committed:

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

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

Preserve value and competitiveness

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

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

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

2.2.10 Export Control and Sanctions

2.2.10.1 Context

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

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

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

2.2.10.2 Risks, impacts, and opportunities

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

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

2.2.10.3 Governance

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

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

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

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

2.2.10.4 Group policy

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

2.2.10.5 Actions and resources

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

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

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

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

2.2.11 Human rights

2.2.11.1 Context

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

2.2.11.2 Risks, impacts, and opportunities

In accordance with the 2017 French duty of vigilance law and its ambition to behave as an exemplary company, Schneider Electric implemented a specific Vigilance plan. In 2023, Schneider reviewed and updated its "Duty of Vigilance risk matrix" which highlights the risks the Group poses on its ecosystem including its sites, suppliers, contractors, and local communities (for more details, please see page 115).

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

2.2.11.3 Governance

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

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

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

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

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

2.2.11.4 Group policy

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

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

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

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

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

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

(1) Report: Global Estimates of Modern Slavery: Forced Labour and Forced Marriage (ilo.org)
(2) Human Rights Policy Institutional Document | Schneider Electric (se.com)

Alignment with international standards and frameworks

Schneider Electric endorses the following principles or guidelines:

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

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

Specific policies

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

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

2.2 Driving responsible business with Trust

2.2.11.5 Actions and resources

In front of the risks described in section 2.2.10.2, the Group engaged into several programs that span across its supply chain and its workforce.

Internal actions

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

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

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

Specifically, for health and safety, the Group maintains a follow-up of safety metrics. Incidents are reviewed with management, corrective actions are implemented when necessary, and communications are sent to relevant teams throughout the Company. When needed, a global safety alert can be launched to alert all relevant employees. Schneider Electric organizes a yearly "Global Health & Safety Day", to inform all employees and keep the level of awareness high on this key topic. For more details, see section 2.2.4 on page 121.

External actions

A core commitment regarding Human Rights is, the transformation program related to Decent Work launched in 2021. This program is based on 10 fundamental Human Rights pillars, with the aim of ensuring dignity for workers and protecting their rights. This program is being rolled out to the Group's employees and strategic suppliers. For more information, please see section 2.2.12.12 on page 146.

The Group has also engaged into Duty of Vigilance program. As part of this program, Schneider Electric is performing audits of risky suppliers to identify potential gaps and suggests areas for improvement. For more information, please see section 2.2.12.6 on page 141.

Incubation of a Social Excellence Program. For more information, please see section 2.2.12.13 on page 147.

2.2.12 Sustainable relationships with suppliers

2.2.12.1 Context

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

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

2.2.12.2 Risks, impacts, and opportunities

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

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

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

2.2.12.3 Governance

Vigilance plan

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

2.2.12.4 Group policy

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

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

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

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

Supplier collaboration steps

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

Supplier Qualification (Supplier Assessmement Module (SAM))

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

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

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

Supplier Performance Process (SPM)

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

Supplier Development Process (SDP)

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

2.2 Driving responsible business with Trust

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

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

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

General Procurement Terms & Conditions

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

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

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

Supplier Code of Conduct

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

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

Supplier Screening Program

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

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

To find out more about our Third-Party Screening in relation to Export Control and Corruption, please refer to sectio 2.2.10 on page **134**

2.2.12.5 Sustainable Procurement framework and strategy

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

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

Sustainable Procurement Framework 2021 – 2025

Vision:	**Collaborate** with global supplier network for an inclusive and carbon neutral world, where ecosystems and resources are preserved, and people get access to economic opportunities and decent lives.

	Environment			Social			Governance
	The Zero Carbon Project	Green Materials	Sustainable Packaging	REACH/RoHS	Conflict Minerals/Cobalt	Decent Work	Social Excellence	
	Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%	Increase green material content in products to 50%	100% packaging uses recycled cardboard and no single-use plastic	Continued adherence and compliance to regulations governing hazardous materials and conflict minerals		100% of strategic suppliers provide decent work to their employees	Deploy a "Social Excellence" program through multiple tiers of suppliers	• Supplier Approval Module (SAM) & Quality Mgt (SSQM) • Sustainable Development, Environment, Ethics & Compliance Terms & Conditions • Quarterly Business Review • Trust Line • Sustainability throughout our Procurement Excellence System
	(SSI #3)	(SSI #4)	(SSI #5)			(SSI #6)	(SSE #12)	

ISO 26000:	Improve sustainability profile of suppliers though leading ESG practices (strategic suppliers)
Duty of Vigilance:	4,000 suppliers assessed under Vigilance Program **(SSE #17)**
Supplier Code of Conduct:	Summarizes the most fundamental requirements from Schneider Electric towards its Suppliers

2.2.12.6 Vigilance plan for suppliers

Supplier risk categories and audit plan

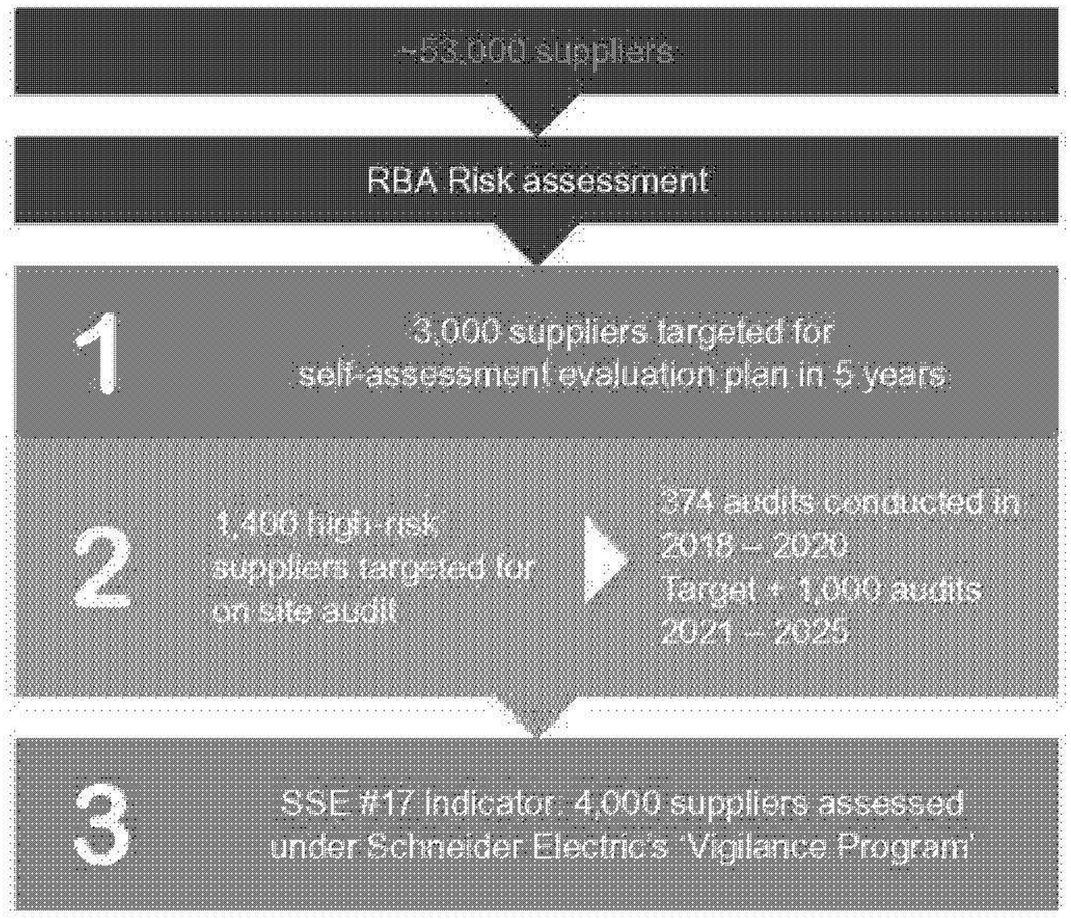
In order to evaluate and mitigate the sustainability risk from its global suppliers, Schneider Electric conducts a risk evaluation of its entire supply base on an annual basis. This evaluation covers sustainability risks and specific parameters such as the type of industrial process used by the suppliers,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

Overall plan

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

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

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



2.2 Driving responsible business with Trust

On-site audits

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

- Human Rights and decent workplace: 36 questions
- Health and safety: 40 questions
- Environment: 21 questions
- Offer Safety: non-applicable in RBA framework. More details about Schneider's Quality strategy are provided in section 2.2.5 on page 124.
- Business Conduct: 11 questions
- Cybersecurity: non-applicable in RBA framework. More details about Schneider's end-to-end cybersecurity approach are provided in section 2.2.6 on page 127.
- In 2023, the Group conducted 212 initial on-site audits with suppliers (audits conducted for the first time with a supplier). These audits allow Schneider Electric to identify non-conformances and request the supplier to implement corrective actions. Re-audits were then conducted to review the corrective actions implemented to remediate non-conformances identified during the initial audit and validate the closure.

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

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

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

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

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

Self-assessments

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

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

Trust

SSE #17

Our 2025 Commitment

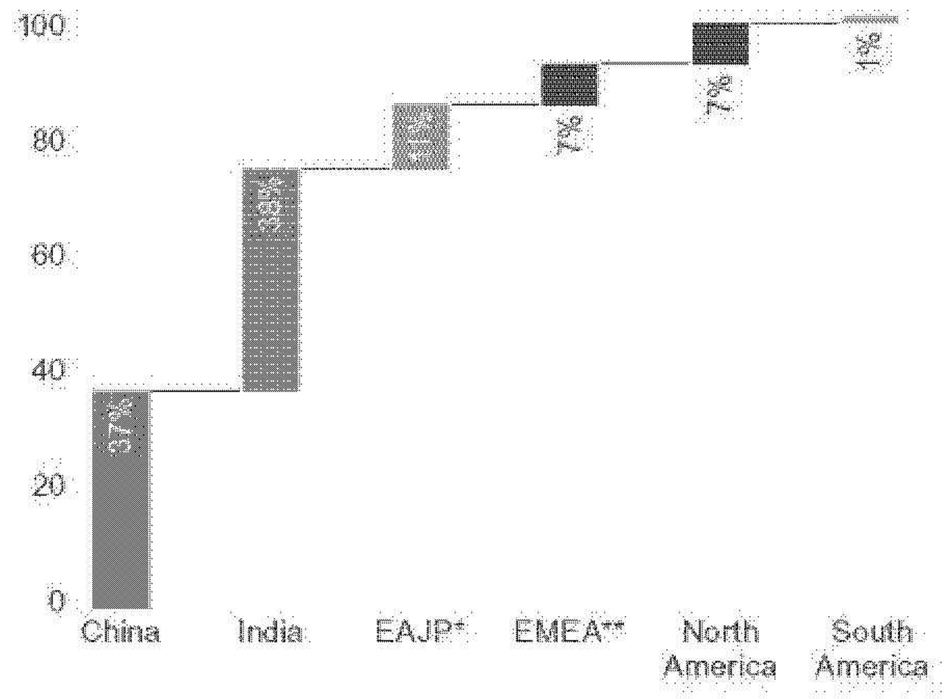
4,000 suppliers assessed under our 'Vigilance Program'

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

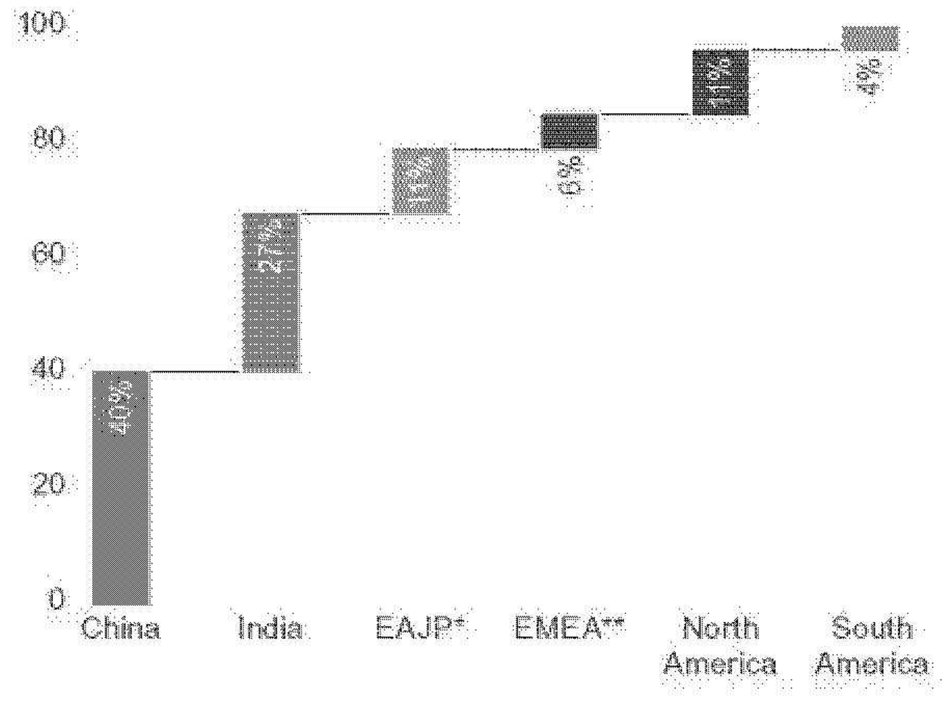
- Labor: during an audit, Schneider Electric identified a small-sized company active in assembling that made employees' payment delayed. Payroll records were reviewed and indicated that monthly wages had been delayed for more than one month. The supplier realized the situation and proceeded to correct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

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

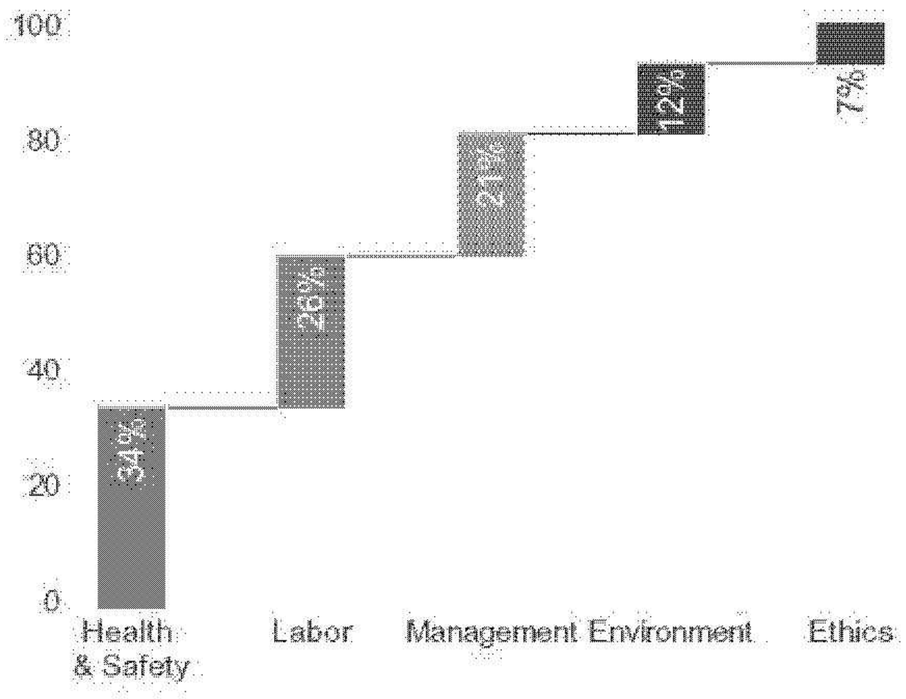
% Risky suppliers identified in 2023 by geography – Graph 1



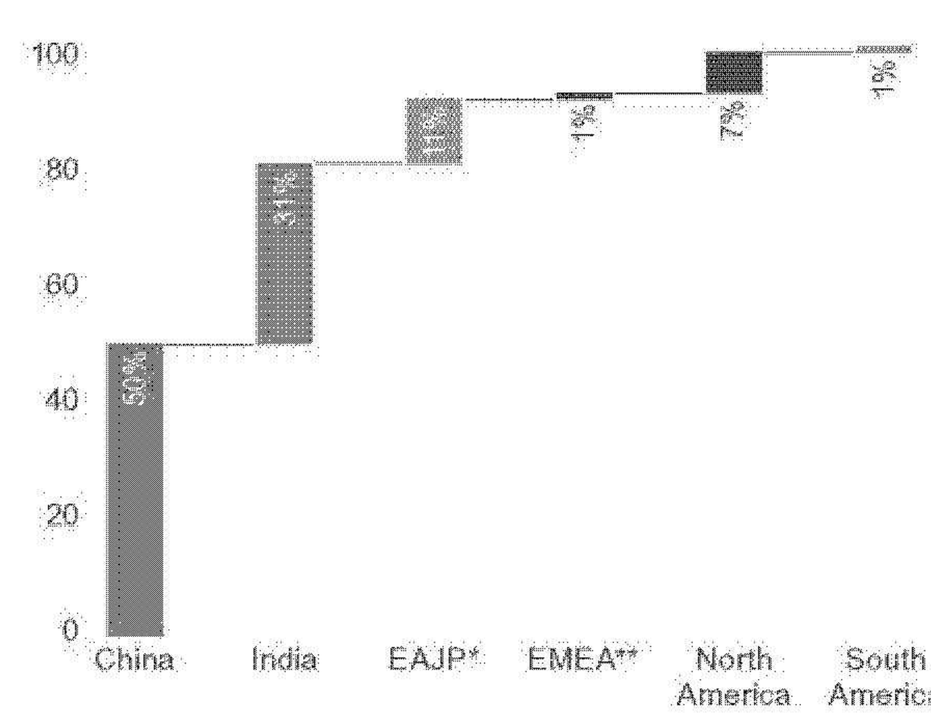
% Audits carried out in 2023 by geography – Graph 2



% Non-conformances in 2023 by topic – Graph 3



% Non-conformances in 2023 by geography – Graph 4



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

Impact

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

2.2 Driving responsible business with Trust

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

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

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

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

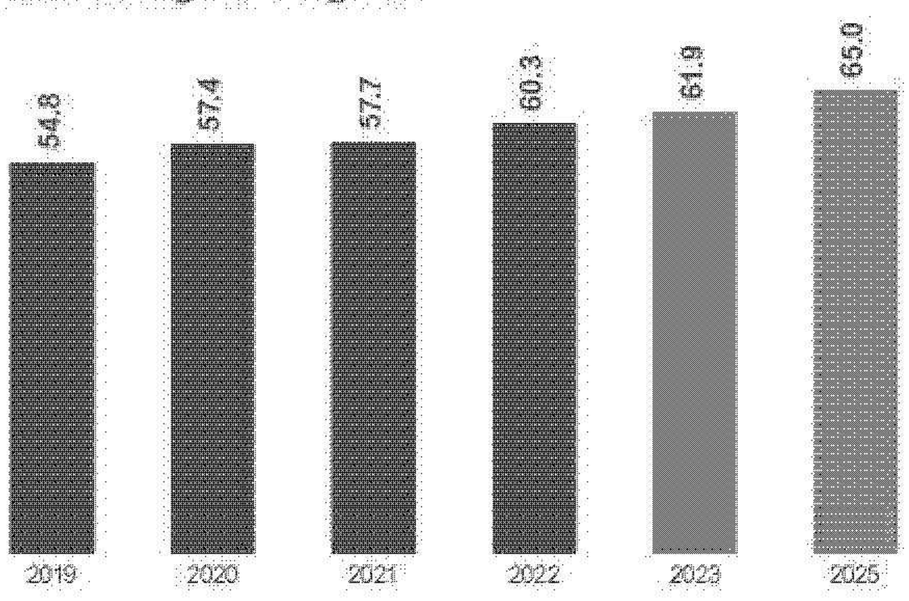
In 2018, the Group took on the ambitious target of achieving +5 points out of 100 in the average ISO 26000 assessment score of its strategic suppliers up to end of 2020 as part of the SSI. At the end of 2020, +6.3 points were achieved, with an average of 57.4 points.

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

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

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

ISO 26000 Program Progress



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

2.2.12.8 Conflict Minerals Program

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

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

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

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

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

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

Where are 3TGs used?

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

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

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

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

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

Cobalt and Mica program

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

Mica and Cobalt usage:

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

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

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

2.2.12.9 REACH and RoHS

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

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

2.2.12.10 The Zero Carbon Project (SSI #3)

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

Read more details on The Zero Carbon Project in chapter 2.3 on **page 154**, and in chapter 2.7 on **page 266**

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

2.2 Driving responsible business with Trust

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

Green Materials (SSI #4)

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

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

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

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

Sustainable Packaging (SSI #5)

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

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

Read more details on the Green Materials and Sustainable Packaging programs in section 2.4 on **page 186**, and in section 2.7 on **page 266**.

2.2.12.12 Decent work

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

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

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

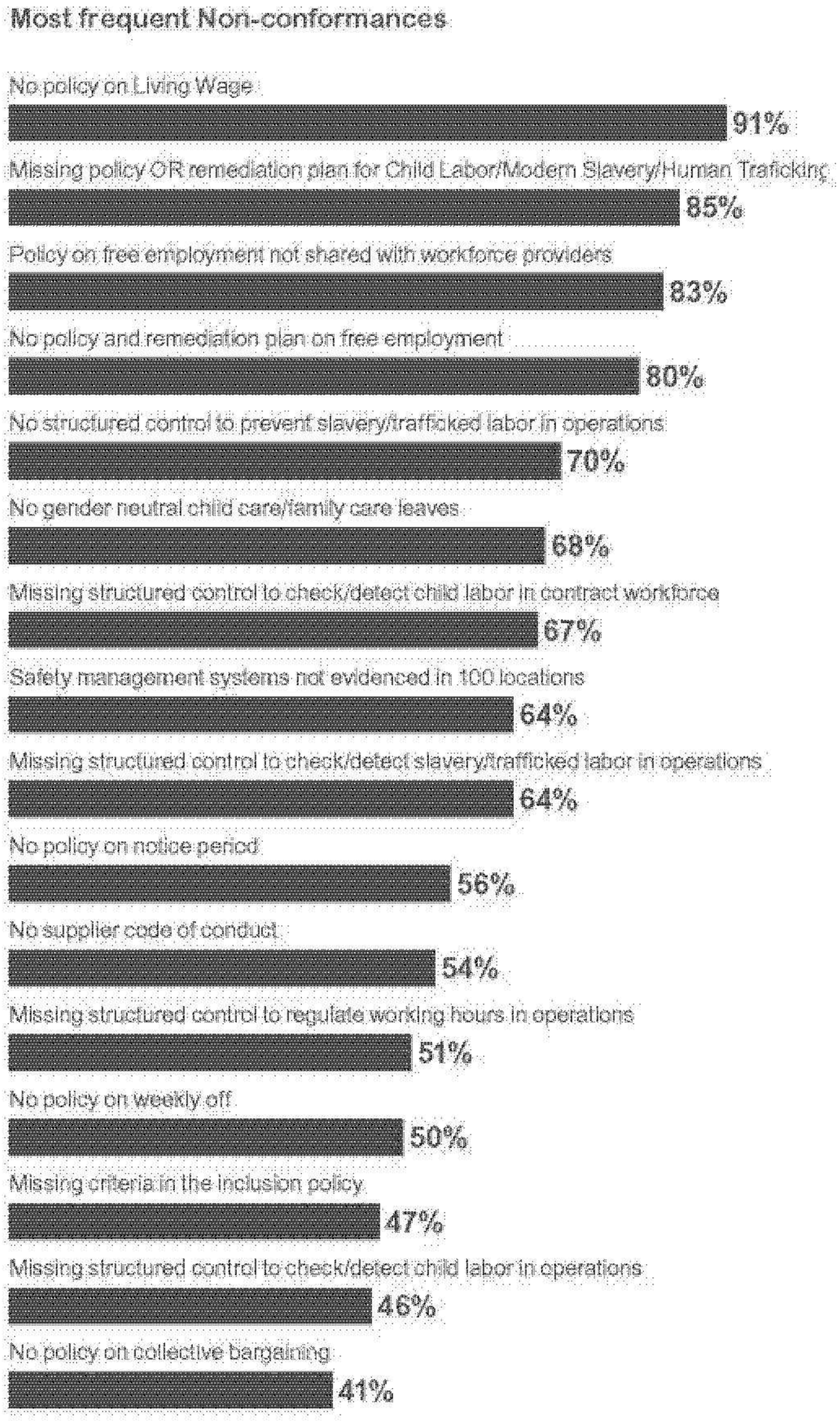
Implementation

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

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

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

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



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

2.2.12.13 Supplier Diversity program in the United States

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

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

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



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

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

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

2.2 Driving responsible business with Trust

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

2.2.12.14 Social Excellence program

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

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

- Upstream mapping of suppliers: identifying suppliers beyond tier 1 and using a tool allowing a more direct communication, and a monitoring of crucial business, environment, and Human Rights parameters. In 2023, 170 suppliers are being processed.

- "Workers Voice" in sensitive geographies: in collaboration with 16 suppliers located in Vietnam, with the help of an expert company in digital stakeholder engagement, Schneider Electric has reached out directly to the workers employed by these suppliers, to assess the situation for a specific number of Human Rights. The first results are conclusive, as more than 1330 workers participated to the survey, which represents more than three times the minimum threshold of statistical significance.
  As this is a first pilot approach, results need to be taken with caution as we are still on a learning curve. However, to share our first obervations, we can note the following:
  - On the positive side, observed that 88% of workers reported that they feel treated with respect, 92% that they are entitled to pay leave when sick, and 91% understand and have a clear copy of their work contracts.
  - Regarding areas that require additional attention, 20% of workers reported that they have already witnessed sexual harassment, 19% reported that the stress from their jobs affects their personal life, and 16% reported that they have already been unfairly treated or discriminated against. These areas will be followed carefully and actions will be taken in 2024 to mitigate the risks identified through this survey.

- Raw material mapping initiative: Schneider Electric has selected 8 raw materials to be studied, starting from the extraction level, and then moving along the transformation cycles. The objective is to better understand and map potential Human Rights issues present in these industries, how these may affect our portfolio of products, and what actions the Group could take to mitigate any negative impact.

2.2.13 Vigilance with project execution contractors

2.2.13.1 Context

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

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

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

2.2.13.2 Risks, impacts, and opportunities

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

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

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

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

2.2 Driving responsible business with Trust

2.2.13.3 Governance

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

2.2.13.4 Group policy

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

- Detection and management of any corruption or export control regulation violations during business relationships with our contractors and customers through automated third-party screening. In 2023, Schneider Electric has developed a new capability to automatically screen all legacy and continuous screening of new and modifications of Third-Parties for risks of anti-corruption and export control. A specific focus is put on third-party due diligence implying several steps to ensure that any risk identified is met with an adequate risk mitigation action. For more information, please see sections 2.2.10 on page 134, and 2.2.7 on page 130.
- Early identification of the environmental and Human Rights risks that the project may create for the ecosystems and communities potentially affected. This risk assessment can be reinforced by an expert third-party report whenever needed. The risks are prioritized and escalated through the selection process to ensure that any decision is consistent with the highest ethical and Human Rights standards, and that any project execution plans for the adequate prevention and mitigation actions to be implemented. In 2023, around 80 projects have been subject to this process as part of the test pilot. In 2024, this process will be applied to a larger number of projects.

2.2.13.4 Actions and impacts

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

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

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

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

2.2.14 Ethical relations with downstream stakeholders

2.2.14.1 Context

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

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

2.2.14.2 Risks, impacts, and opportunities

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

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

2.2.14.3 Governance

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

2.2.14.4 Group Policy

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

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

Customer Screening Program

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

Business Agents Process

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

Sponsoring & Donations Screening

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

2.2.14.5 Vigilance with communities living around Schneider's sites

Vigilance risk assessment for Schneider Electric's 30 largest sites

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

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

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

2.2.14.6 Vigilance with communities living around customers' project sites

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

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

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

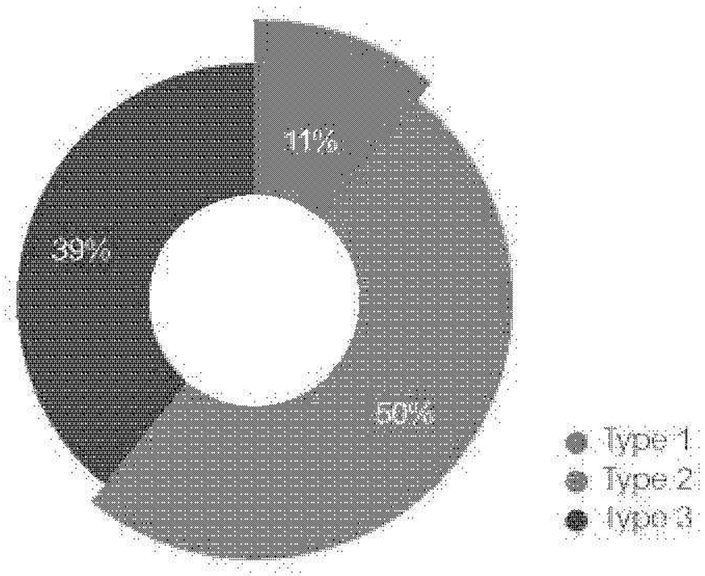
Evaluating the impact for selected sites

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

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

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

Breakdown of projects by type



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

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

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

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

Type 3: 7 projects

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

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

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

Focus on EACOP project

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

The Group provides equipment for the supervision and safety of the infrastructure and contributes to the integration of renewable energy sources to reduce the CO_2 emissions.

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

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

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

2.3 Leading on decarbonization

In this section

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Context and Group's commitments

2023 was the hottest year on record, and this time, by a lot. The European Union's Copernicus Climate Change Service announced that January 2024 marked the first time that the global average surface temperature exceeded 1.5°C above pre-industrial levels during a 12-month period. The breach of 1.5-degrees may be temporary, but it shows the unprecedented challenge required to keep warming to the 1.5°C Paris Agreement target. The Intergovernmental Panel on Climate Change (IPCC) AR6 Synthesis Report[1] also pointed out in March 2023 that the pace and scale of what has been done so far, and current plans, are insufficient to tackle climate change. Urgent and more ambitious action and a commitment to work together to enable system-wide transformation are needed to deliver the enormous cuts in emissions and the innovation necessary to limit GHG emissions by 2030. If we act now, the report underscores, we can still secure a livable sustainable future for all.

We all need to do more within an increasingly limited amount of time. It is encouraging to see now over 4,500 companies with reduction targets approved by the Science Based Targets initiative (SBTi). For Schneider Electric, it's been more than one year since the company Net-Zero targets, were validated by the SBTi, in line with their "Corporate Net-Zero Standard". And as one of the first companies with targets aligned with science, it requires to work through the challenges, while celebrating the successes, learning, and sharing lessons learned to contribute to the broader understanding of what it will take to accelerate progress. By working with its stakeholders across all areas of influence, the Group is accelerating its action to reduce its environmental footprint across its entire value chain, and beyond.

Schneider Electric works with its partners to inspire change through the communities it works in, through helping push scientific and technological progress and innovation, and using its voice with governments, institutions and NGOs to inspire meaningful change through policy evolution and ultimately driving together the broad societal transformation the world needs in order to tackle climate change.

2023 is the first year in which Schneider Electric achieved a year-over-year reduction in its CO_2 emissions across all Scopes. The granular numbers tell an interesting story about the levers for progress, from individual actions to innovations implemented by the company, the influence it exerts, the commodities it purchases, to the speed at which the world is making the transition to clean energy and the improvement in the data used for carbon accounting.

Starting 2024, Schneider Electric looks to accelerate progress across all of these dimensions: continue to speed actions to further slash emissions in operations, accelerate support for suppliers in scaling the opportunities for high-integrity green materials, advance the work with external stakeholders to accelerate grid decarbonization and drive deeper emissions reductions from the use of the products the company sells, and use the company voice and expertise to support efforts aimed at tackling remaining carbon accounting and measurement challenges. Creating certainty in carbon measurement, paired with enhancing data availability and standardization will allow companies to count carbon accurately and consistently, and will ultimately give everyone the foundation needed to accelerate progress.



"At Schneider Electric, we take full measure of the incredible challenge posed by climate change, as well as the urgency and responsibility to accelerate action, to innovate, and to transform our economies and societies. As we approach the middle of this crucial decade, we will deepen our work with others across and beyond our value chain to push the boundaries of what's possible, to slash carbon and to accelerate the conditions for progress."

Xavier Denoly,
SVP Sustainable Development

(1) IPCC, 2023. Synthesis Report of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

Progress of our Climate commitments

Schneider Sustainability	#	2021-2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	1.	Grow Schneider Impact revenues[3]	2019: 70%	74%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	2020: 263M	553M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operations	2020: 0%	27%	50%
Essentials (SSE)	1.	Decarbonize our operations with Zero-CO_2 sites	2020: 30	101	150
	2.	Substitute relevant offers with SF6-Free medium voltage technologies	2020: 26%	60%	100%
	3.	Source electricity from renewables	2020: 80%	88%	90%
	4.	Improve CO_2 efficiency in transportation	2020: 0%	1.6%	15%

These programs contribute to UN SDGs

(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 302). In addition, SSE #3 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) Per Schneider Electric definition and methodology. Note that for the reporting requirements under the European Taxonomy Regulation, please refer to pages 277 to 293.

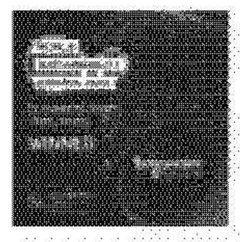
2023 Highlights

CDP A LIST 2023 CLIMATE

Schneider Electric is on the CDP Climate Change A-List for the 13th year in a row.

CIPS EXCELLENCE IN PROCUREMENT AWARDS 2023 WINNER

The Zero Carbon Project won the CIPS Excellence in Procurement Award as the Best Commitment to Decarbonization in Supply Chain.



In October 2023, The Zero Carbon Project won the Sustainable Supply Chain Award at the World Sustainability Congress by Sustainability Leaders with special focus on Accelerate Zero Carbon Workshops.

Long-term roadmap

2025 → 2030 → 2040 → 2050

- Carbon neutral operations
- 25% absolute GHG emissions reduction across the entire value chain from a 2021 baseline
- "Net-Zero ready" operations
- Carbon neutral across the entire value chain (Scopes 1, 2, and 3), including carbon removals
- Net-Zero CO_2 emissions across the entire value chain

2.3 Leading on decarbonization

2.3.1 Climate risks, opportunities, and impact management

The Intergovernmental Panel on Climate Change (IPCC) indicates the last decade has witnessed temperatures higher than any in the past 125,000 years. This is affecting every region of the world, manifesting as rising sea levels, increasingly extreme weather events, rapidly melting sea ice, and declining biodiversity and natural resources. The changes in climate are unprecedented when compared to patterns observed in past centuries and millennia, and further warming will continue to amplify these changes[1].

Beyond environmental consequences, climate shifts also impact society, contributing to the loss of livelihoods and businesses, escalation of health emergencies, and displacement of populations. Schneider Electric has embedded climate-related risks reviews into its decision making, to mitigate risk exposure and ensure resilience.

2.3.1.1 Risks, opportunities, and impact assessment and adaptation measures

Schneider Electric proactively identifies and measures climate-related risk and opportunity to assess existing and potential impacts to its business, operations, and value chain. This approach encompasses enterprise risk management and climate risk, and vulnerability assessments leveraging on scenario analysis.

The enterprise risk management of climate-related risk and opportunity is a domain specific review led by environmental experts, overseen by the Group Risk Management department and the Internal Audit department. The risk and opportunity assessment covers acute and chronic climate physical risks, legal and regulatory risks and opportunities linked to current and emerging climate regulations, as well as market, technology, and reputational risks and opportunities linked to changes in customer behaviors.

⊕ More details in Chapter 3, section 3.4 Key risks and opportunities, on **page 324**

In 2023, the Group performed a forward-looking climate risk and vulnerability assessment with an independent third party to identify and price the materiality of physical and transition climate risks that may affect the Group's operations and sites, its extended value chain (upstream and downstream), and overall economic activities in the short term, medium term, and long term using scenario analysis. In this study, climate risks are quantified under different emissions pathways between 1.5°C and >4°C temperature rise by 2100. Five emissions pathways were considered: SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6, and SSP1-1.9 by 2025, 2030, and 2050.

The Group identifies climate-related risks and opportunities and devise measures for management and mitigation. Schneider references guidance from the Task Force on Climate-related Financial Disclosures (TCFD) to classify its climate-related risks and opportunities into two major categories:

- **transition:** risks and opportunities related to the transition to a lower-carbon economy, and
- **physical:** risks and opportunities related to the physical impacts of climate change.

Transition risks and opportunities

Governments, public institutions, and society are responding to this climate crisis in implementing more stringent regulations and redirecting investments toward low-carbon alternatives. Regulatory, legal, and behavioral changes, and the evolving competitive landscape can present risks for companies delaying their transition to a low-carbon economy or companies highly exposed to sectors slowing down this transition.

Policy: As climate urgency intensifies, regulation appears to be a key lever in driving a faster and more co-ordinated transition. While the EU is framing its transition through the European Green Deal, with policies aimed at driving faster carbon reduction through Fit for 55, enhancing its capability for high-quality carbon removal through the Carbon Removal Certification Framework (CRCF), and enhancing manufacturing and digital capacity in industries, through the proposed Net Zero Industry Act, the Inflation Reduction Act (IRA) in the USA aims to steer capital towards clean energy, transportation, and industry, mainly through tax credits. A number of governments have introduced or are contemplating regulatory changes to address climate change. For example, emissions trading systems, which establish a market price for emissions, are now implemented or scheduled for implementation in multiple large emitting countries including China, Australia, EU member states, Canadian provinces, and several states within the USA. Carbon taxes, which represent tax rates on greenhouse gas (GHG) emissions, are also implemented or scheduled in many countries, including Mexico, Columbia, Argentina, South Africa, and Japan. The outcome of climate regulations may result in additional requirements and fees or restrictions on certain activities or materials, impacting primarily companies slowing down this transition but creating as well opportunities for companies leading this transition towards a low-carbon economy.

Schneider Electric anticipates possible financial impacts of future carbon emission costs by working to address both its operational and value chain footprints. Given the relatively low level of Schneider's Scope 1 and 2 emissions in its carbon footprint, carbon pricing mechanisms primarily present the potential for indirect impacts. Among others, it could result in higher raw materials and manufactured components costs, and increasing costs incurred by consumers during the use of sold products.

(1) IPCC. 2022. Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

The EU Taxonomy, as a cornerstone of the EU's sustainable finance framework, helps direct investments to the economic activities most needed for the transition. In 2023, 69% of the Group's revenues came from economic activities listed in the EU Taxonomy as able to contribute substantially to at least one of the six environmental objectives listed in the regulation. Although Schneider's proportion of revenues aligned with the EU Taxonomy is at 31%, its high share of revenues eligible demonstrates the prominence of Schneider Electric's markets in the transition towards a sustainable economy. This transparency tool represents an opportunity for the companies of the sector who are leading on sustainability, to reinforce trust with stakeholders, to ensure access to green financing with potentially favorable terms and finally to attract and retain environmentally conscious customers, partners, investors, and employees[1] (see details in section 2.7.2 on page 277).

As a sustainability-leading company, Schneider Electric supports shaping climate policies that can move industries and the world forward. The Group monitors policy risk and is committed to keep its position as a company leading in sustainability to capture associated opportunities through various strategies. Several examples include but are not limited to the following:

- Achievement of Schneider Electric's climate goals, which in turn reduces risk exposure to future changes in carbon prices.
- Incorporation of an internal or shadow price for carbon to understand the potential impact of external carbon pricing on its portfolio's resilience to climate scenarios. The Group internal shadow price is meant to inform the Group's climate strategy and incentivize low-carbon innovation. Also the Group assesses marginal abatement costs (additional cost per ton of CO_2) of some specific decarbonization actions or programs, in order to determine what are the most cost-efficient ones. Schneider uses different carbon price scenarios, varying from EUR 50 - 130/ton (depending on time horizons).
- Management of the legal and regulatory environment to stay abreast with regulatory developments and anticipate future changes, including Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Taxonomy.
- Climate policy advocacy to advance the world's carbon reduction efforts. Read more about this page 180.

Market: The growing demand for low-carbon products and services generally presents a significant business opportunity for Schneider Electric. The Group already explores ways to improve the efficiency and emissions profile of existing products with innovations, such as SF_6-free medium voltage switchgears (read more on page 173). The low-carbon transition can present risks with potential financial impacts for companies delaying the change, as well as opportunities for sustainability leaders. For example, consumer preferences may change and further veer toward environmentally sustainable alternatives. This is a critical element of the Group's sustainability impact goals and ecodesign strategy. In 2023, 74% of the Group revenues qualify as impact revenues. Additionally, maintaining industry-leading offers for more efficient, low-emission products and services that support the transition to a low-carbon economy requires adapted investments in research and development (R&D). Schneider Electric invests about 5% of its annual revenues in R&D each year and as outlined during its 2023 Capital Markets Day, expects a step-up in strategic R&D investments over the coming years towards 7% of turnover in R&D. This also includes sharp focus on product quality and performance to prevent potential trade-offs associated with our products' enhanced sustainability profile.

Reputation: Customer sentiment can be influenced by companies' actions or inaction to mitigate and adapt to climate change.

Schneider has been working to reduce its own GHG emissions for over 15 years and continues to raise the bar, setting ambitious targets for both its operations and its value chain. The Group actively manages this risk by building and executing detailed roadmaps for its targets and collaborating with its stakeholders through initiatives such as The Zero Carbon Project.

In addition, the Group remains diligent in protecting brand reputation through accurate and transparent communication and marketing. In 2023, as litigation and legislative developments surrounding green claims rose, and public focus on greenwashing heightened, Schneider Electric sharpened its focus on environmental claims and language used regarding sustainability (see details in section 2.4.3.5 on page 193).

Although additional measures were implemented in 2023 in response to emerging green claims and greenwashing regulations, reputation management has always been a focus, through:

- continuously monitoring Schneider's sustainability performance and revising strategy to adapt to regulations, and customer demand;
- maintaining robust internal and external controls to ensure information verification and accuracy such as third-party assurance of emissions data and internal audits of sustainability information and processes;
- consistently and transparently disclosing sustainability performance to our stakeholder, across all environmental, social, and governance topics, and
- collaborating with relevant stakeholders to develop and strengthen regulatory frameworks, advance standards to create common methodologies to measure the environmental footprint of products, and improve corporate carbon accounting.

Technology: As the global economy transitions towards a low-carbon future, technological innovation will accelerate the impairment of fossil-fuel intensive assets.

Schneider Electric is committed to be "Net-Zero ready" in its operations by 2030 (see details in section 2.3.5 on page 167), launching several transformations to deliver on this target:

- reach 150 Zero-CO_2 sites by 2025 (SSE #1);
- source 90% of electricity from renewables by 2025 (SSE #3), and 100% by 2030 (RE100);
- increase energy efficiency in its sites by 15% by 2025 (SSE #5), and double energy productivity by 2030 compared to 2005 (EP100), and
- shift one-third of corporate vehicle fleet to electric vehicles (EVs) by 2025 (SSE #7), and 100% by 2030 (EV100).

(1) FY 2023: Why organizations should stay the course with their EU taxonomy reporting.

2.3 Leading on decarbonization

Physical risks and opportunities

The immediate effects of climate change, known as acute physical risks, can manifest as more frequent and severe natural hazards, such as intensified hurricanes or floods. These incidents are clear examples of how climate-related factors can cause financial impacts on companies. Extreme weather events not only directly affect the Group's operations but also impact crucial infrastructures like power plants, electrical grids, data centers, and transportation networks.

In the long term, the severity of physical impacts will vary based on society's ability to reduce human-induced climate change. However, even with mitigation efforts, the IPCC is highly confident that climate change will lead to numerous risks for natural and human systems beyond 2040[1]. It's crucial to prepare for potential intensifying impacts by considering various scenarios, understanding that some degree of impact is inevitable despite efforts to combat climate change.

Schneider Electric has over 300 industrial and logistics sites globally and is exposed to the physical effects of climate change in the form of more frequent and severe acute weather events. In addition, impacts from chronic environmental changes like average temperature increase could expose some of our sites to drought and increased water stress. These impacts could result in damage to assets, disruption to business operations, as well as human and environmental consequences.

Damage to property and assets: Physical risks resulting from climate change can have financial implications for the Group such as direct damage to property and assets. As a result, climate and weather-related risks are part of the Group's Business Continuity & Risk Management program, leading to preventive investment to secure assets and adapt to material climate and weather risks.

The Group's management method consists of risks quotations. Climate-related physical risks, such as floods, are part of the risk assessments and standard practice reviews made by independent global risk experts Global Risk Consulting (GRC), thereby defining potential financial impacts as well as the cost of response.

GRC measures and weighs:

- passive (exogenous) threats relating to floods, hurricanes (windstorms), earthquakes, construction, occupancy, and
- active (endogenous) risks relating to physical protection, human exposure, natural hazards, and business continuity plan.

Schneider's industrial and logistics sites worldwide are evaluated every three years. Risk profiles of each site are then regularly updated, and recommendations of adaptation measures are made to mitigate identified risks.

The Group deploys protection measures to mitigate or avoid the risks. For example, Schneider committed for 100% of its sites in water-stressed areas to have a water conservation strategy and related action plan by 2025. In addition, action plans are developed for sites with potential flood exposure. Plans may include installing flood gates or moving equipment to a higher level, production increase or reduction, delivery increase, checking external areas for possible objects that could float, and more.

In 2023, several factories in France were identified with exposure to riverine flooding. As a result, the Group took the appropriate adaptation measures to mitigate risk exposure and enhance resilience:

- Development of a flood emergency response plan.
- Implementation of a flood warning protocol, including the monitoring of local weather forecast and river levels.
- Assignment of responsibilities, including designations for safe de-energization and shut-down procedures should an event occur.
- Development of a recovery and clean-up plan with personnel designated responsibilities in co-ordinating post-flood salvage and arranging emergency utility equipment.

The Group maintains robust protocols and response measures if a weather incident should occur. Through its Property Damage and Business Interruption program, aligned with the ISO 22301 standard, Schneider Electric outlines substantive risks on the business and ensures crisis management, from the initial phase following an incident all the way to the recovery of activities.

The cost of management can be approximated by that of insurance plans. The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around EUR 28 million in 2023.



Supply chain disruption: Extreme weather events and changing climate patterns also present potential risks for the Group's supply chain; in particular, material shortages and logistics bottlenecks in the upstream and downstream. Climate-related supply chain disruptions could translate directly into revenue losses, higher costs, and increased working capital requirements. Delays in production and delivery could impact customer experience.

(1) IPCC. 2022. Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

The Group monitors and tracks vulnerability to supply chain disruption through various strategies:

- Monitor events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time should events occur, and thereby minimizing business impact.
- Analyze the criticality of industrial sites. This is performed by independent experts, covering areas such as interdependency analyses, alternative supply, and time to recover in case of damage.
- The Group's Supply Chain uses a resiliency index that includes natural and climate-related hazards to assess and mitigate business interruption risks.

Results from the 2023 vulnerability assessment indicate that more than a third of the raw material streams assessed are sourced from countries with high risk of hurricanes. Schneider anticipates and responds to these types of risks with adaptation measures focusing on supply chain resilience.

Notably, the supply chain strategy called STRIVE, launched in 2021, includes an increased focus on resilience to continuously improve supply chain flexibility and agility. More than 80% of selected CapEx is engaged in the "Power of Two in Manufacturing" project, whereby Schneider is proactively working to qualify alternate factories for same products and suppliers for all critical parts and components to improve continuity of supply. By doing so, it can dual-source critical components from partners in different geographies to help ensure availability regardless of potential business disruptions, such as natural disasters. The STRIVE strategy aims at securing top manufacturing risks with strategic stocks, and top supply risks under a specific multi-sourcing project. In term of logistics, the Group have deployed a full business continuity plan process, moving from 20% of business securization in 2021 to 70% at the end of 2023, with the ambition to reach 80% in 2024.

For example, in the Philippines, the Group identified products at risk based on revenues, and then conducted a study to assess whether it should implement its Power of Two resilience strategy. The Industrial Planning team investigated associated existing technological challenges and budgeting. The site then worked with partners in the region (for example, in Vietnam) and invested in tools and equipment to mitigate potential business interruptions and secure the cost of goods sold (and therefore revenues), with the objective of securing around 35% of its sales through a business continuity plan by 2024.

2.3.1.2 Climate-related governance

Overall, the different governance bodies involved in the definition and monitoring of the sustainability commitments and programs are responsible for defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at Group level are then cascaded into business divisions, down to the sites for implementation, and are monitored through the digital platform, EcoStruxure™ Resource Advisor.

Each program of the Schneider Sustainability Impact has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice-President and Executive levels to ensure management control and oversight.

Schneider was one of the first companies to address this topic at the Board level with the creation of the Human Resources and Corporate Social Responsibility Committee in 2014. The sustainability strategy, including climate, is overseen by the Board of Directors with the assistance of the Governance, Nominations & Sustainability Committee (renamed as such in 2023). The Group further addressed the topic by deciding that the annual variable compensation of the Chief Executive Officer and of the more than 64,000 employees (who benefit from a variable compensation), includes ESG criteria, part of which relates to climate. The Long-term incentive plan is also linked to ESG criteria (for more details on compensation, please refer to section 2.5.4 on page 234).

Several other governance bodies are involved in this matter: the Executive Committee and its Function Committee, the Stakeholders Committee and the Sustainability department. At Group level, the Chief Sustainability, Customer Satisfaction and Quality Officer, who is reporting directly to the Chief Executive Officer, helps determine and enforce the Group's environmental goals and underlying transformations. Three committees involving Group Executive Vice-Presidents and Senior Vice-Presidents are dedicated to overseeing the implementation of the Group's climate strategy and decarbonization roadmap, respectively focusing on the supply chain, low-carbon product design, and the decarbonization of Schneider's operational emissions.

Schneider Electric's Chief Sustainability, Customer Satisfaction and Quality Officer is the head of the Global Environment team, leading the overall environmental vision, strategy, and program execution, including climate. The Global Environment team participates in the Group Enterprise Risk Management program, which identifies, assesses, and prioritizes risks and, through regular reporting and discussion, assists senior management and the Board on the governance of risk. The team gathers input from climate experts across the Company to support this reporting.

In addition, environmental transformations are driven by a network of leading experts in various environmental fields (ecodesign, energy efficiency, circular economy, CO_2, etc.). On an annual basis, a process identifies and recognizes those individuals who own a specific expertise that the Company is keen to maintain and grow. Various governance bodies enable these communities of experts and leaders within the environmental function to meet every month or every quarter, depending on the topics and entities, to ensure consistent adoption of environment policies and standards throughout the Group. To implement these policies, Environment leaders co-ordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design, and marketing.

2.3 Leading on decarbonization

2.3.1.3 Climate scenarios embedded in the Group's strategy

In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Schneider Electric launched a prospective approach on climate change and energy transition four years ago, by setting up a dedicated organization, the Schneider Electric™ Sustainability Research Institute. This team, the Company think-tank on the Climate and Energy Transition, reports to the Chief Strategy Officer. A large part of its research is made publicly available on **www.se.com**.

Several scenarios to 2050 were developed in 2019. Those included critical reviews of the geopolitical landscape, commodity and resource availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways, and technology developments, among others, with quantified consequences, taking into consideration ten regions and a number of sectors individually, framing the business landscape in which Schneider operates.

Those scenarios have been regularly updated since. For instance, in 2020, the COVID-19 short-term impact assessment was also reviewed, including the importance and feasibility of climate-compatible recovery plans. In 2021, a set of global scenarios exploring the feasibility of a 1.5°C trajectory was published externally. Since 2022, a number of regional scenarios have also been released. Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, Bloomberg New Energy Finance, and the International Renewable Energy Agency (IRENA), among others, as well as shared and discussed with these organizations.

In addition, further research efforts on decarbonization pathways per sector, policy and socio-economic implications are also published regularly to contribute to inform the debate on global decarbonization. In 2023, a dedicated analysis of climate risks interactions at Schneider Electric was also released.

The effort of this team helps to both contribute to the public debate on global decarbonization as well as inform strategic priorities across businesses and operations.



2.3.2 Schneider Electric's greenhouse gas footprint

2.3.2.1 Schneider Electric's 2023 carbon footprint

The Group calculates its end-to-end carbon footprint (Scopes 1, 2, and 3) in alignment with the Standards from the Greenhouse Gas Protocol: the Corporate Accounting Standard and the Corporate Value Chain (Scope 3) Standard.

In 2023, we obtained "reasonable" assurance from an independent third-party verifier on our Scopes 1 and 2 reported Greenhouse Gas (GHG) emissions, and "limited" assurance on our Scope 3 reported GHG emissions.

The charts below represent Schneider's 2023 carbon footprint for Scopes 1, 2, and 3, including all relevant upstream and downstream GHG emissions from suppliers and products sold.

Suppliers Scope 3 upstream	**14%**
Purchased goods and services	6.8 $MtCO_2e$
Freight	0.6 $MtCO_2e$
Other (e.g., business travels, commuting, upstream emissions from the energy sector)	0.5 $MtCO_2e$

Schneider's Operations Scopes 1 and 2	**<1%**
Energy consumption at sites (market-based approach for electricity)	0.13 $MtCO_2e$
Company cars	0.06 $MtCO_2e$
SF_6 leakage	<0.01 $MtCO_2e$

Customers Scope 3 downstream	**86%**
Use-of-sold products	44.2 $MtCO_2e$
End-of-life (mostly SF_6)	4.3 $MtCO_2e$
Freight	0.4 $MtCO_2e$

Emissions from Scopes 1 and 2 are primarily from the use of electricity and natural gas at our sites and from our Company fleet (respectively 40%, 21%, and 31% of total Scopes 1 and 2).

Scope 3 emissions represent more than 99% of the Group's carbon footprint, of which:

- **78% are due to the use phase of products (Category 11 of Scope 3 in GHG Protocol).** These emissions derive from the electricity consumption of Schneider Electric's products, primarily due to heat dissipation (Joule effect). As per the GHG Protocol standard, these emissions are not the volume of CO_2 emitted in the reporting year from the use of products sold in previous years and currently in use by customers; it is rather a forward-looking view based on sales occurring in the reporting year, and the corresponding electricity consumption of the products during their full useful life. It is worth noting that Schneider Electric's products generally have long life spans, which can be up to 30 years in calculations. The methodology is based on a lifecycle approach, leveraging the Product Environmental Profiles (PEPs) of our products.

- **12% are associated with purchase of goods and services (Category 1 of Scope 3 in GHG Protocol).** These are the upstream emissions (i.e., cradle-to-gate) from the production of products and services that the Company is purchasing in the reporting year, with the notable exception of freight services that are accounted in a different Scope 3 category. These emissions are coming from very diverse sources, given the wide heterogeneity of the Group's procurement portfolio: raw materials, electronic and electrical products, printed circuit board assembly, fabricated components, along with purchases that are not directly related to production (e.g., services such as insurance and banking services).

- **8% are a result of end-of-life treatment of products, and particularly end-of life treatment of SF_6 (Category 12 of Scope 3 in GHG Protocol).** These emissions primarily reflect the SF_6 gas used by Schneider in products sold in the reporting year, and that may be released at the end of products' life, a few decades after the reporting year. An assumption is made on the release in the atmosphere of SF_6 at product decommissioning, based on Schneider's research, considering that some SF_6 in equipment is being recycled, while the majority is not recycled.

2.3 Leading on decarbonization

2.3.2.2 CO_2 reduction performance

Since 2021, emissions from Schneider Electric's operations (Scopes 1 and 2) have decreased by 31% in absolute, and Scope 3 emissions have decreased by 17%.

Direct emissions from Scope 1 have decreased by 20% since 2021, largely due to energy efficiency initiatives and electrification of the Group's on-site processes and fleet. In addition, targeted efforts to reduce SF_6 have yielded measurable results. On Scope 2, emissions have decreased by 42% between 2021 and 2023 , primarily due to the outstanding progress on sourcing more and more renewable electricity. All in all, on Scopes 1 and 2 collectively, the emissions have decreased by 31% since 2021.

From 2022 to 2023 more specifically, key drivers of the emission reduction (-12%) on Scopes 1 and 2 included:

- consumption behavior changes linked to the energy crisis which was drastic in 2022, but had some long-lasting effects (with gas consumption at sites in the energy reporting perimeter decreasing by 18% as compared to 2022);
- energy efficiency (SSE #5): 6.6% in 2021, 7.8% in 2022, and 13.2% in 2023; an additional modeled savings of 58 GWh compared to 2022;
- the switch to more renewable electricity consumed by the Group's facilities (SSE #3), whether directly, via on-site renewable energy or green tariffs from the utilities serving Schneider's operations, or indirectly, via unbundled and bundled market mechanisms; the share of global renewable electricity has increased from 85% in 2022 to 88% in 2023 (on the scope of ISO 14001 sites, as per the scope of SSE #3).

Scope 3 emissions decreased by 7% from 2022 to 2023:

- Upstream emissions have decreased by 10%, due to the reduction of volume of commodities being purchased, and the efforts of the decarbonization programs in the supply chain: Green Materials program which contributes to source materials with low carbon footprint, and The Zero Carbon Project which supports the decarbonization of suppliers.
- Downstream emissions, the majority of which come from the use of sold products, have decreased by 6% between 2022 and 2023. This is due to both the decarbonization of the grids that the Group's consumers rely on, and the evolution of the geographic split of sales, with a higher growth in geographies where the current and projected electricity mixes are less carbon-intensive as compared to last year. As explained in the section above, when calculating these emissions, the Group considers the products' lifetime and the projected carbon intensity of the grids where consumers are located.

The rate that Schneider can implement emission reductions is dependent on many factors that can change over time; these include our business growth and geographic distribution, supplier mix and suppliers' decarbonization journeys, and the rate of decarbonization of the grids that power the Group's products.

2.3.2.3 Evolving calculation methodology and data constraints

Carbon accounting is an evolving discipline where the granularity of calculation changes as new mechanisms for data collection and specifications become available. Schneider Electric regularly assesses data collection and calculation methodology for opportunities to expand data availability and enhance accuracy.

Especially, Scope 3 calculation presents an opportunity for continuous improvement for many organizations, as calculation depends on indirect, value stream emissions which are sources not owned or controlled by the Group. As specifications and availability of both activity data and secondary data change, continuous evolutions and improvements in Scope 3 methodologies can be expected.

In this context, the Group continues to support efforts that enhance data standardization and transparency. There are calculation decisions companies make with consideration to their unique circumstances, such as data type used, data collection method, and emission factors, among other choices. These variables can materially impact the calculation, and as a result, compromise the comparability and standardization of emissions data. Recognizing the opportunity for additional guidance on calculation methods, Schneider Electric has participated in 2023 in the update process of the GHG Protocol standards, and the Group is willing to engage further in this ongoing process.

Schneider Electric remains committed to transparency in disclosing how GHG emissions calculations and methodology evolve. In 2023, key evolutions in calculation methodologies included the following:

- The Group continues to work to use more granular or higher quality emission factor datasets as this is critical to support greater accuracy and reliability of GHG measurement and reporting. For instance on Scopes 1 and 2, in 2023 emission factors were updated in EcoStruxure™ Resource Advisor, the Schneider Electric solution that is used to manage environmental reporting of all ISO 14001 certified sites, in order to better take into account the various types of fossil fuels that are used. Also, it is noteworthy to mention the carbon footprint is using the latest Global Warming Potential (GWP) value of SF_6, as published by the IPCC in its 6th Assessment Report available in January 2024. This change impacts emissions sources under Scope 1 and Scope 3
- In 2023, there was an improvement of calculations for emissions under Scope 3, Category 1: Purchased Goods and Services. The Group incorporated data collected from suppliers, and particularly from plastics suppliers, to leverage both the Green Materials program and The Zero Carbon Project. Also there is growing momentum about supplier specific carbon footprints of products, and the Group is supporting this trend by proactively engaging in the PACT Pathfinder initiative from the World Business Council for Sustainable Development (WBCSD). This is described in the section below.

- In terms of digital tools, in 2023 carbon accounting was migrated to new systems for two Scope 3 categories, Category 4: Upstream Transportation and Distribution, and Category 6: Business Travel. The shift to new systems for these aspects of the emission footprint enhanced calculation coverage and accuracy. For instance, the vast majority of freight paid by Schneider Electric is now incorporated in a dedicated CO_2 reporting tool called Sightness. The Sightness system provides a more robust data collection and analytical capability, as well as the integration with the EcoTransIT World emissions calculation engine to determine GHG emissions. This calculation engine is a globally recognized calculator, conformant with the accounting framework from the Global Logistics Emissions Council (GLEC). Into Sightness, granular shipment-by-shipment data are consolidated, directly from the shippers themselves and GHG emissions are calculated on the full well-to-wheel perspective of transportation (while the Greenhouse Gas Protocol standard requires the tank-to-wheel emissions to be reported).
- Also, the Group is keen to support demand for low-carbon commodities and products, and hence explores ways to reflect the corresponding CO_2 savings in the GHG inventory. For instance, with Sustainable Aviation Fuel (SAF): as part of the decarbonization approach to air transportation, the Group is committed to replace at least 5% of conventional jet fuel use with Sustainable Aviation Fuel (SAF) by 2030, as per the World Economic Forum (WEF) First Movers Coalition. In 2023 the Group started to source SAF and explored ways to source maritime biofuels as well, while the GHG Protocol does not explicitly allow, nor forbid, to reflect the corresponding CO_2 savings in the Scope 3 emissions. This will be one very desirable outcome of the ongoing update of GHG Protocol standards to bring clarity and guidance on how to factor in the decarbonization effects of sound market-based mechanisms.

2.3.2.4 Collaborating with suppliers to tackle Scope 3 upstream emissions through Product Carbon Footprints (PCF)

The calculation of Scope 3 Category 1: Purchased Goods and Services, involves integrating both volume-based activity data and expenditure records. Indeed, volume-based activity data is leveraged as much as possible, but procurement spend is used when volume is not available or does not have enough global coverage. In the 2023 reporting period, 43% of emissions from procurement were derived from volume activity data, particularly for materials like steel and plastics. The remaining 57% relied on spend-based calculations, notably for complex product categories like electronics and services, encompassing diverse subcomponents. Emissions factors are based on detailed analyses at the commodity level, utilizing databases like the French Environment and Energy Management (ADEME) or Environmental Improvement Made Easy software (EIME) to identify suitable factors. When calculating spend-based emissions, adjustments are made to neutralize the inflationary effects, since inflation itself does not directly contribute to additional indirect emissions.

Product emissions data directly from suppliers is what the Group is striving to receive at scale, but most suppliers are not able to calculate a PCF, nor a broader environmental lifecycle assessment (LCA) today. While Schneider Electric captures some PCFs, specifically from some plastics suppliers and will work to expand the number of PCFs that are received.

Yet capturing product-level emissions data for most of the procurement is pivotal to addressing Scope 3 upstream emissions. To support this endeavor, Schneider Electric joined a pilot from the World Business Council for Sustainable Development (WBCSD) to partner with select suppliers, understand their challenges in providing product data, and accelerate carbon reduction efforts. The pilot involved creating a partnership with select suppliers, selecting an IT tool for data exchange, getting PCF data aligned with the WBCSD Pathfinder Framework from the suppliers and learning about a variety of issues that inhibit the scaling of data exchange. The first phase of the pilot is in its final stages, and it is anticipated to receive the first batch of supplier data in early 2024. Phase two of the pilot will involve even deeper collaboration with suppliers and exploring ways to support them in capturing primary data from their own suppliers.

The pilot program has provided valuable insights. Key areas on which valuable experience was gained include:

- Understanding the challenges faced by suppliers in computing and providing product environmental data. Not all suppliers currently calculate product emissions, emphasizing the significance of this collaboration.
- Gaining further insight on confidentiality and data utilization, which can present significant barriers to widespread data exchange. Through the pilot, the Group have undertaken the necessary due diligence and familiarized itself with the technological underpinnings facilitating this exchange, including insights from WBCSD's Pathfinder Framework.
- Deepening partnerships with suppliers. The exchanges Schneider is engaged in are opening other sustainability opportunities to collaborate and enabling peer-to-peer discussions to accelerate progress together.

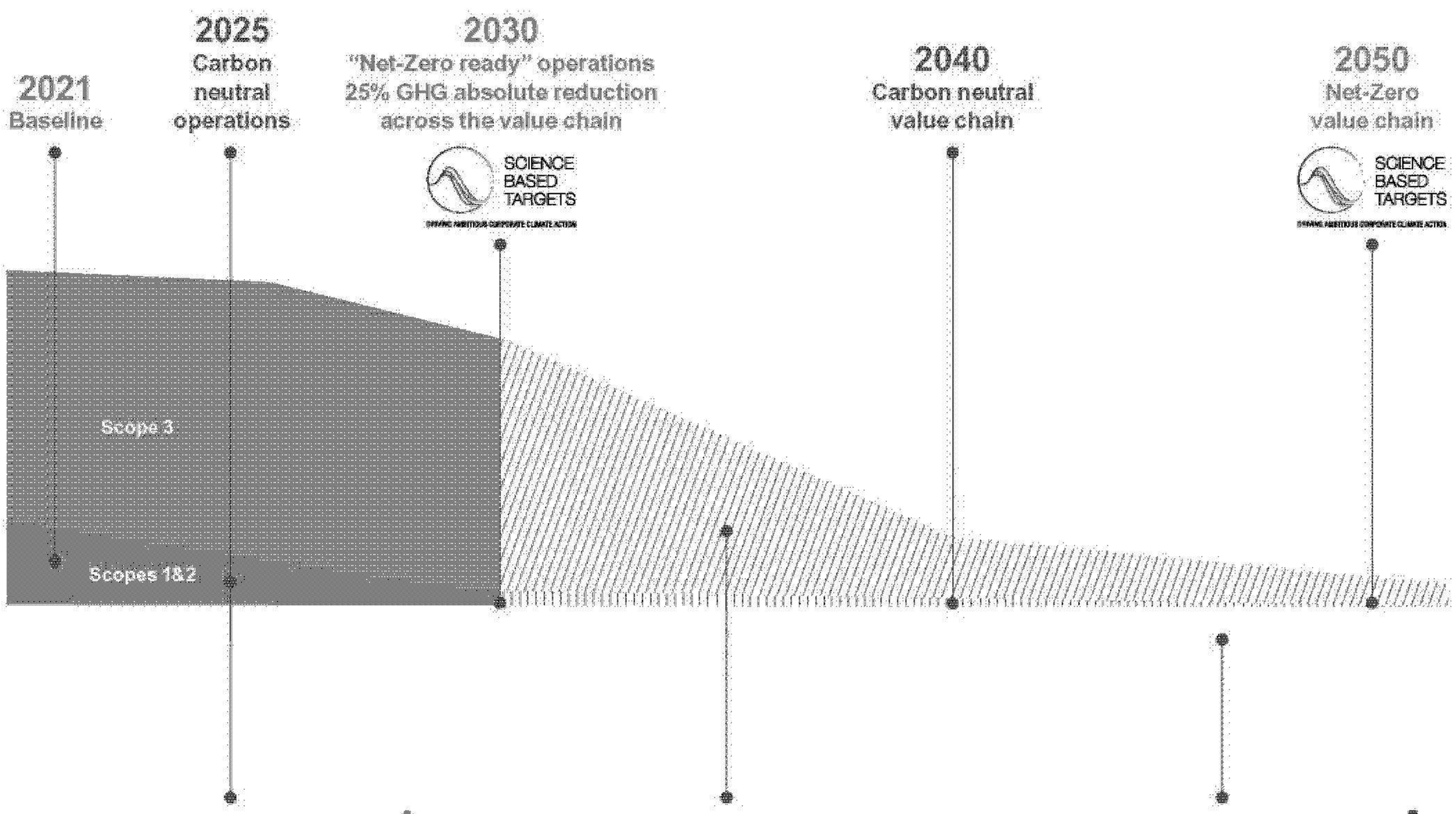
The need for product environmental data from suppliers continues to increase due to accelerating needs to decarbonize along with regulatory and customer demand. The widespread calculation and sharing of PCFs is an important step towards the eventual calculation and sharing of LCAs and Schneider Electric is proud to be a leading company exploring how to achieve scale. More about our efforts can be read about on the **WEF webpage**.

2.3 Leading on decarbonization

2.3.3 Schneider Electric's Net-Zero commitment

In August 2022, Schneider Electric was one of the first companies to see its GHG reduction targets validated by the Science Based Targets initiative (SBTi), aligned with its "Corporate Net-Zero Standard" published in October 2021. As part of its Net-Zero commitment, the Group has defined mid- and long-term targets. Ultimately, the Group is committed to be Net-Zero across its entire value chain by 2050, which means that the Group aims to reduce its 2021 footprint by an absolute 90% by 2050 and balance residual emissions with high-quality and high-durability carbon removal credits.

The four milestones towards Schneider's Net-Zero commitment are presented below together with the key decarbonization levers, and are detailed in the subsequent sections of this chapter. Please note that this graph is intended to provide a simple visualization of the Group's roadmap, so the proportions between Scopes 1, 2, and 3 have been adjusted to facilitate readability. It is not representative of year over year targets. Yet, what is important to note is that between 2040 and 2050, the areas above and below the horizontal line are symmetrical, meaning the emissions that are not reduced are to be balanced with an equivalent amount of carbon removals credits of high-quality and high-durability by 2050 at the latest.



Scope 1&2

Decarbonizing our operations with:

- Energy conservation measures
- Sites and vehicle fleet electrification
- Sourcing and generation of renewable power

Scope 3

Decarbonizing our upstream value chain in:

- Engaging and supporting suppliers to decarbonize
- Ecodesigning safe and high-quality products with lower lifecycle CO_2 footprint
- Sourcing of low-carbon materials

Decarbonizing our downstream value chain by:

- Influencing for global decarbonization
- Innovating with more efficient products and SF_6-free medium voltage equipment

Carbon credits

Progressively balance residual emissions with high-quality carbon removals

The more GHG emissions are reduced, the less residual emissions there are.

Residual emissions must be balanced with high quality and high durability removals.

From 2040 onwards, carbon removals credits shall equal residual value chain emissions

Scopes 1&2 emissions ● Scope 3 emissions ● Carbon removals

The diagram above is for illustrative purposes.

By 2030, reduce value chain emissions by 25% and be "Net-Zero ready" in operations

Schneider Electric commits to reduce its absolute Scope 3 GHG emissions across its entire value chain by 25% from a 2021 base year. This encompasses all Scope 3 emissions, in particular upstream emissions from purchased goods and services, as well as downstream emissions from the use of electricity by its sold products.

Schneider is already carrying out concrete actions to engage its value chain in decarbonization under its Climate and Resources commitments:

- engage 1,000 top suppliers to reduce their operational CO_2 emissions by 50% with The Zero Carbon Project (SSI #3);
- increase green material content in products to 50% (steel, aluminum, and plastics) by 2025, favoring bio-sourced, recycled, and sustainable options (SSI #4), and improve the end-to-end lifecycle environmental footprint of its offers with EcoDesign Way™;
- have 100% of primary and secondary packaging free from single-use plastic and made from recycled cardboard (SSI #5);
- propose SF_6-free alternatives for all medium voltage technologies by 2025 (SSE #2);
- increase CO_2 efficiency in transportation of goods by 15% by 2025 (SSE #4), and replace at least 5% of conventional jet fuel use with SAF by 2030 (WEF First Movers Coalition), and
- reduce CO_2 emissions from waste management and reach 200 "Waste-to-Resource" sites (SSE #9).

Having "Net-Zero ready" operations means the Group plans to reduce absolute emissions from Scopes 1 and 2 by 76% from a 2021 base year (equivalent to a 90% reduction compared to 2017) and balance residual emissions from its operations with carbon removal credits of growing quality and durability (see details thereafter).

To deliver on this operational target, the Group has launched several transformations:

- reach 150 Zero-CO_2 sites by 2025 (SSE #1);
- source 90% of electricity from renewables by 2025 (SSE #3), and 100% by 2030 (RE100);
- increase energy efficiency in its sites by 15% by 2025 (SSE #5), and double energy productivity by 2030 compared to 2005 (EP100), and
- shift one-third of corporate vehicle fleet to EVs by 2025 (SSE #7), and 100% by 2030 (EV100).

By 2050, reach Net-Zero CO_2 emissions across the entire value chain

To reach its Net-Zero Commitment, the Group will reduce its absolute Scopes 1, 2, and 3 GHG emissions by at least 90% from a 2021 base year, and balance its residual emissions with high quality carbon removal, in line with the SBTi "Corporate Net-Zero Standard".

Schneider Electric has already implemented a solid foundation of initiatives, which will be reinforced and completed by additional actions. Considering the company profile in terms of GHG emissions, meeting the targets will require to engage even more with customers and suppliers on decarbonization, leveraging the Group's portfolio of solutions to grow the energy efficiency of the global economy, the electrification of the energy mix, and the sourcing of renewable electricity.

In addition to that, the growing share of circularity services in the revenue of the company, along with the greater environmental value added by the Group's Green Premium™ offers, are enablers to lead to the decoupling of company activity from absolute emissions.

Reach carbon-neutral operations and a carbon-neutral value chain in 2025 and 2040 respectively

To achieve carbon neutral operations by 2025, Schneider Electric will balance residual Scopes 1 and 2 GHG emissions which have not been reduced with high-quality carbon removal credits, aiming for like for like balacing in terms of both origin and gas lifetime, in which only high-durability carbon removal can be used to balance residual fossil fuel emissions. Similarly, by 2040, the Group aims to balance its residual emissions with high quality removals. high quality removals will be determined by regulation, as the concept of like for like is emerging in the EU.

Since 2011, Schneider has invested in the Livelihoods Carbon Fund (LCF) and renewed its engagement with the LCF2 and LCF3 funds. These funds invest into three kinds of projects generating both avoidance and removal credits and combining climate change resilience with strong social and economic impact:

1. Agroforestry and regenerative agriculture (which combines productivity and biodiversity restoration).
2. Reforestation and restoration of key natural ecosystems, including mangrove restoration (mangroves are powerful carbon sequestration agents and natural barriers to coastal areas).
3. Rural energy (the fuel-efficient cookstoves distributed by Livelihoods decreases wood consumption by half, preserves forests, and mitigates climate change).

The return of the fund is measured in carbon credits from the highest available standards (VERRA and Gold Standard). To date, those credits have not been used to balance the Group's GHG emissions, but some reflected contribution investments connected to the Schneider Electric Paris Marathon.

⊕ Read more about Livelihoods in **section 2.6, on pages 242 to 265**

To fulfill Schneider's Net-Zero targets, solely carbon removal will be used to balance the Company's residual emissions. Any avoidance credits are part of Schneider beyond the value chain contribution.

The past year has seen important developments related to policies clarifying standard definitions regarding high-quality criteria for carbon removal (e.g. EU Carbon Removal Certification Framework), guidance related to the use of credits for balancing residual emissions (proposed Green Claims Directive), as well as updates to voluntary guidelines from SBTi and Oxford Principles on Beyond the Value Chain Mitigation and scaling carbon removal in line with the latest science, all of which will help guide and advance our work to define the nature and composition of the Company's carbon removal portfolio.

2.3.4 Investing to achieve the Group's climate strategy and vision

Schneider Electric has defined short and medium-term financial investments priorities in order to set the course towards its SBTi validated Net-Zero commitment, and more broadly to meet its long-term commitments for climate, and to preserve natural resources.

These investments mainly relate to the following areas:

1. The evolution of the Group's portfolio towards a greater proportion of Digital and Services: expanding the Group's portfolio of connected solutions for efficiency and sustainability. Those investments typically vary year on year. It is noteworthy to mention that emissions from use phase of software are not modelized specifically in the Group's GHG inventory.
2. R&D to design products that use fewer virgin resources, bring additional CO_2 or resource efficiency for customers, have longer lifespans, and lower end-of-life impacts, such as SF_6-free products. 5.6% of turnover (about EUR 2.0 billion) was invested in 2023, and the Group announced a step-up in strategic R&D investments in the coming years up to 7%, as communicated to the capital markets.
3. The decarbonization of the Group's own operations, by investing progressively in energy efficiency, site electrification, renewable energies, and electric chargers for company vehicles. In 2023, the Group has communicated to the capital markets that the remaining cumulative investments needed until 2030 would be about EUR 400 million.
4. The decarbonization of the Group's upstream supply chain: during 2023, long-term capital expenditures have been assessed for the main transformation programs on Climate (SSI #3) and Resources (SSI #4 and #5). As a result of this assessment, no significant capital expenditures are foreseen on these areas.

Mergers and acquisitions

In 2023, Schneider Electric acquired EcoAct. This acquisition is in line with the Company's ambition to bring digitization and sustainability together. EcoAct's portfolio of net-zero and nature-based products and services, including consulting, climate data tools, and carbon offset project development, will expand and accelerate Schneider Electric's capabilities to provide end-to-end solutions that lead organizations through the net-zero transformation and beyond.

Redesigned investment tools and processes to embed low-carbon and resource criteria

In order to track and steer its low-carbon investments, the Group's investment monitoring and approval tool was redesigned in 2022 in order to:

- prioritize low-carbon investments, with a dedicated validation workflow, and
- monitor investments to decarbonize its own operations, notably for Zero-CO_2 sites (SSE #1).

This process has improved both qualitative and quantitative information on individual low-carbon investments, thereby facilitating decision-making.

Investments in R&D

About 99% of the Group's carbon footprint is either related to upstream emissions from the transportation and transformation of raw materials by its suppliers, or to downstream emissions from product use or end-of-life that all depend on product design and R&D investments.

Schneider has been embedding environmental considerations into product design for more than 16 years, since the creation of its internal Green Premium™ label. In 2023, the Group continued to revamp its EcoDesign Way™ process to better manage the environmental impact throughout the lifecycle of products, and to co-ordinate efforts across the value chain. In addition to that, Schneider is reinforcing its process at an early stage of product development, so that all future generations of products achieve substantial carbon footprint savings, meaning that any new product developed by the Group will result less greenhouse gases than the previous generation.

Schneider has been stepping up its investment in R&D, both in value and as a percentage of Group revenues, investing about 4.8% of its turnover in R&D between 2012 and 2016, 5.1% between 2017 and 2021, 5.4% in 2022, 5.6% in 2023 and, as outlined during its 2023 Capital Markets Day, expects a step-up in strategic R&D investments over the coming years towards 7% of turnover in R&D. In 2023, this represented an investment in R&D of approximately EUR 2.0 billion. The Group estimates that about 90% of its innovation is either contributing to climate change mitigation or neutral in its contribution to climate change mitigation, according to its Impact revenues methodology. More details on Schneider's Impact revenues are provided in section 2.1.10 on page 97.

An example of investment priority is on SF_6-free products, in line with Schneider Electric's target to substitute 100% of relevant offers with SF_6-free medium voltage technologies by 2025 (SSE #2). For SF_6-free products, more than EUR 170M have already been invested in both R&D and CapEx in factories, and a total future spend (2024 - 2027) close to EUR 60M more is already planned.

Decarbonizing operations

For the past years, the Group has invested between EUR 5 million and EUR 15 million each year in energy efficiency, deploying its own solutions in its sites, which enabled equivalent savings on energy costs, and for the purchase of renewable energy certificates, to a reduction of 71% of Scopes 1 and 2 CO_2 emissions compared to 2017. The last miles in Schneider's journey to be "Net-Zero ready" in 2030, achieving 90% CO_2 reductions vs. 2017, will be the hardest.

To support this objective, it is estimated that around EUR 400 million will be invested by 2030, in technologies such as heat pumps to substitute comfort gas or such as EV chargers. Such investments are usually not linear year-on-year as large projects may take a few years to design and implement, and opportunities at a given time depend on the local economic and regulatory context.

2.3.5 Decarbonizing the Group's operations by 2030

2.3.5.1 Schneider Electric's GHG emissions from operations

Emissions from operations are the Scopes 1 and 2 of the Group's carbon footprint, representing 202,232 tonnes of CO e in 2023, and 0.4% of the Company's GHG footprint. Direct Scope 1 emissions result mostly from the natural gas consumption of sites that are not yet electrified, from the fuel used by company cars as well as a small amount from SF_6 leakages in a limited number of manufacturing plants. Indirect Scope 2 emissions result primarily from the electricity consumption of sites (manufacturing and offices).

To deliver its "Net-Zero ready" target on these emissions by 2030, the Group leverages its Power and Building EcoStruxure™ IoT architectures, to monitor and optimize energy consumption, manage assets and grid infrastructure, manage distributed renewable energy resources and electricity load, and power EVs.

Schneider set best-in-class operational ambitions engaging with the Climate Group on their EP100, EV100, and RE100 programs. The Group's approach has three pillars:

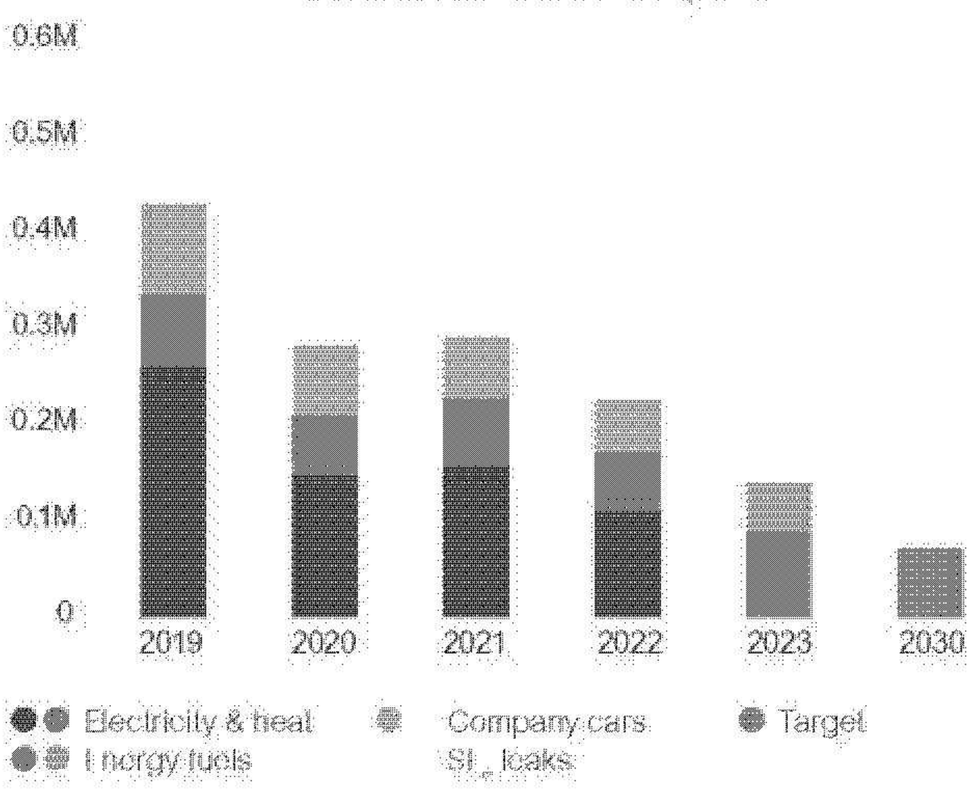
- Save: foster energy conservation and avoid SF_6 leakages.
- Electrify: switch from gas or car fuel to electricity.
- Decarbonize electricity: use renewable energy, either from onsite generation, or through external procurement of renewable power.

This strategy has delivered an absolute reduction of 496,361 tonnes of CO_2e emissions on Scopes 1 and 2 (compared to 2017), which is a 71% decrease, as presented in the chart below, and a 26,945 tonnes CO_2 reduction vs. 2022.

Schneider's operations Scopes 1 and 2 annual GHG emissions (Mt CO_2e)

Operations Scope 1 & 2 **-12%** GHG emissions reduction in Scopes 1 & 2 vs. 2022

Induced: 0.2 MtCO e in 2023
0.4% of total carbon footprint



2.3.5.2 Group Energy policy and management system

Group Energy Policy

The Group's Energy Policy requires sites to implement the following actions:

- improve energy efficiency, sustainably decoupling energy consumption from activity growth;
- decarbonize energy consumption, and
- adopt Schneider's own Energy Management and Automation EcoStruxure™ solutions, wherever feasible, to help the Group's customers and partners to embark on an energy excellence journey, showcasing the Schneider Electric's solutions.

Progress against these goals is tracked in the Group's Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs. Relevant SSI and SSE targets are SSE #1, SSE #3, SSE #4, SSE #5, and SSE #7.

ISO 50001 Energy Management System

The Group certifies all sites consuming over 5GWh with ISO 50001. As of end 2023, 128 Schneider Electric sites are ISO 50001 certified as part of the Group's Integrated Management System to drive energy excellence, focusing on the highest energy-consuming sites. ISO 50001 certification is complementary to ISO 14001 certification and enables the company to define and sustain robust energy governance. With the support of this certification, sites are able to understand and reduce their energy footprint.

Resource Advisor data management system

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

2.3.5 Decarbonizing the Group's operations by 2030
2.3.5.1 Schneider Electric's GHG emissions from operations
2.3.5.2 Group Energy policy and management system
Group Energy Policy
ISO 50001 Energy Management System
Resource Advisor data management system
2.3.6 Decarbonizing the Group's value chain
2.3.7 Circular economy
2.3.8 Sustainable buildings
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2.3 Leading on decarbonization

2.3.5.3 EP100: deliver efficiency from the inside out

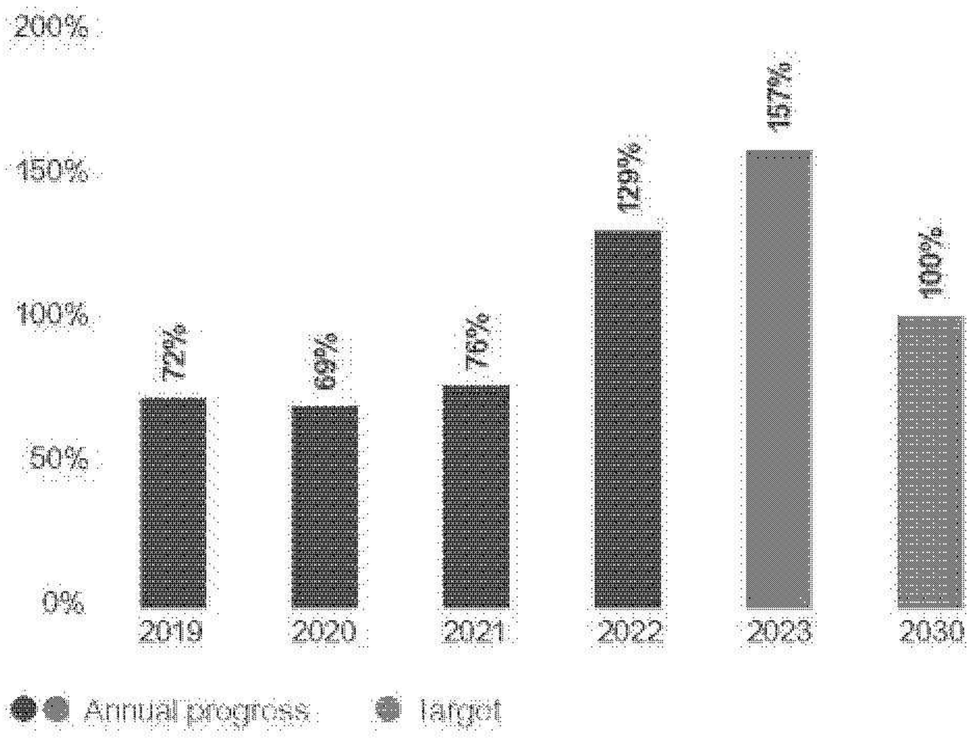
Schneider Electric measures its Energy program in a variety of ways. Two such ways are energy productivity and energy efficiency. On the one hand, energy productivity is the amount of output the Group produces vs. the amount of energy consumed (turnover/MWh), and the goal is to increase this value by both increasing the Group's business performance while simultaneously reducing the energy consumed in its operations. Energy efficiency, on the other hand, uses linear regression models to predict how much energy the Group would consume based on various inputs (production, weather, worked hours, etc.) vs. the actual energy consumed. The goal here is to reduce energy consumption compared to predicted value by driving energy efficiency in its operations.

CLIMATE GROUP

EP100

Schneider Electric has been a member of Energy Productivity 100 (EP100), a Climate Group initiative, since 2017. Schneider's target is to double energy productivity by 2030 against the 2005 baseline, which means doubling the economic output from every unit of energy consumed within 25 years. In 2023, the Group achieved 157% energy productivity compared to 2005 (against a 2030 target of 100%). This improved success compared to 2022 performance (129%) is a result of continually strong business performance and ongoing energy savings efforts. By achieving its EP100 commitment 8 years early (in 2022), Schneider demonstrates the feasibility of decoupling business growth from energy consumption. Simultaneously it tangibly illustrates Schneider products, solutions, and services are a core foundation to energy saving opportunities.

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



CLIMATE

SSE #5

Our 2025 Commitment

15% energy efficiency in our sites

SEIP Bukowno is a Schneider Electric factory in Poland.

In order to reduce their energy usage, improve energy efficiency, reduce CO_2 emissions and deploy intelligent/smart solutions, SEIP Bukowno has deployed energy usage monitoring system, building management system, lighting control, and infrastructure monitoring on-site as a comprehensive package.

Energy monitoring system:

- 37 metering points installed
- 7 communication gateways pushing real-time energy data
- EcoStruxure™ Power Monitoring Expert
- Building management system
- EcoStruxure™ Building Operation as a BMS platform
- Heating control system implemented with over 30 temperature sensors and 28 automatic valves
- Ventilation centrals monitoring
- Environmental conditions monitoring (humidity, CO_2)
- Lighting control
- Infrastructure monitoring
- Compressors, water usage, etc.

With all of these measures implemented, since the beginning of 2023, SEIP Bukowno has gained EUR 35.6k in electricity savings and EUR 8.6k in heating oil savings: energy efficiency factor increased from 1.5% in 2021 to 9.0% in 2023.

Our progress

2020 baseline	2023 Progress	2025 target
0%	13%	15%

Despite being low consumers of energy compared with other industries, due to its discrete and assembly-based industrial processes, Schneider has had a clear obsession with efficiency since long before its EP100 commitment. The Schneider Energy Action program uses site energy experts along with Schneider's Sustainability Business consulting team to report and analyze energy consumption, identify energy saving opportunities, and deploy actions. Since 2005, the Group has fixed annual objectives for energy efficiency each year. Schneider met or exceeded its energy efficiency goals during the previous four Company programs (2009 – 2011, 2012 – 2014, 2015 – 2017, and 2018 – 2020), by achieving 10%, 13%, 10%, and 10%, respectively. In 2021, the Group renewed its commitment to improve energy efficiency by another 15% between 2019 and 2025, tracked under SSE #5. 13.2% were achieved in 2023, totaling over 50% reductions between 2009 and 2023.

The Group measures energy efficiency in its 200+ largest energy-consuming sites, which account for over 90% of the total measured energy consumption of the Group. At the end of 2023, this program enabled the following achievements:

- Around EUR 6.0 million and 133.7 million kWh were saved in 2023 compared to the 2019 baseline.
- Around EUR 5.8 million were invested, of which EUR 5.5 million were capital expenses and EUR 0.3 million were operating expenses.

Schneider Electric leverages the power of its EcoStruxure™ architecture to deliver energy savings, and uses its own sites as showcases for customers and business partners. In its smart factories and distribution centers, the Group implements the three-layer EcoStruxure™ architecture, with connected meters and sensors to monitor energy consumption and quality, Edge Control Power Monitoring software to optimize daily operations, and analytics and services to benchmark performance and optimize energy and maintenance. Asset Performance Management also enables the Group to optimize operations and maintenance, for maximum uptime and longevity.

Five of Schneider's Smart Factories have been designated as 4th Industrial Revolution (4IR) Advanced Lighthouses by the WEF, located in India, China, France, the US, and Indonesia. Additionally, the Le Vaudreuil plant in France and the Lexington facility in the US are two of only 13 Sustainability Lighthouse designated by the WEF. With its Smart Factory and Distribution Center (DC) programs, the Group has deployed advanced manufacturing technologies in over 120 smart factories and distribution centers in the past 6 years.

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

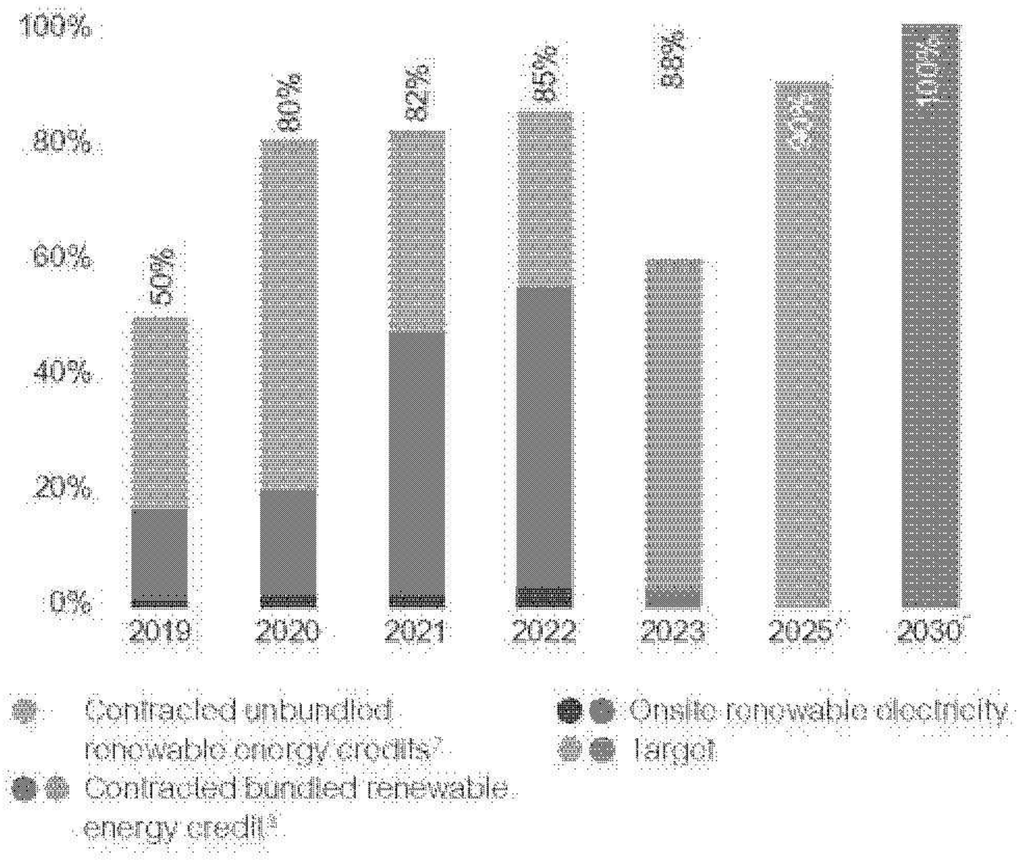
2.3 Leading on decarbonization

2.3.5.4 RE100: switch to 100% renewable electricity by 2030

In 2023, electricity consumption in Schneider Electric's sites generated 81,499 tonnes of CO_2 e emissions, i.e. 61% of emissions from energy consumption at sites. In 2017, Schneider joined Renewable Energy 100 (RE100) and committed to sourcing 100% of its electricity from renewables by 2030, with an intermediary target of 90% by 2025 (SSE #3).

RE100
CLIMATE GROUP

SSE #3: Annual share of global renewable electricity[1] (in %)



1. Data represents renewable electricity consumption for ISO 14001 sites, in alignment with the scope of SSE #3.
2. Specific targets are not defined for the split between on-site renewable, bundled renewable, and unbundled renewable for 2025 or 2030. However, the Group is committed to reducing the amount of unbundled certificates and increasing the amount of on-site renewables and bundled certificates as it moves towards 2030.
3. Contracted unbundled renewable energy credits include options such as Energy Attribute Certificates (EACs) and unbundled Renewable Energy Certificates (RECs). Contracted bundled renewable energy credits include options such as "green tariffs", power purchase agreements (PPAs), virtual PPAs (VPPAs), bundled RECs, etc.

Since 2017, Schneider Electric has accelerated renewable electricity sourcing and the installation of on-site solar panels, coupled with EcoStruxure™ metering and power architectures. As its program has progressed, the Group has progressively increased the share of renewable electricity coming from on-site renewable generation and bundled renewable electricity sourcing.

The Group will continue to focus on additionality where feasible and prioritize on-site sourcing of renewables or bundled renewable electricity opportunities. It will progressively reduce the reliance on unbundled certificates as it moves towards its 2030 goal of 100% renewable electricity. Critical to the success of this program is leveraging Schneider Electric's Sustainability Business, an expert in sourcing renewable electricity with additionality benefits. The Sustainability Business helps Schneider and many customers source renewable electricity. Their expertise on renewable electricity markets around the world is key to finding solutions in less mature renewable markets as well as monitoring the evolution of marketing offerings, funding mechanisms, and sourcing requirements (e.g., RE100 2022 revised technical criteria).

CLIMATE

SSE #3

Our 2025 Commitment

90% of electricity sourced from renewables

Since 2019 SEEE in China deployed on-site solar project and solar power generation which accounts for 30% of total electricity consumption every year.

In 2022, SEEE was the first batch of power users in Shaanxi Province in China to purchase renewable electricity. Total purchase of green electricity is 159,000 kWh.

In 2023, total renewable electricity rate reached more than 98.3%. It is expected to reduce carbon dioxide emissions by 1,600 tons at the end of 2023.

SEEE will continue to increase the share of renewable electricity to 100%.



Our progress

2020 baseline	2023 Progress	2025 target
80%	88%	90%

2.3.5.5 EV100: shift 100% of company fleet to electric vehicles

Company cars generated 63,642 tonnes of CO_2e emissions in 2023, 31% of Schneider Electric's Scope 1 and 2 emissions.

To reduce these emissions, Schneider looks at opportunities to limit the use of cars for travel by improving the accessibility of sites, with commuting shuttles, secure bicycle storage, personal lockers and changing areas, as well as pedestrian-friendly access paths connecting to local routes. The Group also promotes flexible working arrangements to avoid unnecessary or avoidable trips thereby reducing travel-induced emissions by enabling employees to connect remotely, to work from home, and at customer sites.

Additionally, Schneider began its journey towards 100% electric cars by 2030 in 2019, with an intermediary target of one-third by 2025 (SSE #7). The Group demonstrates this commitment by being a member of Electric Vehicles 100 (EV100), a Climate Group initiative bringing together forward-looking companies committed to accelerating the transition to EVs and making electric transport the new normal by 2030. At the end of 2023, EVs represented 24% of the Group's corporate car fleet.

CLIMATE GROUP
EV100

CLIMATE
SSE #7

Our 2025 Commitment

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

Schneider Electric in France embarked on an exciting journey towards a greener future by initiating the green fleet transition in late 2021. Despite challenges posed by the current market situation, including supply chain shortages and cost increases, encouraging progress was made, knowing that commitment to sustainability will ultimately lead the company to success.

The introduction of a 100% EV car list for benefit vehicles and specific actions aimed at leasing companies and carmakers made possible to accelerate the transition. The change was also supported by important investments of 280 charging stations in 41 sites, the company contribution to the employees to install chargers in their premises, as well as agreements with two operators to guarantee a digitalized energy charging throughout the national territory and neighboring countries.

In parallel, the Mobility Budget project was also launched, with the target to satisfy the flexible mobility needs, the expectations of the young generations, and reduce carbon emissions.

Our progress

2020 baseline	2023 Progress	2025 target
1%	24%	33%

2.3 Leading on decarbonization

2.3.5.6 Going further with Zero-CO_2 sites

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

In 2023, emissions from energy consumption at sites accounted for 134,536 tonnes of CO e, which is 67% of Scopes 1 and 2 emissions, of which 43,104 tonnes from natural gas consumption. The path towards "Net-Zero ready" operations by 2030 will require more than just powering sites with renewable electricity. While many applications can be electrified, some applications from industrial sites are more challenging to electrify with current technologies. As such, Schneider Electric has begun identifying applications at sites that currently have electrification alternatives as well as those which will require the use of fossil-free fuel solutions under the current circumstances.

In 2023, the Group achieved 101 Zero CO_2 sites. As a general rule, a Zero-CO_2 site emits no greenhouse gases related to energy and monitors energy digitally, meaning:

- no fossil fuels from energy consumption (exceptionally up to 3% of a site's total energy can be exempted from the fossil-free requirement, on a case-by-case basis, if the application does not have a feasible fossil-free alternative on the market; in 2023, 10 out of 101 Schneider's Zero-CO_2 sites qualified for this exception);
- digital energy monitoring;
- no SF_6 leaks, and
- no CO_2 offsets.

Beyond using renewable electricity and fuels, it remains critical to continuously improve energy efficiency. That is why the program also requires digital energy monitoring. For large sites, this means installing meters to monitor the site's significant energy uses and connecting them to systems like EcoStruxure™ Power Monitoring Expert, EcoStruxure™ Resource Advisor, or EcoStruxure™ Building Operation to ensure real-time monitoring of energy consumption, which allows for active energy management and efficiency improvement.

In 2023, thanks to the Zero-CO_2 sites, Schneider reduced it CO_2 emissions by 102,000 tonnes.

CLIMATE

SSE #1

Our 2025 Commitment

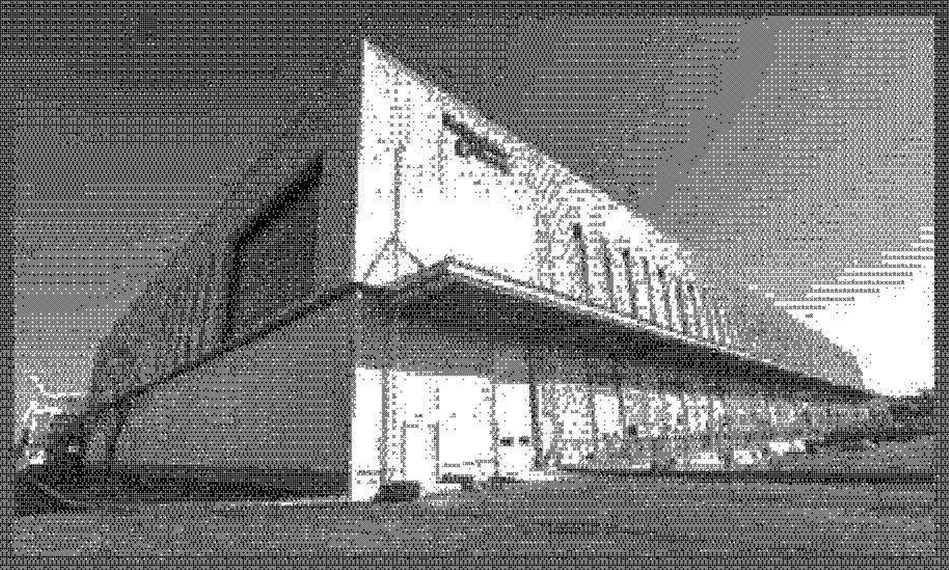
150 Zero-CO_2 sites

In November 2023, Schneider Electric China's Distribution Center Beijing (DCBJ) achieved the status of a Zero-CO_2 site.

DCBJ serves as the second major distribution hub in China, focusing on deliveries across Northern China. On May 1, 2023, DCBJ moved to the New Beijing Industrial Park, merging its operations with two critical Schneider Electric facilities: Schneider Beijing Medium Voltage and Schneider Beijing Low Voltage. This strategic consolidation on the same campus has created significant supply chain efficiencies, customer satisfaction, and enhanced sustainability.

To realize it's sustainability goals, DCBJ has implemented a blend of digital solutions and innovations, which can reduce carbon emissions and balance productivity at the same time, including deploying EcoStruxure™ Power Operation and EcoStruxure™ Building Operation, digitalization of energy monitoring, technical innovations, and process optimizations. In DCBJ's new warehouse, intelligent sensor-based lighting systems have been installed to improve efficiency and save CO_2. Additionally, eco-friendly practices such as replacing plastics with paper tape, paper envelops, and recycled plastic cartons have been introduced.

Lastly, DCBJ is also supplied with 100% renewable electricity to meet its power load through mid-to-long-term power purchase agreement in China.



Our progress

2020 baseline	2023 Progress	2025 target
30	101	150

2.3.5.7 Reduce SF_6 leakage on sites

SF_6 is an excellent gas in terms of insulating properties, which is why it is commonly used in the electric power industry. Yet, SF_6 is a harmful GHG with a global warming potential 24,300 times higher than CO_2 over 100 years. While Schneider Electric's product portfolio is progressively moving away from SF_6 (see additional information in section 2.3.7.1, on page 179), SF_6 is used in 13 of the Group's manufacturing sites. Handling this GHG can result in leakages despite having good practices in place. Converted into CO_2-equivalent, these leakages represented 4,054 tonnes of CO_2e in 2023, which is 2% of emissions from Scopes 1 and 2. The GHG emissions from SF_6 at end-of-life is 4,157,353 tonnes of CO_2e, which is 7.3% of total GHG emissions of 2023.

All the Group's manufacturing sites handling SF_6 gas in their processes are working hard to actively reduce SF_6 leaks and emissions during the different phases of their activities. A worldwide community of SF_6 experts shares best practices for processes, including procedures, equipment, and training.

In 2022 and 2023, an advanced and digital system of emission monitoring has been designed, to be deployed at the Group's biggest manufacturing sites in 2024. This technology allows for continuous measurement of SF_6 concentration in enclosures around devices and piping networks. In the event of any deviations, an alarm notification is automatically sent to maintenance teams. Additionally, the seal testing processes of the products are mainly carried out with helium instead of SF_6. This method ensures that no emissions come from non-compliant enclosures during production.

Thanks to this global activity and to the commissioning of efficient equipment, the Group achieved 0.08% leakage rate globally in 2023, exceeding the 0.11% target set for 2023 and systematically decreasing from 0.26% since 2018. This SF_6 leakage reduction enabled the avoidance of 900 tonnes of CO_2e in 2023 vs. 2022.

2.3.5.8 Energy sufficiency plan in Europe

In 2022, Europe faced an unprecedented energy crisis, risks on energy supply (mainly electricity and gas), along with escalating prices placed pressure on businesses and households. On companies especially, this had an impact on costs, profits, and – in some cases – business continuity. This crisis had repercussions, to a lesser extent, during 2023.

Tackling Europe's energy security problem and the climate crisis are two sides of the same coin. Reducing both our use and dependence on fossil fuels, increasing electrification and the transition to renewable energy are now essential to tackling both the current energy crisis and reducing Europe's GHG emissions.

In this context, Schneider Electric implemented in 2022 an energy sufficiency plan to adapt quickly to the fast-changing energy situation. During first year of implementation, great achievements were delivered: from August to December 2022, Schneider Electric succeeded in reducing gas consumption by more than 32% and electricity consumption by more than 10% for its operations across Europe, as compared to the same period in 2021, and with no disruption to operations or service to customers. In the second year of this plan, not only the previous savings were maintained by continuous discipline, but even more energy savings were achieved, with a reduction of 13% on gas and 5% on electricity consumption in 2023 versus 2022.

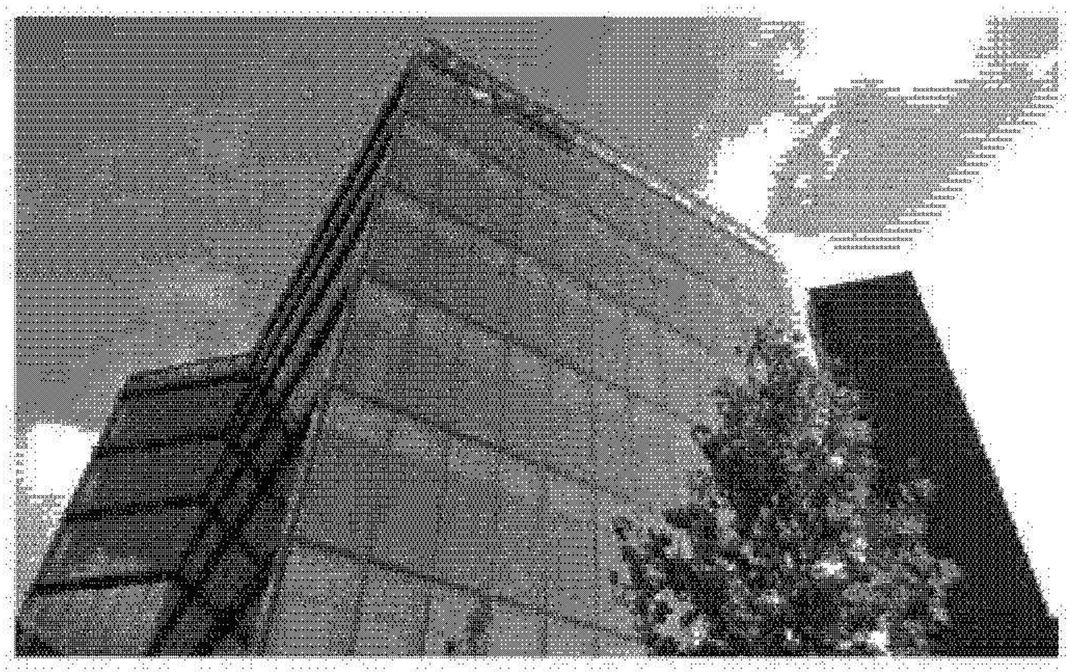
Spotlight: sufficiency actions at "The Hive", Schneider Electric's Paris headquarters

Schneider Electric responded to the energy crisis with a plan that supports France's EcoWatt charter, an initiative from French national network operator RTE. The purpose is two-fold:

- Sufficiency plan: reduce energy consumption at any time.
- Flexibility plan: consume at the right time by shifting loads to avoid demand peaks when required.

For the second year in a row, measures have been implemented, leveraging integrated EcoStruxure™ solutions. For instance, the indoor temperature at this Schneider building has been reduced a few degrees, with ventilation and heating start times adjusted. In addition, hot water to washroom taps has been cut all year long, the kitchen lighting and ventilation schedule is optimized, corridor lighting is reduced from 100% to between 40% and 70%, and car park lighting hours are reduced. The facility can also automate responses to EcoWatt peak period alerts by controlling heating and ventilation, and limiting or shifting EV charging. And all employees have been encouraged to take additional steps.

As a result, electricity consumption has been reduced by 13% in the first four months of 2023, which represents 130 MWh in absolute terms. More specifically, when simulating four EcoWatt peak period alerts, the site is able to reduce power demand by more than 50%.



"The Hive", Schneider Electric's Paris headquarters

2.3.6 Decarbonizing the Group's supply chain by 2050

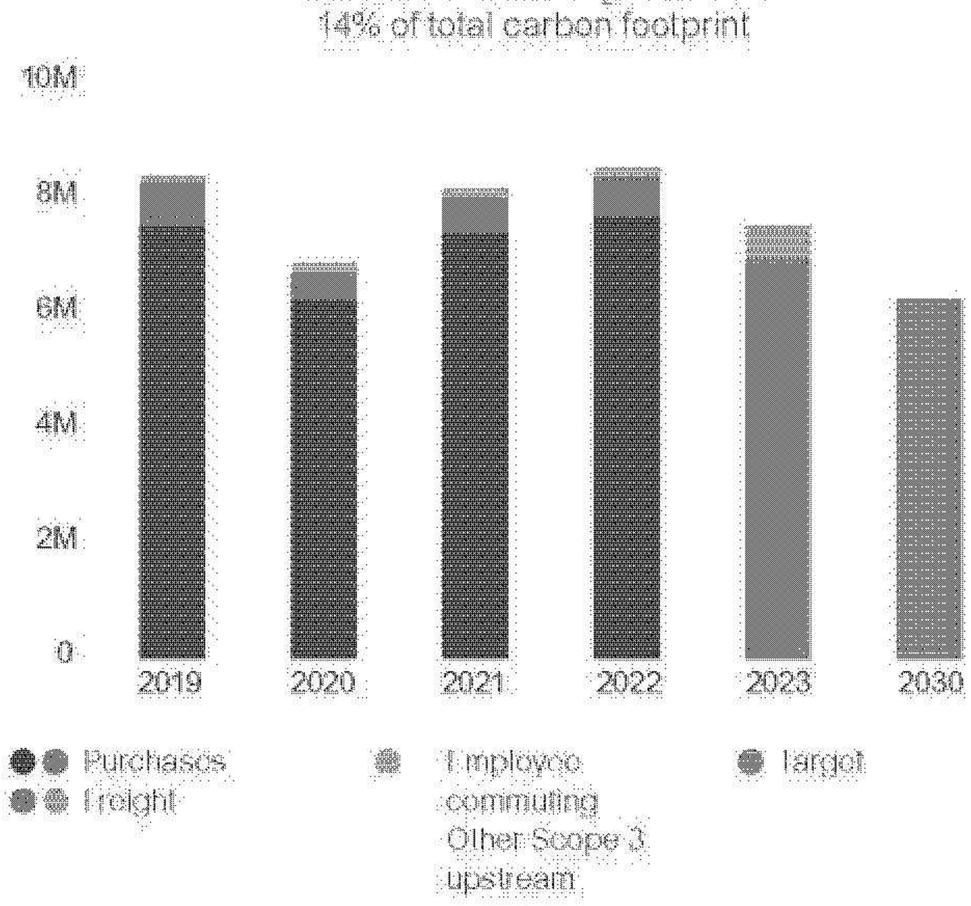
In 2023, upstream emissions in Scope 3 accounted for 7.8 million tonnes of CO_2e, which is 14% of the total carbon footprint of the Company. Purchases are the predominant source of emissions, and transportation of goods make a significant contribution as well.

Decarbonizing the world at scale requires immediate collective action. Schneider Electric is already taking concrete actions to meet its absolute 25% reduction across its value chain by 2030 and to be on track for its Net-Zero emissions by 2050. This includes:

- The Zero Carbon Project (SSI #3), which aims at halving emissions intensity from operations of the top 1,000 suppliers. This intensity corresponds to the overall Scopes 1 and 2 emissions of the supplier, divided by the overall revenue.
- Sourcing 50% of green materials, including materials such as steel and plastics with lower carbon footprints (SSI #4), and
- Increasing the CO_2 efficiency of transportation of goods (SSE #4).

Suppliers Scope 3 upstream **-9.8%** CO_2e emissions in Scope 3 upstream vs. 2022.

Induced: 7.8 MtCO_2e in 2023
14% of total carbon footprint



2.3.6.1 The Zero Carbon Project

Carbon emissions from Schneider Electric's procurement of goods and services (emissions from its suppliers up to the last tier) represented 6.8 million tonnes of CO_2e in 2023, which is 12% of its cradle-to-grave carbon footprint, and 88% of its cradle-to-gate industrial footprint. This is the largest contributor to the Group's Scope 3 upstream emissions. The Zero Carbon Project, launched in April 2021, is the first step of a journey to reduce the GHG emissions from Schneider Electric's suppliers.

The ambition of The Zero Carbon Project is to collaborate with 1,000 suppliers and reduce their operational (Scopes 1 and 2) GHG emissions intensity by 50% by 2025 (SSI #3).

The participating suppliers are required to quantify their operational carbon footprint (Scopes 1 and 2; Scope 3 is optional), make public commitments for their reduction targets, implement action to achieve reduction, and share the emission reduction progress with Schneider Electric. The participating companies in the program are based in more than 50 countries, cover more than 65 procurement categories and vary in terms of carbon maturity and size. To adapt to this diversity, the participating suppliers are allowed flexibility to customize their reduction plans by defining their own base year and baseline and adopting relevant reduction targets and time frames.

The fundamental actions that need to be implemented by suppliers, as part of this program include:

- quantifying their GHG emissions (Scopes 1 and 2 are mandatory and Scope 3 is optional for now);
- establishing an ambitious emission reduction target, and
- implementing an action plan to achieve the target.

As of 2023, more than 1,000 suppliers are participating in the program, achieving an overall operational emission (Scopes 1 and 2) reduction of 27%.

The GHG emission reduction reported in SSI #3, is measured as the average supplier carbon intensity reduction for the proportion of the reporting suppliers out of 1,000 suppliers. This normalization helps achieve a more reliable picture of the overall progress of all participating suppliers.

The extensive capacity building efforts towards the quantification of carbon footprint and decarbonization actions have resulted in:

- Increased participation and quality of carbon accounting response from suppliers. As of December 2023, 993 suppliers out of 1,015 participating suppliers have calculated their CO_2e emissions.
- Strong supplier actions, resulting in 27% GHG reduction for 1,000 suppliers vs. 10% reduction at the end of 2022. Schneider Electric remains committed to working together with its partners to strengthen their efforts for stronger decarbonization. The Group will continue to record its suppliers' GHG declarations on an annual basis to ensure the most accurate and updated information is available for reporting performance.

Climate

SSI #3

Our 2025 Commitment

Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%

Schneider Electric launched a case study series to consolidate successful decarbonization actions of the participating suppliers. The purpose of this series is to spread awareness on the actions that companies can take to achieve emission reduction, celebrate early adopters of decarbonization, and encourage other companies to emulate the experience.

Shubhada Polymers Products Pvt. Ltd., achieved 58% reduction in their operational carbon intensity compared to the base year of 2019.

The company achieved this by implementing below levers:

- On-site solar installation replaces over 10% of groups electricity requirements.
- Power factor improvement using fine range capacitors.
- Upgrading old underground air compressor system to overhead Pneumatic Piping for Compressed air Handling airline, reducing 10% of energy consumption.
- Replacing conventional lighting with energy efficient LEDs lighting; enhanced use of natural lights to eliminate the use of electrical lighting during day time.
- Operational efficiency improvement by installing variable frequency drives, motion sensors, and other operational measures.

Watch the video "**The Zero Carbon Project in Action: Shubhada Polymers Products Pvt Ltd." on YouTube**

Our progress

2020 Baseline	2023 Progress	2025 target
0%	27%	50%

Capacity building and on-site support

The intensive capacity building efforts implemented in 2021 and 2022 ensured the suppliers gained maturity on decarbonization. They are now familiar with the process of quantifying their carbon footprints and identifying the major sources of emissions. However, as most of the suppliers are just starting on their decarbonization journey, they are learning the approaches and possible actions. As a result, Schneider Electric has extended support and collaboration beyond the quantification of the GHG emissions to the implementation of decarbonization actions as well. As part of this support, Schneider Electric works closely with suppliers to assess the most promising emissions reduction levers specific to the supplier's products and manufacturing approach. Then there is additional support to define the actions the supplier could take and the resulting impact of those actions.

Additionally, 4 sustainable procurement experts were deployed in major regions China, East Asia, Europe, and North America to provide locally relevant, customized, and on-time support to the suppliers. These experts conducted close to 100 on-site visits to the supplier premises across regions to advise on the decarbonization implementation, often conducting walk through assessments, reviewing the existing energy efficiency measures, providing technical assistance in implementation, and when required, helping identify the local solution providers who can support the suppliers in deployment of these actions.

Accelerate Zero Carbon workshops

To drive and scale up the adoption of emission reduction levers by suppliers, Schneider Electric continued to roll out the innovative "Accelerate Zero Carbon" workshop across regions. Building upon the success of workshops in India, Middle East, Africa, Japan and Asia Pacific, Schneider Electric rolled out new workshops in China, Europe, and North America. These workshops were led by the Sustainable Procurement team in collaboration with local Procurement leadership teams, customizing to the local requirements.

The biggest strength of Accelerate Zero Carbon workshops is the focus on locally relevant approaches, solutions, and partners. Region-specific diagnostic tools are developed and shared with suppliers to analyze their own operations and identify their most relevant actions. These diagnostic tools include:

1. Low-hanging energy efficiency self assessment checklist
2. Solar energy calculator
3. Digital emission calculator

2.3 Leading on decarbonization

In addition to the above material, local subject matter experts are identified from within the Schneider Electric or external ecosystem, including regulatory experts and departments explaining various incentives provided by governments in different regions. The main task of these experts was to demystify and explain to the suppliers in very practical terms, for each action, what needs to be done, how it impacts their in-house processes and what are the overall benefits to the organization. In addition, service/solution providers were identified who can support suppliers in the execution of these actions. The Schneider Electric Procurement team executed an expression of interest to identify the right companies and held screening discussion to ensure they were aligned with the idea and objective. This created a pool of service providers, in case they were needed.

Following this background preparation, the suppliers were engaged in an intensive five-week pre-workshop process to review the GHG emission data, results of diagnostics, and commitment of the leadership to overall decarbonization. During the Accelerate Zero Carbon Day, the supplier teams were able to listen to and understand subject matter experts who explained how individual actions can help their companies, and subsequently were able to visit the roadshow organized by the service/solution providers and engage on implementation modalities.

The purpose of the Accelerate Zero Carbon workshops is to provide an overview of actions and approaches to decarbonize and no commercial interests are associated. The suppliers are free to learn and discuss with the stakeholders, to treat it as a educational experience and then to explore the market to find the most suitable partner to engage for implementing decarbonization measures.

The outcome of the Accelerate Zero Carbon events resulted in the increased awareness and strong acceleration in the decarbonization commitment from the supplier partners.

Digital support

To ensure that participating suppliers have access to all the latest knowledge, research, trainings, and tools for decarbonization, Schneider developed a dedicated web portal on decarbonization, which is exclusively available to The Zero Carbon Project member companies. The portal hosts all the key trainings conducted so far. To automate the supplier emission calculation, a digital tool was developed and made available to suppliers. This tool removes the need to identify appropriate emission factors and manual calculations. The suppliers can simply collect and enter the usage data of various energy sources and the tool refers to the appropriate emission sources, standardizing and improving the quality of the data reported by suppliers. Additionally, to support small and medium scale enterprises, Schneider Electric launched Zeigo Activate. This tool helps suppliers create a customized emission reduction roadmap, adjust the timeline to deploy various actions to meet desired reduction targets and also help connect with the solution providers who can help them implement it. 400 suppliers were given complementary access to Zeigo Activate to advance their decarbonization actions.

Supply Chain Renewable Initiative

Two-thirds of global suppliers participating in The Zero Carbon Project are small and medium scale enterprises, with lower energy load than the threshold required to access renewable instruments like PPAs, etc. To ensure wider adoption of renewable energy solutions, Schneider developed a new program, which aims to aggregate suppliers with lower energy load to create a cohort that can then qualify for access to renewable energy solutions. The Group launched a series of capacity building programs and sessions to raise supplier awareness and so far more than 20 training sessions were organized (including repeat sessions). These sessions go a long way in building the understanding of suppliers and various departments about the scope and actions required to access renewable experts. The trainings are topical and cover various topics:

- Renewable Electricity 101
- Energy Attribute Certificates 101
- Onsite Solar 101
- Power Purchase Agreements 101
- VPPAs: Financial Considerations
- VPPAs: Treasury Considerations
- VPPAs: Accounting Considerations
- VPPAs: Legal & Risk Considerations
- VPPAs: Executive Debrief (EMEA/APAC)

Learn more about The Zero Carbon Project in the Sustainability section on **www.se.com**

2.3.6.2 Buying more Green Materials

Schneider Electric is committed to increase the volume of green materials in products to 50% by 2025, for about 30% of its procurement volume, and is tracking quarterly progress as part of the Schneider Sustainability Impact program (SSI #4).

While this program does not focus solely on CO_2, but also mitigates other environmental impacts such as resources, biodiversity, or toxicity, it will contribute to reducing the Group's Scope 3 upstream emissions, in line with its Net-Zero commitment. To achieve this ambition, Schneider is actively participating with industry leaders in dedicated working groups to become a change agent of the low-carbon economy while enhancing the traceability of materials. At the end of 2023, 29% of materials in scope were qualified as "Green".

Read more details on the Green Materials and Sustainable Packaging programs in section 2.4 on **page 184**, and in section 2.7, on **page 266**.

2.3.6.3 CO_2 efficiency in the transportation of goods

Schneider Electric uses a robust transport network to connect factories and distribution centers, and to deliver to customers. The related CO_2 emissions are part of the Scope 3 upstream emissions of the Group's carbon footprint, as this activity is performed by external transport suppliers.

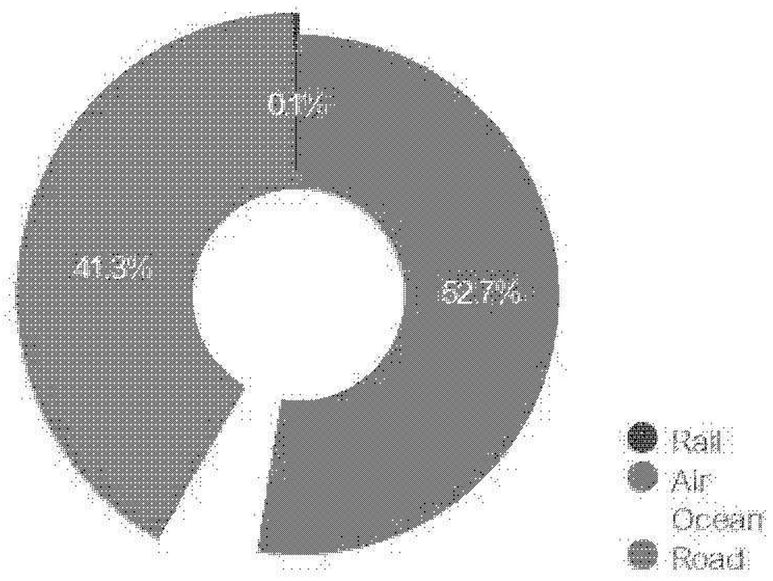
For 2023, the Company replaced its existing CO_2 emissions reporting application with a new solution providing for more robust data collection, emissions calculation, and analytical capabilities. The solution utilizes the industry leading EcoTransIT World emissions calculations solution providing tighter alignment to evolving global reporting standards and allows for greater specificity in the emissions calculations. As part of the migration, the decision was made to also adjust baseline year for reporting from 2020 to 2021 to align to accepted reporting recommendations to avoid 2020 due to the impact on freight transport flows from the global pandemic in 2020.

In 2023, emissions from the transportation of goods represented 1 million tonnes of CO_2, which is 2% of the Scope 3 emissions Company-wide. The transportation that is directly paid by the Group (about 54% of the freight CO_2 emissions) is closely monitored, with primary data coming from detailed shipment information from the top 70% of transport suppliers by spend. The CO_2 emissions are then calculated including the emissions from the full lifecycle of fuels, which means upstream emissions in the energy sector and the direct emissions at point of use.

From 2015 to 2017, CO_2 emissions intensity from transportation was reduced by 10%, and an additional decrease of 8.4% was achieved between 2018 and 2020. With its SSE 2021 - 2025, the Group aims to further reduce CO_2 intensity in transportation by 15% compared to 2021 (SSE #4).

In 2023, the Company saw a return to a more normalized operating environment resulting in a reduction in the use of expedited modes of transport. As well, there was continued move towards regionalization of manufacturing and optimization of the associated supporting freight transport. A specific area of focus was on reduction of air freight resulting in a 9% reduction in tonnage shipped by air through mode conversion as well as expanded use of multi-modal solutions. Together, these initiatives resulted in a 1.6% decrease in the freight transport emissions intensity compared to 2021.

2023 freight CO_2e emissions by mode (%)



2.3 Leading on decarbonization

CLIMATE

SSE #4

Our 2025 Commitment

15% CO_2 efficiency in transportation

As part of its efforts to reduce the CO_2 intensity of transportation, Schneider Electric is focusing on both the optimization of its transport networks, modes, and utilization, and on piloting low-carbon transportation technologies.

Globally in 2023, the Group set an aggressive target to reduce the total tonnage of air freight shipped for the year. Through cross-functional engagement internally, and in collaboration with key transport providers, the Company was able to realize a 9% reduction in tonnage shipped by airfreight with a continuing ambitious target set for 2024.

Our progress



In 2023, Schneider continued its engagement with the WEF First Movers Coalition, a global initiative harnessing the purchasing power of companies to decarbonize seven "hard to abate" industrial sectors that currently account for 30% of global emissions: aluminum, aviation, chemicals, concrete, shipping, steel, and trucking; along with innovative carbon removal technologies.

The 50+ companies who make up the coalition seek to send a powerful market signal to commercialize zero-carbon technologies. To jump-start the market, the coalition's members commit in advance to purchasing a proportion of the industrial materials and long-distance transportation they need from suppliers using near-zero or zero-carbon solutions, despite the premium cost.

More about the First Movers Coalition of the WEF can be found on the **organization's website**

First Movers Coalition

Schneider made an initial commitment to the aviation working group to replace at least 5% of conventional jet fuel use with Sustainable Aviation Fuel (SAF) by 2030. This commitment to the use of SAF, in conjunction with a focus on reducing Company use of air freight, will have a significant impact on Schneider's carbon footprint from the hard-to-abate aviation sector. In 2023, Schneider partnered with one of its air freight providers to make its first purchases of SAF in support of this commitment. While SAF are critical to decarbonizing transportation, their conformance in carbon accounting methods from the Greenhouse Gas Protocol is still uncertain. Hence the emissions savings are not incorporated into the Group's GHG inventory at the moment. The Group is investigating how to incorporate decarbonization from SAF in the future GHG inventories, and is seeking guidance from carbon accounting bodies, especially in the context of the ongoing update of GHG Protocol standards.

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

Evidence of Schneider's initiatives to mitigate the impact of transport-related CO_2 emissions include:

- in several regions, analysis of customer delivery routes and the introduction of milk runs to optimize delivery distances traveled;
- in Europe and Middle East, introduction of multi-model solutions based on rail for intra-company shipments;
- in all regions, ongoing pilots, and implementation of EVs for final mile customer deliveries;
- continued global focus on optimization of ocean freight from FCL (Full Container Load) to LCL (Less than Container Load) and increases in container utilization rates, and
- with the Group's key transport providers, identifying and piloting opportunities to use sustainable fuel options where zero-emission options are not available.

2.3.7 Decarbonizing the Group's downstream emissions

Downstream emissions are by far the largest category of emissions. They represent 86% of Schneider Electric's footprint, and largely come from the electricity consumption by the Group's customers during the use phase of the products.

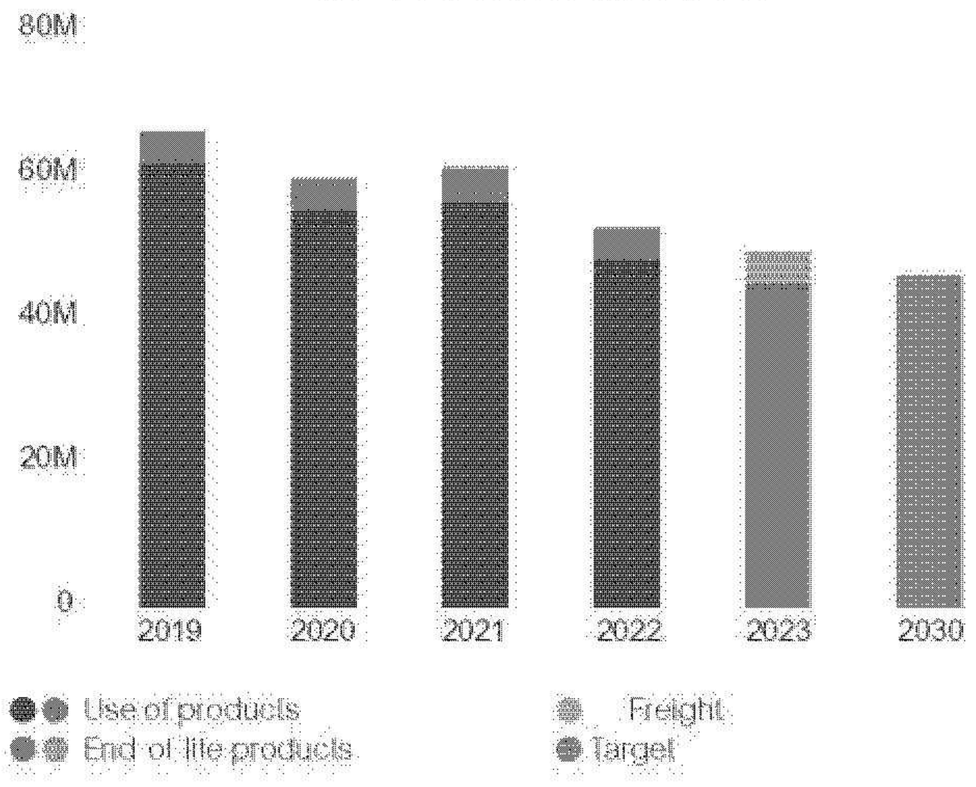
Schneider's strategy to decarbonize its downstream emissions is articulated around 4 main pillars:

- Innovating and ecodesigning in product development: ecodesign principles aim at reducing the environmental impact of products, including the product carbon footprint, for instance by increasing the energy efficiency of products in use phase.
- Substituting all relevant offers with SF_6-free medium voltage technologies by 2025: since end-of-life emissions from sold products are predominantly due to their SF_6 content, this substitution will result in a significant drop in the downstream carbon footprint.
- Using the Group's voice for influencing the transition towards a more electric, digital, and decarbonized world.
- Supporting customers in their own decarbonization journey by providing products and services that drive significant decarbonization of their operations.

Ecodesign is developed in section 2.4.3.4 on **page 191**, and the decarbonization of customers with Schneider Electric's products in section 2.3.8 on **page 181**.

Customers Scope 3 downstream **-6.1%** CO_2e emissions reduction in Scope 3 downstream vs. 2022

Induced: 49 $MtCO_2e$ in 2023
86% of total carbon footprint



2.3.7.1 Developing SF_6-free offers and SF_6 recovery services

SF_6 gas has excellent insulating properties and has therefore been widely used for building switchgear – especially medium voltage gear – for the past 30 years, as it allows a reduction in the size of the electrical equipment. The electric power industry uses roughly 80% of all SF_6 produced worldwide, and the global installed base is still expected to grow by 75% by 2030.

SF_6-free AirSeT, a suite of award-winning medium voltage innovations

While helping ensure the safety and quality of certain medium voltage equipment, SF_6 gas has a Global Warming Potential (GWP) 24,300 times higher than CO_2, making it one of the most potent GHGs. Schneider is therefore innovating its offers to move away from SF_6 gas, as part of SSE #2: 100% substitution with SF_6-free medium voltage technologies. In 2021, Schneider's promises to deliver new SF_6-free medium voltage switchgear became a reality with the installation of innovative products at several customer sites. 2021 was the year of the industrialization of several new product lines, free of SF_6, fluorinated gases (F-gas), and operating on a cutting-edge combination of pure air and vacuum technology, to prepare for the full commercial launch of this new generation of products. In 2022, Schneider unveiled the latest equipment in the SF_6-free medium voltage solutions contributing to the global fight against climate change, with GM AirSeT, a breakthrough primary gas-insulated technology for electrical networks and demanding applications in industrial buildings and critical infrastructure. In 2023, new functions for SM AirSeT and RM AirSeT were launched, thus opening options for new markets and applications.

Schneider's technology has been piloted at numerous electric utilities, infrastructure, and buildings, by customers such as GreenAlp in France, EEC Engie in New Caledonia, Renault Group in France, and Azienda Trasporti Milanesi in Italy. AirSeT has also received multiple recognitions, most recently at the Greek Energy Mastering Awards 2022 and by the International Carbon Handprint Award at Climate Week NYC.

The average RM AirSeT switchgear installation removes the need for up to 3 kg of SF_6 gas and any other F-gas, the equivalent of over 72 tonnes of CO_2.

In view of the regulation recently adopted by the European Union on F-gas (fluorinated gases), the transition to SF_6-free and F-gas free electrical distribution in grids and buildings will accelerate. The new regulation dictates a detailed timeline (starting January 1, 2026) and conditions to move the electricity industry away from the use of fluorinated greenhouse gases like SF_6. It acknowledges the crucial role of eliminating F-gases as a fundamental and time-sensitive step towards achieving truly green electricity.

SF_6 recovery services

In 2013, Schneider Electric started offering its customers a seamless service for the removal and/or recycling of obsolete equipment called "SF_6 recovery services". The recovery service allows the Group's customers to dispose correctly of their machinery, against a green disposal certificate, thus granting them peace of mind. The service consists in collecting the equipment and, together with our partners, dismantling and reusing, recycling, or disposing of all the components (such as metals or thermoplastics) appropriately. Specifically, SF_6 is extracted from machines and sent to a specialist company for regeneration and destruction.

2.3 Leading on decarbonization

CLIMATE

SSE #2

Our 2025 Commitment

100% substitution with SF_6-free medium voltage technologies

As part of its sustainability strategy, Renault Group is transforming its factory in Flins, France, into a Refactory: Europe's first circular economy factory dedicated to mobility.

Electrical distribution was identified as an area to deploy an innovative solution that reduces greenhouse gases; therefore Renault Group chose AirSeT MV switchgear that eliminates SF6 and offers lower total cost of ownership.

AirSeT switchgear also addresses the Group's concern to maximize reliability, since the integrated smart sensors will allow Refactory to remotely monitor all operating parameters.

Our progress

2020 baseline	2023 Progress	2025 target
26%	60%	100%

2.3.7.2 Using the Group's voice to drive collective action

Getting to net-zero is going to take more than commitments, and technologies. Policies underpin the pace and the progress that the world will be able to make towards decarbonization. The Group will use its voice to speak out on public policy issues that Schneider Electric thinks can advance the world's carbon efforts:

- Public policy initiatives that accelerate the electrification, digitization, and decarbonization of the economy.
- The removal of regulatory barriers to help catalyze markets to enable carbon-reduction and carbon removal technologies to scale more quickly.
- The use of market and pricing mechanisms so people and businesses can make more informed carbon decisions.
- The empowerment of consumers through transparency based on universal standards to inform purchasers about the carbon content of goods and services.

In 2022, Schneider Electric signed Corporate Knights' Action Declaration on Climate Policy Engagement together with more than 50 other companies to support climate action aligned with the Paris Agreement, when engaging with policymakers, work with trade associations to advance alignment with the Paris Agreement and monitor and disclose climate policy alignment.

Schneider is engaged in sectoral and multi-stakeholder organizations that drive ecosystem change.

Read more details on Schneider Electric global and local external commitments to move forward collectively in section 2.1.8, on **page 91**, and on Schneider Electric lobbying activities in section 2.2.7.6, on **page 132**.

Electrification policies

Schneider advocates for strong climate and clean energy policies in many jurisdictions where it operates. The Group supports innovative technologies and projects that reduce and remove carbon dioxide, modernize and digitize the grid, accelerate clean energy, and strengthen resilience to the impacts of a changing climate. In the US, Schneider submitted comments to the U.S. Securities and Exchange Commission's proposal for The Enhancement and Standardization of Climate-Related Disclosures for Investors.

In Europe, Schneider engages actively with the European institutions advocating for a fast-paced digital and sustainable transformation of Europe where electrification would play a critical role. Schneider Electric has contributed to policy discussions around the European green deal through its role in trade associations and business coalitions and by bringing expertise to the EU institutions and national governments.

For instance, Schneider Electric actively contributed to an open letter about the Energy Performance in Building Directive, launched a new forum with Eurelectric aiming to accelerate the electrification rate and the smartness in the building sector, and wrote a paper about the need for the digital transformation of the energy eco-system in Europe in order to achieve Europe's decarbonization objectives together with the association DigitalEurope.

Carbon policies

Schneider Electric calls for policymakers to define robust and predictable carbon pricing for companies, enabling companies to integrate collaterals on climate into their strategy. A high and stable price for carbon will strengthen incentives to invest in sustainable technologies and to change behaviors.

Schneider supports the implementation of carbon pricing. Internally, the Group is incorporating an internal or shadow price for carbon to understand the potential impact of external carbon pricing on its portfolio's resilience to climate scenarios. The Group internal shadow price is meant to inform the Group's climate strategy and incentivize low-carbon innovation. Also the Group assesses marginal abatement costs (additional cost per ton of CO_2) of some specific decarbonization actions or programs, in order to determine what are the most cost-efficient ones. Schneider uses different carbon price scenarios, varying from EUR 50 - 130/ton (depending on time horizons).

The internal carbon price is used to assess the performance and resiliency of operations. The cost of carbon is evaluated for industrial activities, taking into account CO_2 emissions from energy consumption and SF_6 leaks at industrial sites. CO_2 cost is also taken into consideration in industrial network modeling to account for future CO_2 prices in industrial decisions. This enables the measurement of the potential impact of CO_2 pricing on the Group's supply chain.

2.3.8 Enabling customers to decarbonize through efficiency and digitization

2.3.8.1 Schneider Electric helps customers decarbonize and aims to avoid 800 million tonnes of CO_2 emissions by 2025

EcoStruxure
Innovation At Every Level

Apps, analytics, and services	Leverage IOT data to identify additional energy efficiency opportunities, increase the lifetime of assets, optimize maintenance services, and boost demand flexibility.	**CO_2 savings in the ecosystem** Example: PPAs
Edge control	Manage on-site operations, with day-to-day optimization of energy consumption through remote access and advanced automation.	**CO_2 savings in infrastructure (building or industrial process)** Example: building management system
Connected products	Connected products are ecodesigned to improve their efficiency and deliver electricity savings.	**CO_2 savings at product level** Examples: high efficiency uninterruptible power supply (UPS), variable speed drives

What are the climate benefits of Schneider Electric's offers

Schneider Electric products and services can help customers decarbonize and reduce their environmental footprint, thanks to various value propositions that leverage the IoT-enabled architecture EcoStruxure®. Examples include:

- **Energy efficiency:** the Group helps companies become more efficient and reduce their CO_2 emissions, for instance with variable speed drives or energy performance contracting.
- **Renewable power generation:** PPAs or microgrids lead to the consumption of less carbon-intensive electricity.
- **Reduced GHG leakage:** SF_6-free equipment or SF_6 recovery services lead to reduced emissions.
- **Materials efficiency:** circularity business models (e.g., refurbish) or lead battery recycling lead to reduced emissions for manufacturing virgin materials.

Avoided CO_2 emissions arise from the difference between the induced emissions of using Schneider Electric's offer compared to the induced emissions of the reference situation, which reflects the most realistic market situation in the absence of the use of this, or a similar, offer. For both cases, induced emissions are evaluated on the expected lifetime of the offer and cover the full lifecycle (manufacturing, use, and end-of-life).

Avoided emissions are a complementary indicator to the GHG inventory of the company, meant to illustrate that Schneider's climate strategy is two-fold: reducing company-wide carbon footprint, while increasing our avoided emissions.

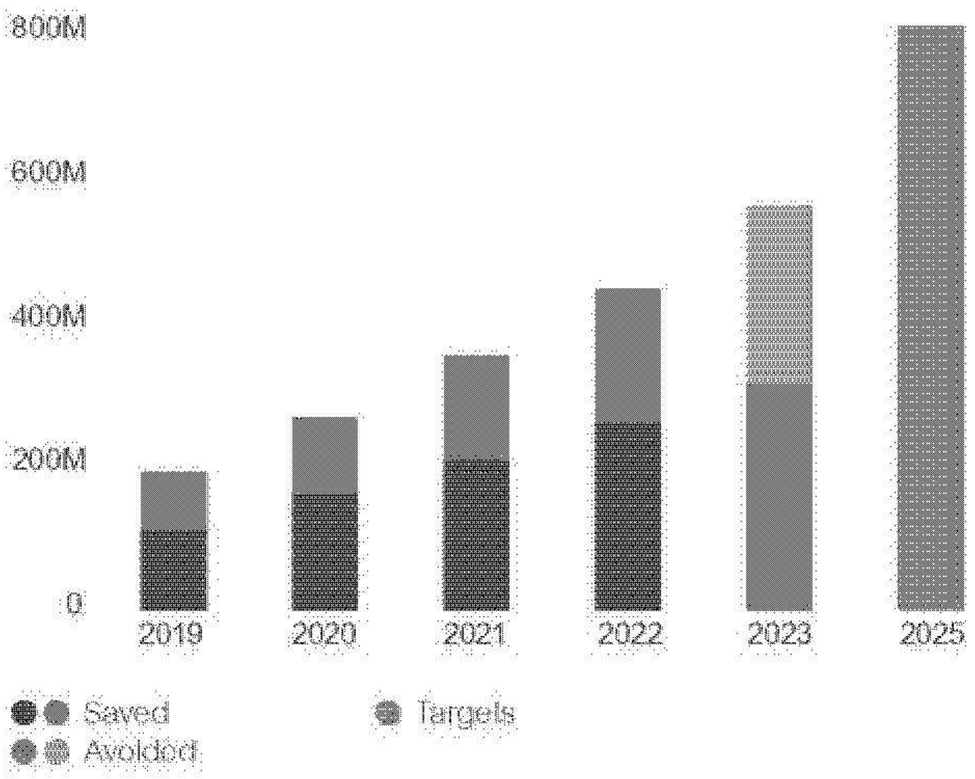
In the fight against climate change, companies need to both act on reduction of their carbon footprints, while increasingly contribute to reducing the emissions of the global economy, and this second part can be captured by avoided emissions, since it's not captured in the reporting company's carbon footprint. These two dimensions are equally important and progress on avoided emissions is not meant to divert efforts on reducing the company carbon footprint.

2.3 Leading on decarbonization

Overall, from 2018 to 2023, Schneider Electric helped customers save and avoid 553 million tonnes of CO_2e, over the full lifecycle of the products sold during this period of time.

Cumulative saved and avoided CO_2e emissions since 2018 ($MtCO_2e$)

Customers' saved & avoided emissions **+113M** CO_2e emissions saved and avoided for our customers in 2023



Schneider Electric reports avoided emissions, with a well-established reporting discipline

To demonstrate the avoided emissions from offers, a new indicator was launched and communicated externally in 2018. Since then, the Group has set a quantified target, aim to reach a cumulated 800 million tonnes of CO_2 of saved and avoided emissions by its customers between 2018 and 2025 (SSI #2). As part of the SSI targets, avoided emissions are quarterly disclosed and independently audited once a year. This commitment is one of the three performance indicators of the first ever convertible sustainability-linked bond launched by the Group at the end of 2020.

To transparently measure these avoided emissions, the Group developed a methodology which is publicly available on the Group's website. It was developed with Carbone 4, an expert CO_2 accounting consulting company. The methodology is designed to become a shared industry standard. Its principles are applicable across the capital goods and consumer durables sectors. Attention was given to defining rigorous calculations, with conservative assumptions. The methodology was first published in July 2019 and was independently reviewed by the audit company EY with regards to its consistency, accuracy, understandability, neutrality, completeness, and relevance. The methodology has been assessed in view of the requirements of ISO 14067, ISO 14021 and the World Business Council for Sustainable Development (WBCSD) guidance.

The reference situations for each and every of the offers in scope of SSI #2 are carefully defined and transparently described in order to reflect the most realistic market situation in the absence of the sale of the offer. In fact, Schneider's methodology makes a distinction between "saved" and "avoided" emissions (but both "saved" and "avoided" emissions are referred to as "avoided" for the sake of simplification in this section). Saved and avoided emissions can be described as follows:

- Saved emissions come from sales in a "brownfield" context of existing assets and infrastructure, e.g., selling a building management system for an existing building, or doing maintenance and repair on existing equipment. Saved emissions represent the actual reduction of global CO_2 emissions compared to emissions in the past.
- Avoided emissions come from sales in a "greenfield" context of new assets and infrastructure, e.g., selling an energy-efficient cooling equipment for a data center that is newly built, or selling a variable speed drive for a new industrial equipment. Avoided emissions represent a limitation of the increase of global emissions (i.e., emissions are "less increasing" as compared to reference situation).

Climate

SSI #2

Our 2025 Commitment

Deliver 800 million tonnes of saved and avoided CO_2 emissions to our customers (cumulated between 2018 and 2025)

Altivar variable speed drives were awarded as "Most Climate-Positive Carbon Handprint Product Award" at Climate Week 2022. By allowing motors to operate at the ideal speed for every load condition, Altivar variable speed drives can generate up to a 30% reduction in energy consumption in industrial processes.

Consequently, it's estimated that over 180 million tonnes of CO_2 emissions could be saved or avoided during the service life of the drives sold by Schneider Electric during the 2018 - 2022 period.

Our progress

2020 Baseline	2023 Progress	2025 target
263M	553M	800M

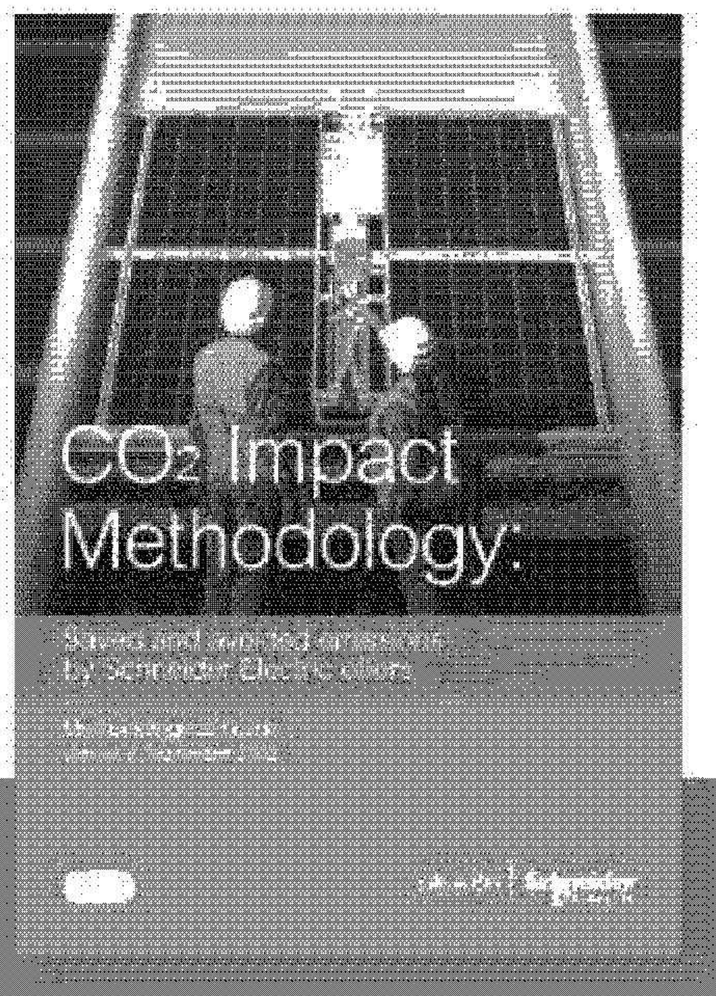
Schneider Electric's saved and avoided methodology, "CO_2 Impact Methodology" is available for download on se.com. The detailed calculation rules and assumptions for each offer covered by the SSI #2, and the report of the independent review, are also available.

There is currently a big momentum on the topic of avoided emissions, with the initiatives from the WBCSD and standardization bodies. For instance, WBCSD and The Net Zero Initiative released in March 2023 a guidance on avoided emissions. This guidance drives some attention: it has been acknowledged in G7 Climate, Energy and Environment Ministers' Communiqué in April 2023, and promoted later during COP28 in December 2023.

These initiatives are very welcome and needed, to bring harmonization of practices among companies.

During 2023, Schneider Electric has been actively engaged with WBCSD, as part of the practitioners' sprint and practitioners' forum, and as a co-convenor of International Electrotechnical Commission (IEC) standardization work on avoided emissions. This work towards harmonization is important, because it's key to make avoided emissions something more valuable as a metric, well-established and effective for their end-users, especially the financial sector. For instance, sectorial rules on how to calculate avoided emissions will allow to make like-for-like comparisons between companies from the same sector. Also, methodological alignment is key to have guardrails in place for a robust practice of avoided emissions and prevent the corresponding risks of greenwashing criticism: for instance, with key principles such as transparency (as much as data sensitivity and confidentiality can allow), lifecycle thinking, and being rather conservative in the approach than the opposite.





Read more about Schneider's saved and avoided methodology on **www.se.com**

2.4 Being efficient with resources

In this section

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2.4.2 Minimize the Group's impacts and dependencies on nature 187
2.4.3 End-to-End Circularity 190
2.4.4 Source better 196
2.4.5 Manufacture better 201
2.4.6 Use longer and use again 207

Context and the Group's commitment

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

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

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

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



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

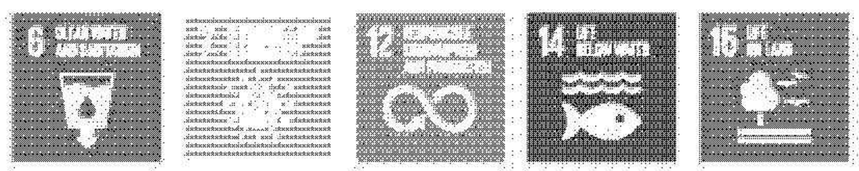
Mourad Tamoud
Chief Supply Chain Officer

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

Progress of our Resources commitments

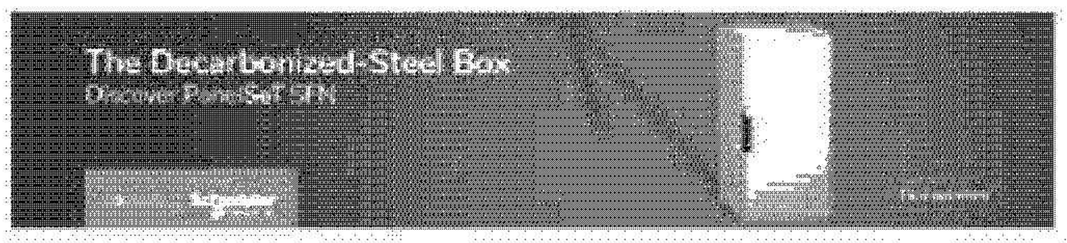
Schneider Sustainability	#	2021 – 2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	4.	Increase green material content in our products	2020: 7%	29%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	63%	100%
Essentials (SSE)	5.	Improve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

These programs contribute to UN SDGs



(1) The baseline year is indicated in front of each SSI baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSF indicators (except SSI #1-1 and SSL #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 302). In addition, SSL #5 and SSL #11 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

2023 Highlights



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



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

Long-term roadmap

2030

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

2.4 Being efficient with resources

2.4.1 Governance and environment policy

2.4.1.1 Environmental governance

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

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

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

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

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

2.4.1.2 Group policy

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

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

- Continuously improve the environment management system and meet compliance obligations (see section 2.4.5 on page 201).
- Continue protecting the environment, preventing pollution, limiting emissions, and promoting biodiversity (see section 2.4.2 on page 187).
- Decouple our supply chain from natural resource consumption (see section 2.4.4 on page 196).

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

2.4.2 Minimize the Group's impacts and dependencies on nature

2.4.2.1 Context

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

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

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

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

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

2.4.2.2 Risks and opportunities

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

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

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

2.4.2.3 The Group's commitment

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

Schneider Electric's commitments to act4nature international:

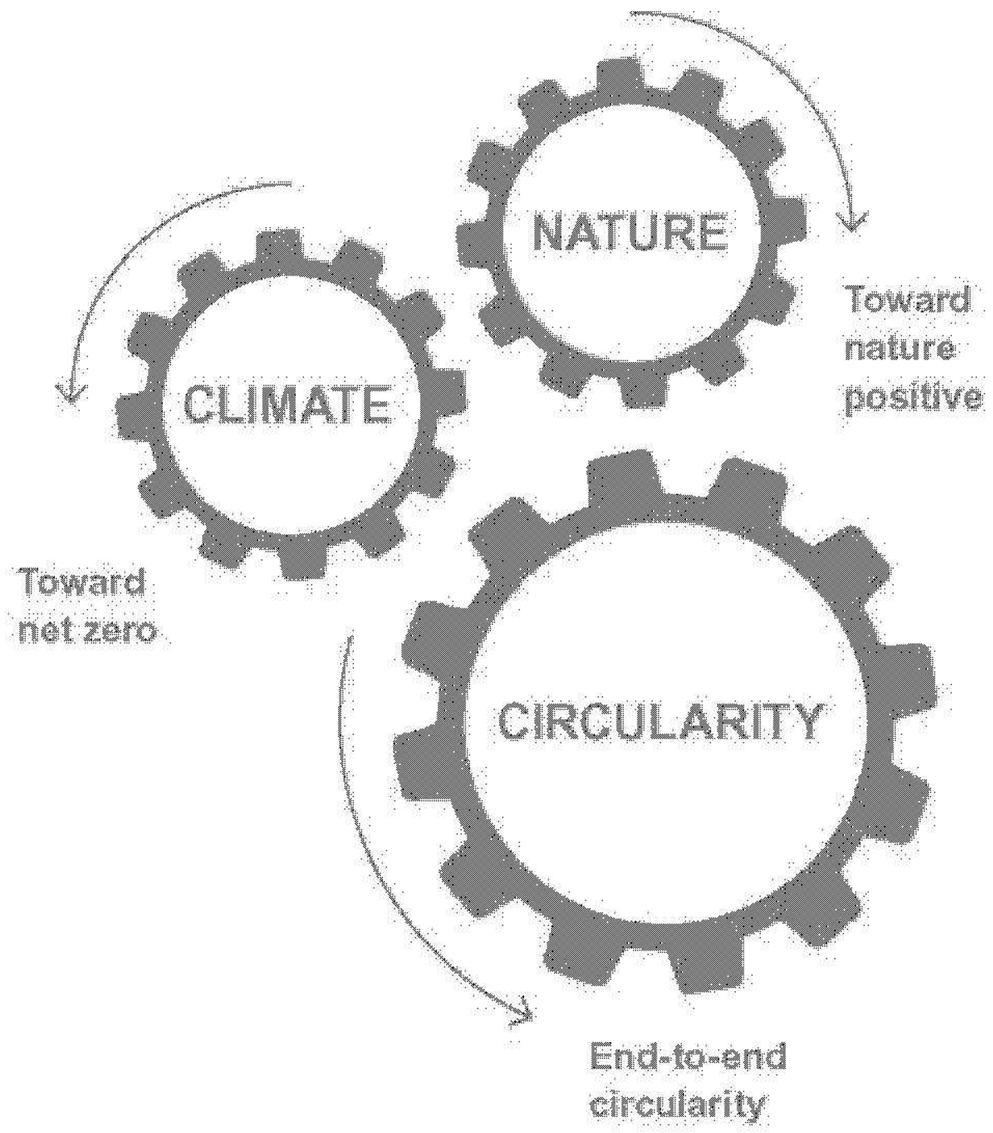
1. Quantify and regularly publish the assessment of the Group's impacts on biodiversity.
2. Commit to reduce Schneider's impacts and align biodiversity objectives with science.
3. Develop solutions and technologies that contribute to the preservation of biodiversity.
4. Engage and transform the value chain.
5. Act locally, engaging employees and partners. (Refer to section 2.4.5.6 on page 205 for more details on Schneider Electric's site level actions)

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

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

2.4 Being efficient with resources

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



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

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

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

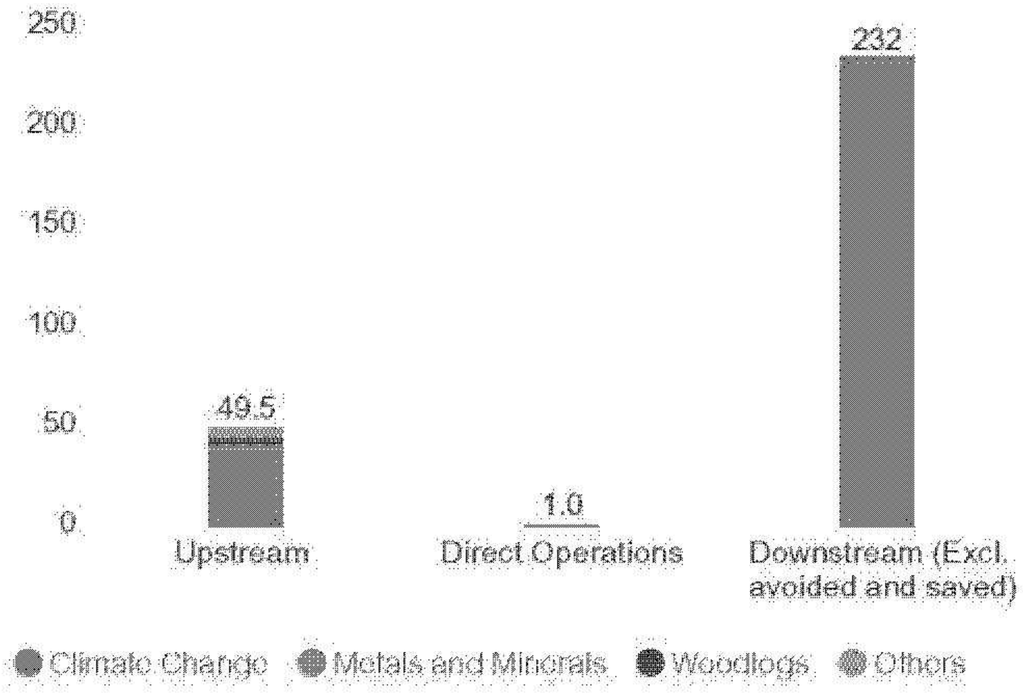
2.4.2.4 Biodiversity footprint measurement

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

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

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

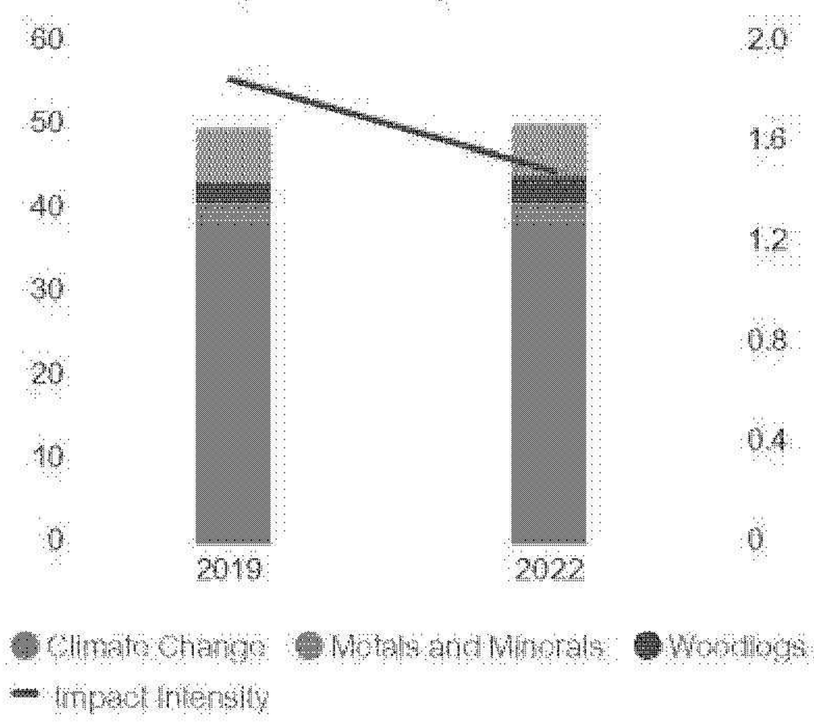
Schneider Electric's 2022 terrestrial dynamic footprint by scope (in MSA.km²)



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

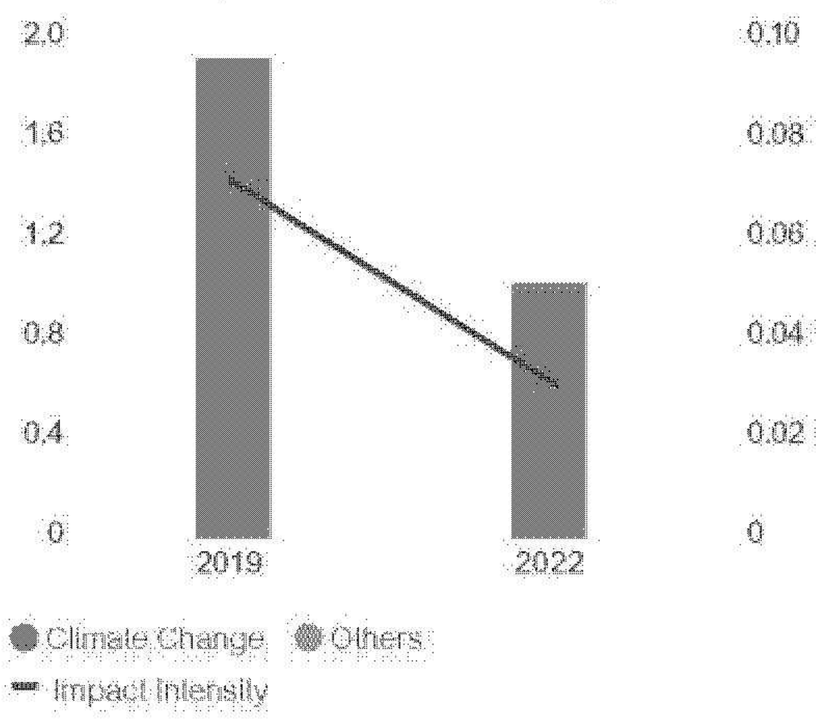
The study also highlights land-use change driven impacts are mostly material upstream of the Group's supply chain, with raw materials of concern being copper, steel, and aluminum, and packaging – timber, card, and plastic. This underscores the importance of the interconnections with green materials,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

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



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

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



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

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

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

More details on Schneider's climate programs and achievements are presented in section 2.3 on pages 154 to 183.

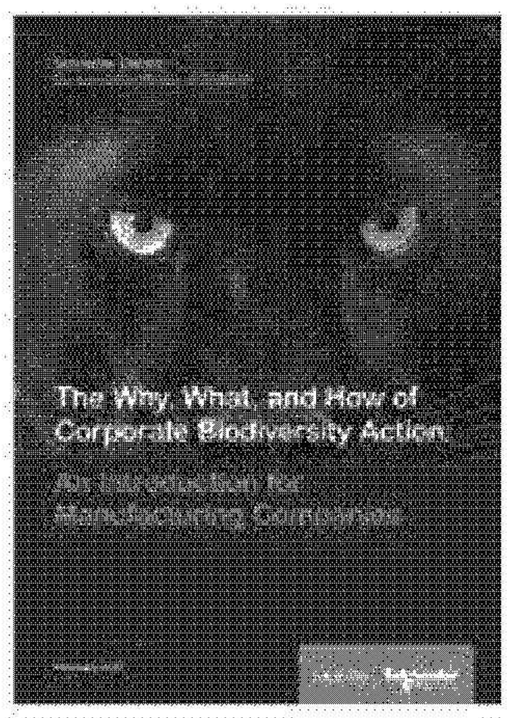
- **Reduce the "land use" due to the extraction of raw materials.** The main driver of land use is the extraction of wood and metals. Wood is mainly used for packaging purposes (cardboard, pallets, boxes); metals are the core of the Group's products (silver, copper, steel, aluminum, etc.). Greater transparency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

2.4.2.5 Using the Group's voice to share learnings

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

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

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





2.4.3 End-to-end circularity

2.4.3.1 Context

Circularity is a greenfield growth opportunity for Schneider Electric. Today, 80% of product revenues are covered by GreenPremium™ (see section 2.4.3.5 on page 193), ~19% revenue comes from software and services, and through continued growth of our ranges covered by the repacked and refurbished label, 22% of our product families have at least one circular option available. This expansion into new markets is driven by innovation such as artificial intelligence-based maintenance which enables customers to maximize the value of their assets and provides recurring revenue to Schneider.

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

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

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

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

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

2.4.3.2 Our Vision

Our approach

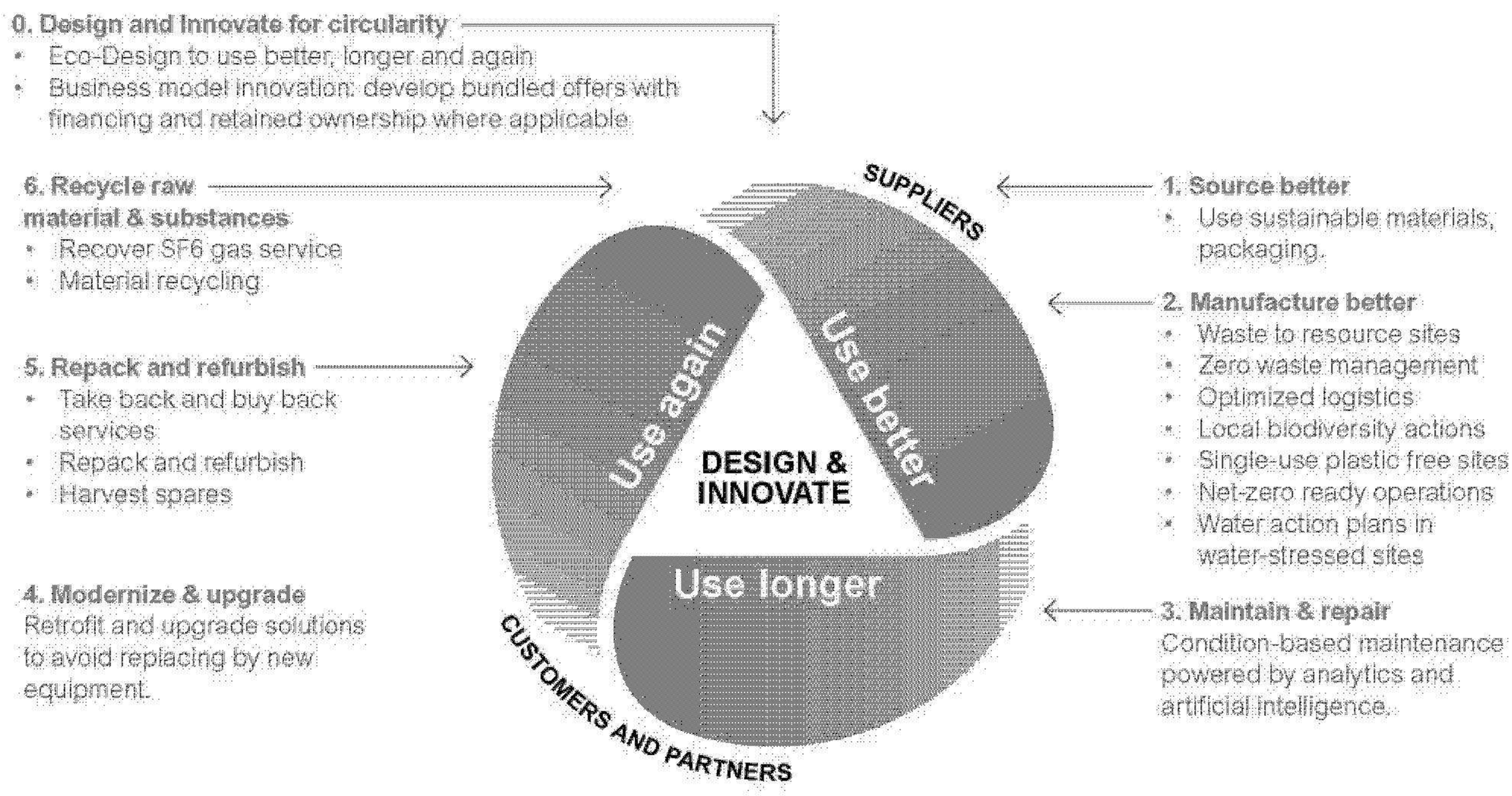
Vision: to decouple business growth from resource extraction while meeting our net-zero nature positive targets.

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

Strategic layers:

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

End-to-end circularity at Schneider Electric



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

2.4.3.3 Innovating through business models

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

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

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

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

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

2.4.3.4 EcoDesign for circularity

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

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

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

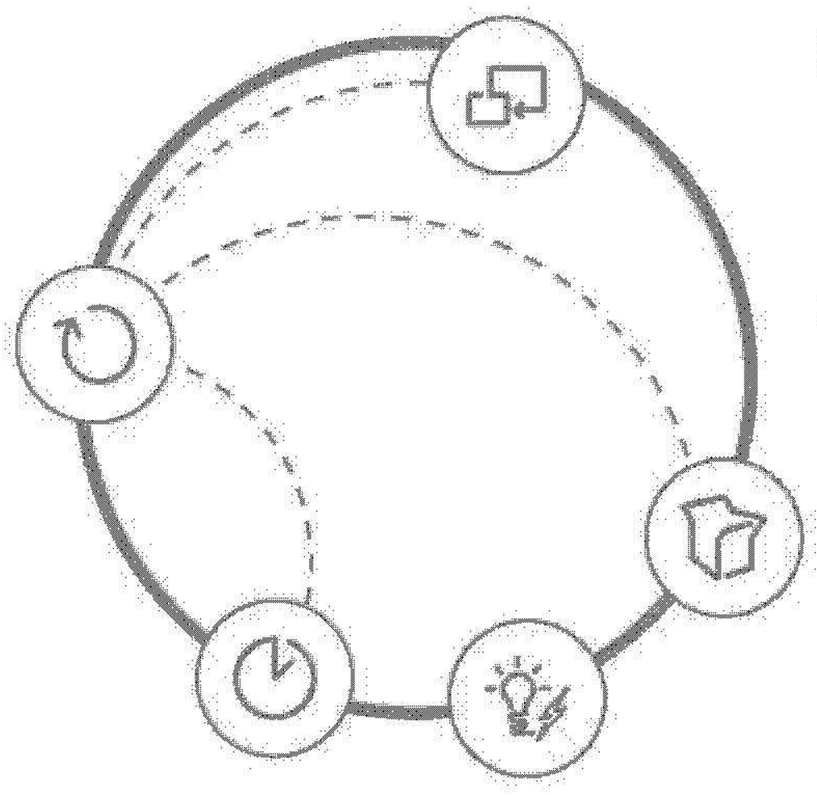
In 2015, to respond to customers' growing demand for products with a smaller environmental footprint, and to embed circular principles in its products and offers, Schneider Electric adopted EcoDesign Way", a process to understand and manage the environmental impact throughout the lifecycle of products,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

EcoDesign Circularity

Recirculation
Ensure products, parts and materials have multiple lives.

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

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



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

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

2.4 Being efficient with resources

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

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

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

EcoDesign in business strategy:

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

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

EcoDesign assets:

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

EcoDesign Training Path Overview

EcoDesign Training Path Overview

Introduction	Basic	Advanced	Expert
• The EcoDesign BOOST to define the list of your most recommended learnings according to your role and your knowledge. • Sustainable communication	• EcoDesign principles • Life Cycle Analysis Principles	• Environmental data • Overview of external labels & certifications • EcoDesign calculator • How to design a sustainable packaging? • How to design products with Sustainable Materials? • How to achieve recyclability performance? • How to optimize product energy consumption? • How to extend lifetime of our products? • Green supply chain	• How to perform & verify a Product Environmental Profile (PEP)? • Life Cycle Analysis (LCA) & Product Environmental Profile (PEP) advanced • How to anticipate regulations & standards? • How to perform conformity assessment?

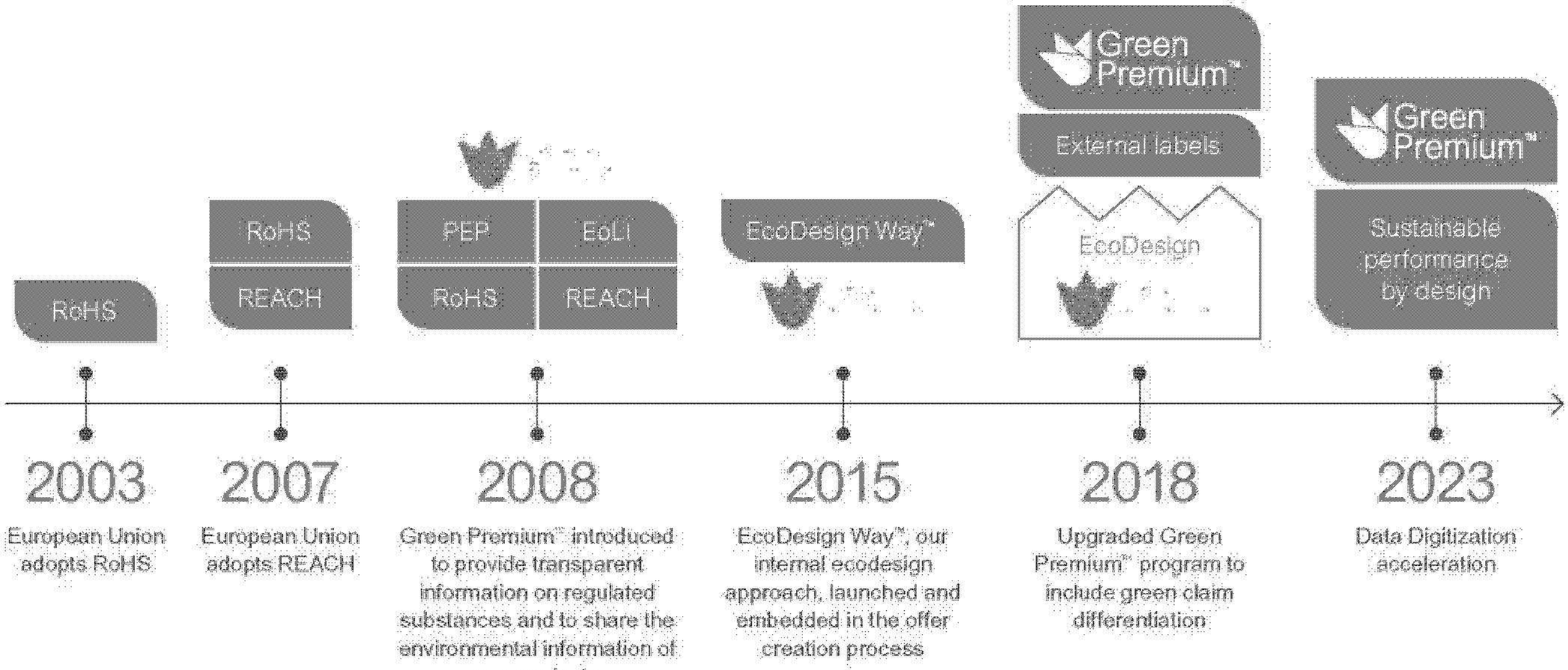
2.4.3.5 Leading with transparency: Green Premium™ and Product Environmental Profiles

Green Premium™

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

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

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



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

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



2.4 Being efficient with resources

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

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

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

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

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

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

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

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

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

Resources

SSE #6

Our 2025 Commitment

80% of product revenues covered by Green Premium™

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

Our progress

2020 Baseline	2023 Progress	2025 target
77%	81%	80%

Product Environmental Profiles

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

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

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

At Schneider, there are two types of PEP available:

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

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

Digitization of PEP data

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

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

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

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

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

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

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

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

PEP Ecopassport PCRed4

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

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

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

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

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

2.4.4 Source better

2.4.4.1 Reach 50% of green materials in products by 2025

Risk relating to sourcing materials

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

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

Risk monitoring and management

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

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

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

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

Green materials in the Group's products

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

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

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

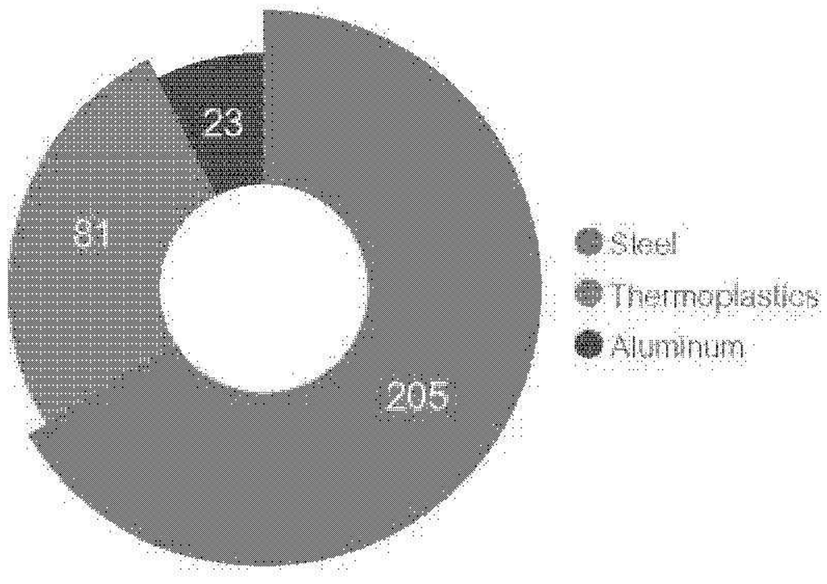
Therefore, performance could be achieved: either through selecting material and/or supplier with a proven lower environmental footprint (e.g., proof of a material produced out of a 100% recycled content), or strengthening the traceability of sustainable initiatives in the value chain.

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

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

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

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



Definitions of "green thermoplastics" and "green metals"

A GREEN THERMOPLASTIC IS

REACH / RoHS / POP compliant[1]

AND

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

(1) Persistent Organic Pollutants (POP)/Latest versions.
(2) According to IEC 63336.
(3) According to ISO 14021 and EN 45557.
(4) According to EN 16785 or ASTM D6866.
(5) According to GreenScreen used in TCO Certification.

A GREEN METAL IS

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

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

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

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

Partnerships to accelerate the sourcing of green materials

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

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

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

2.4 Being efficient with resources

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

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

THE COPPER MARK

Responsible Steel

Resources

SSI #4

Our 2025 Commitment

Increase green material content in our products to 50%

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

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

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

Our progress

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

2.4.4.2 Eliminating hazardous substances

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

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

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

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

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

RoHS and REACH

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

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

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

Compliance system

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

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

WEEE

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

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

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

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

2.4 Being efficient with resources

2.4.4.3 Sustainable packaging

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

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

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

By 2025, Schneider Electric is committed to reach:

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

Schneider packaging teams work to:

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

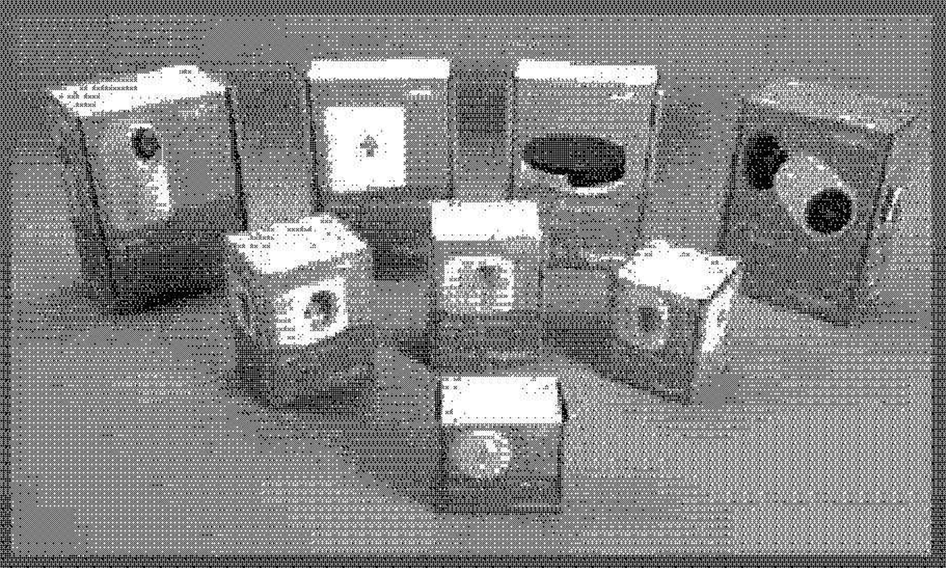
Resources

SSI #5

Our 2025 Commitment

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

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



Our progress

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

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

2.4.5 Manufacture better

2.4.5.1 Context

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

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

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

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

2.4.5.2 Risks and opportunities within manufacturing operations

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

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

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

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

Compliance with environmental regulations

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

During 2023, no new material environmental impacts were identified. See section 2.4.5.5 on page 205 for more information. Furthermore, no Schneider Electric sites are Seveso-classified.

Environment management systems

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

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

2.4 Being efficient with resources

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

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

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

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

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

ISO 14001

ISO 50001
ENERGY MANAGEMENT

Engagement programs

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

The Group has therefore established the following engagement programs:

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

Resilience materials program

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

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

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

2.4.5.3 Waste-to-Resources

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

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

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

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

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

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

Resources

SSE #9

Our 2025 Commitment

200 "Waste-to-Resource" sites

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

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

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

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

Our progress



2.4.5.4 Water withdrawal, discharge, and stress

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

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

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

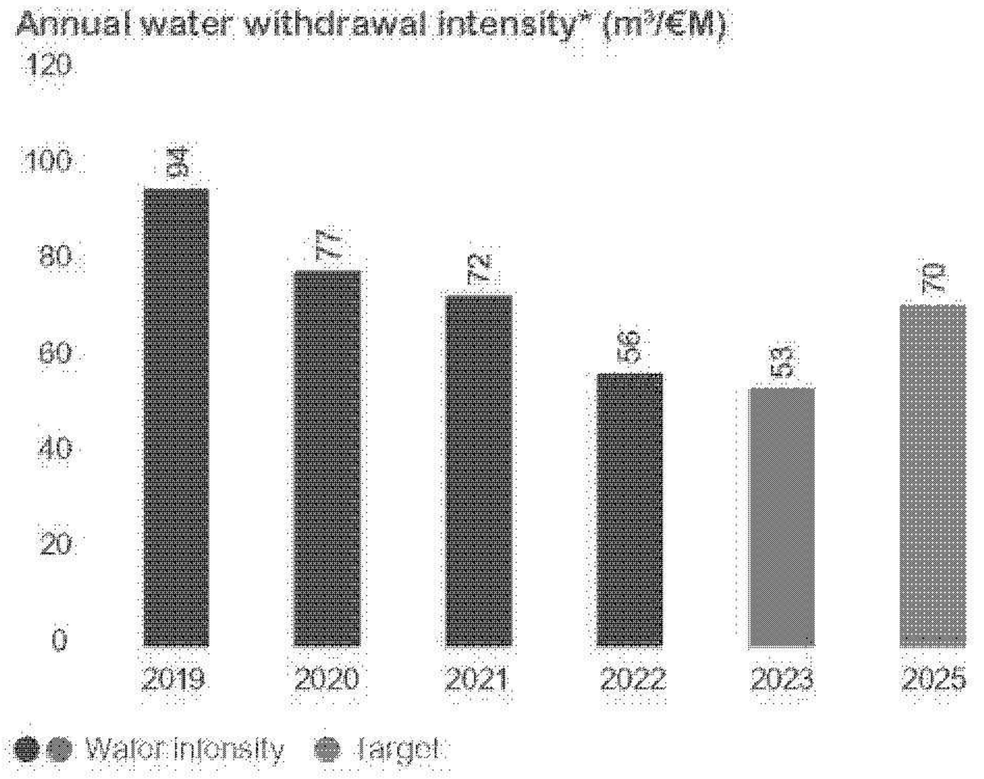
Water withdrawal

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

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

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

Annual water withdrawal intensity* (m³/€M)



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

2.4 Being efficient with resources

Focus on water-stressed areas

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

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

Water discharge

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

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

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

Resources

SSE #11

Our 2025 Commitment

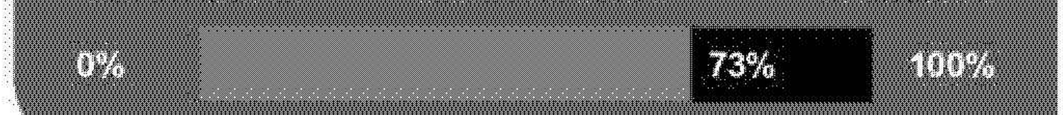
100% of sites in water-stressed areas have a water conservation strategy and action plan

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

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

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

Our progress



2.4.5.5 Pollution mitigation

Conditions of use and release into the soil

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

Discharge into the water and the air

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

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

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

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

Noise, odors, and light

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

2.4.5.6 Biodiversity actions at sites

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

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

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

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

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

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

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

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

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

2.4 Being efficient with resources

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

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

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

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

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

Resources

SSE #8

Our 2025 Commitment

100% of sites with local biodiversity conservation and restoration programs

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

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

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

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

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

Our progress



2.4.6 Use longer and use again

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

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

To ensure products are correctly used, maintained, repaired, collected, sorted, and recycled, circularity has to be embedded in the offer design stage (see EcoDesign approach in Section 2.4.3.4 on page 191).

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

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

- **Product durability versus shorter-term waste loops:** All resources are not equal in their thermal, mechanical, or electromagnetic profiles. For the industrial sector, the biggest impact of the circular economy will come from the promotion of repairability, upgradability, "retrofitability", extension of lifespan, and of related "product second- and third-life services". Schneider's products are highly technical in nature with a long lifespan and are highly unlikely to end up as ocean plastic waste. Yet a risk that the emerging regulations may be too "resource/waste-centric" can be identified. To meet quality and safety expectations, and adhere to stringent electric and electronic equipment standards, recycled materials are sometimes not available in either quantity and/or quality. The Group actively advocates sector-specific approaches.

- **Ensuring the safety of people and assets through qualified and certified services**: In fact, while promoting services to extend the products' lifespan, Schneider grows the ranks of certified experts on its products (through thousands of Field Services Representatives). Leveraging the circular economy, there is a fantastic opportunity to enable more repair, retrofit, and recycling services, on the condition that concerned product categories are adequately maintained and serviced by qualified and certified experts.

Resources

SSE #10

Our 2025 Commitment

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

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

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

Our progress



2.4 Being efficient with resources

2.4.6.1 Maintain and Repair

Extended equipment lifespan and resiliency through Condition-Based Maintenance

The experience of recent times has accelerated the adoption of IoT as a technological advancement that enhances the resilience of installations. Furthermore, the pressing challenges of the energy and climate crisis have underscored the need to decarbonize installations, adding an additional layer of complexity.

Condition-Based Maintenance is a powerful solution that addresses both challenges, enhancing equipment uptime and prolonging its lifespan. By constantly monitoring equipment health and tracking stress, wear, and aging parameters, it allows one to proactively prevent failures that accelerate equipment aging. This approach not only helps avoid the need for equipment replacement but also contributes to avoiding carbon emissions by eliminating the manufacturing of new equipment.

In new CapEx projects, Condition-Based Maintenance can be implemented by leveraging native connected equipment. Whereas, for older installations, Condition-Based Maintenance can be enabled by upgrading the installed base with sensors.

Customers can adopt Schneider's Condition-Based Maintenance approach with EcoCare Membership, a next generation services plan:

- 24/7 remote monitoring from Schneider Electric experts and on-site intervention in case of emergency.
- Unique Assets health indexes powered by advanced analytics.
- 45,000+ events monitored and manages.
- 25 million data points daily.
- 24,000+ recommendations every year.

2.4.6.2 Refurbished Offers

Schneider Electric creates shared value for its customers through local models of take-back, refurbishment and resale of retired assets.

As a continuation of Schneider Electric's development of the refurbished models, extended capabilities are developed in order to:

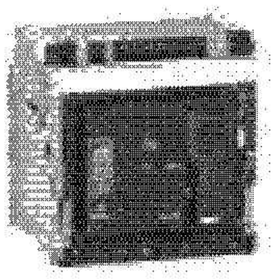
- Expand the coverage and value creation for take back and recovery services
- Enlarge the basket of product ranges with a refurbished offer guaranteed by Schneider Electric, and
- Industrialize processes, systems, and operations to deliver a simple customer experience

Schneider Electric puts its expertise as a manufacturer at the service of providing manufacturer-level circular solutions, following strict guidelines, ensuring traceability, guaranteed performance, and Schneider Electric usual service support on site.

Refurbished ranges in 2023

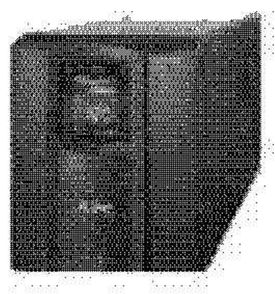
Refurbished Products

Low Voltage



MasterPact MTZ

UPS



UPS 1phase

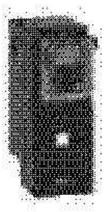
Get credentials by using refurbished products guaranteed by Schneider Electric

- **A label** dedicated to the sale and promotion of products from the circular economy, launched by Schneider Electric.
- The **warranty of a circular product is identical to a new product**
- Refurbished products have a **higher environmental value,** by reducing carbon footprint & resource consumption

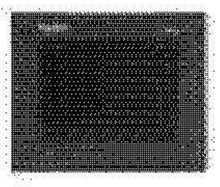
Take back service

Take back and recycling of your ageing equipment and all related gas like SF6.

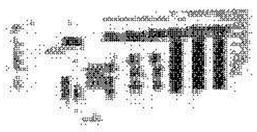
Industrial Automation & Control



Variable Speed Drives



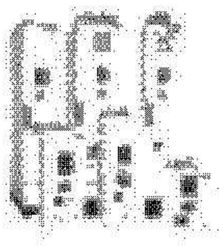
HMI



PLC



Motion



System Drives

In addition to delivering tangible sustainability benefits (positively contributing material resilience and our customers' scope 3), leveraging circular offers brings new benefits to customers, not only financially, but also operationally – among which faster availability, ability to better manage Capex / Opex decisions, provide prolonged access to spare parts, ensure continuity of operations with manufacturer-level refurbished products.

In the evolving regulatory context encouraging all circular loops, Schneider Electric continue to broaden its offerings to support this circular transition and create new business opportunities to both partners and end customers, with the primary intent to maximize the reuse of products, equipment, spares.

2.4.6.3 Recycle raw materials and substances

End-of-life regulations

Schneider Electric has deployed a process that ensures a safe treatment and recycling of its products at the end of their lifecycle.

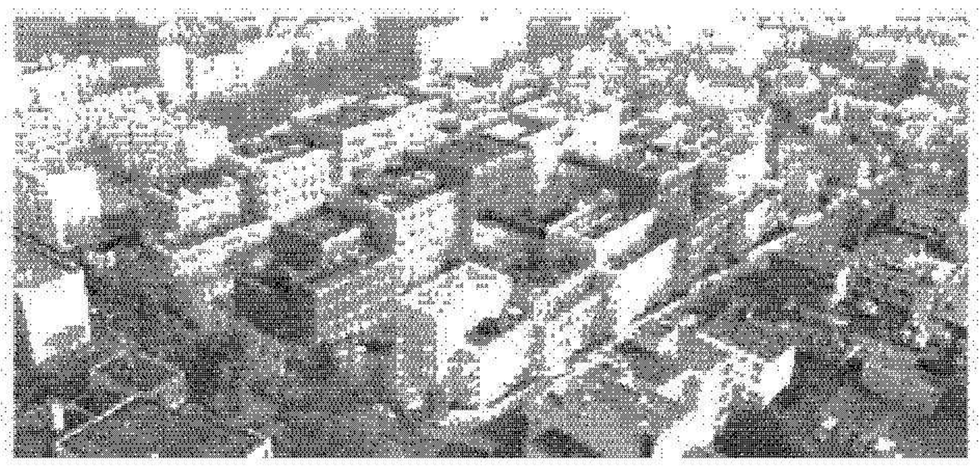
In compliance with the WEEE directive, Schneider implements product identification and selection actions, establishing recycling streams, and pricing the taxes to be applied following the regulations of each country where the Group's products are sold.

For products falling within the scope of the WEEE directive, a circularity profile including detailed end-of-life instructions is systematically provided through the "Check a Product" public website.

Enhance recycling

Schneider's unique approach for the modernization of aging equipment, minimizing waste, and maximizing safety, efficiency, and resiliency, avoids up to 90% of waste by upgrading customers' equipment with the latest technologies using sensors and connectivity to optimize uptime and extend the assets' lifespan replacing the core components. This approach also enables the take-back of products, to reuse, rebuild, resell, and recycle them when no other option is possible.

Case study: Bouygues Energies & Services: Supply of refurbished electrical equipment for the Six Degres project



"Six Degres" is an environmentally friendly real estate project covering 39,000 square meters. Designed to offer flexible offices tailored to new ways of working, as well as a full range of services including co-working, auditorium, restaurants, shops, nursery, sports hall, and wellness center. The project also includes 7,000 square meters of terraces forming suspended gardens that can accommodate up to 2,900 people. Located in the Val-de-Marne area near Paris, France, it is scheduled for delivery in 2024.

To reduce the environmental footprint, the architects and Bouygues have chosen innovative solutions: low-carbon concrete for the infrastructures and foundations, wooden floors and posts for the superstructure, algae-based paints, and numerous materials and equipment from the circular economy. From low-voltage equipment to medium-voltage, including building management systems, all products must contribute to reducing the carbon footprint.

From a circular economy perspective, Schneider Electric has made significant contributions through various initiatives:

1. Refurbished MasterPact MTZ circuit breakers at the MasterTech center near Granoble, France. Products that have been taken back undergo dedicated refurbishment and re-testing processes, ensuring manufacturer-level performance and warranty.
2. Repacked products (Mureva and Unica) from redistribution flows are given a second chance, thereby avoiding waste and carbon emissions.
3. The AirSeT range provides SF_6-free medium voltage equipment using AirSeT technology, offering a lower CO_2 solution and environmentally safer end-of-life management.

"This demand for low-carbon emission products is a real underlying trend in all tenders", notes Santiago Rivero, key account manager for Bouygues Energies et Services. "And France is a pioneer in the field, with legislation pushing is in this direction and a growing awareness".

2.5 Great people make Schneider Electric a great company

In this section

2.5.1 2025 people strategy and vision 212
2.5.2 Diversity, equity, inclusion, and well-being 216
2.5.3 Talent attraction and development 226
2.5.4 Compensation and benefits 234
2.5.5 Social dialogue 239

Context and goals

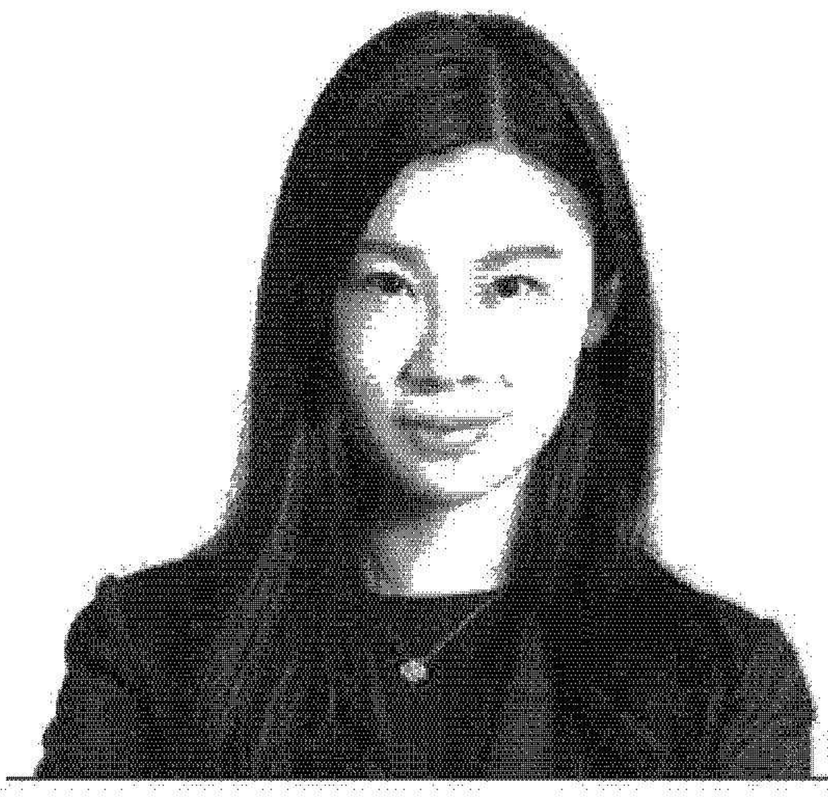
Great people make Schneider Electric a great company. The Group motivates its employees and promotes their involvement by making the most of its diversity, supporting professional development, and ensuring safe, healthy working conditions. Its ultimate ambition is to deliver sustained high performance and greater employee engagement, through best-in-class people practices that are enabled by its multi-hub model.

Schneider Electric is a people-centric company where employees come to work for a meaningful purpose and are empowered to deliver impact in an innovative and inclusive environment. The Group offers equal opportunities based on employees' skills, and supports this commitment with common processes and consistent policies regarding recruitment, employment, talent identification, learning and development, and rewards.

The Human Resources function plays a key role in enabling performance and people development at Schneider Electric. Progress is characterized by sustained expansion and ongoing acquisitions that deliver growth in core markets and by momentum created through incremental growth drivers.

Over the last several years, the Group has made significant progress in many areas, including: a unique multi-hub model; a leaner organization structure; leadership and culture transformation; widely acknowledged diversity, equity, and inclusion practices including flexibility at Schneider; and setting up a transformation of skills to enable growth and innovation.

By 2025, Schneider Electric has committed to creating equal opportunities for all and harnessing the power of all generations. It will achieve this by ensuring all employees are uniquely valued in an inclusive work environment and by fostering learning, upskilling, and development for everyone. This report shares the progress on the key transformations under the Equal and Generations pillars of the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs.



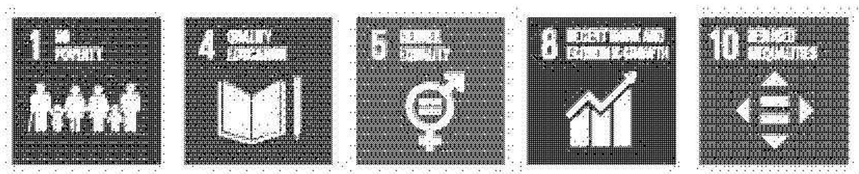
"Through our People Strategy, we aim to unleash the potential of all, drive impact and innovate for our customers and society. Our people culture, leadership and technologies enable us to position our Company as a company of choice."

Charise Le,
Chief Human Resources Officer

Progress of our Equal and Generations commitments

Schneider Sustainability	#	2021 – 2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	2020: 41/23/24	41/28/29	50/40/30
	10.	Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.52	x2.00
Essentials (SSE)	18.	Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.00% 0.67%	<1% <1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	61%	60%
	20.	Pay our employees at least a living wage	2019: 99%	100%	100%
	21.	Multiply the number of employee-driven development interactions on the Open Talent Market	2020: 5,019	x1.5	x4
	22.	Support the digital upskilling of our employees	2020: 41%	78%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	67%	90%
	24.	Increase our employee engagement level	2020: 69%	73%	75%

These programs contribute to UN SDGs



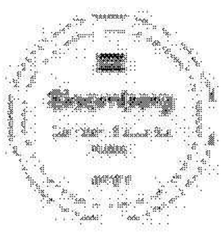
(1) The baseline year for each indicator is provided together with its baseline performance.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 302). In addition, SSI #8 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

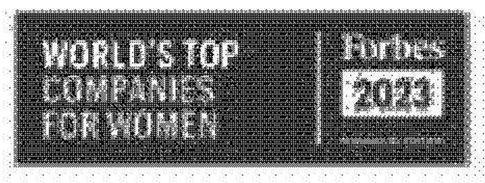
2023 Highlights



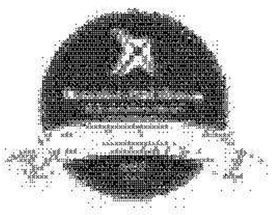
In November 2023, the Group was recognized as a Top 50 Diversity Leader by the Financial Times in their Diversity Leaders 2024 rankings, for the 5th year in a row, ranking 8th among 850 companies and 2nd in its industry



In 2023, Schneider Electric confirmed its inclusion in Bloomberg's Gender Equality Index among 484 companies for the 6th year in a row. The Group achieved an overall score of 81%, up from 77% vs. 2022 and well above the index average of 73%



Schneider Electric was included in the "World's Top Companies For Women 2023", list published by Forbes



Schneider Electric recognized by Brandon Hall Group with an HCM Excellence Gold Award in the Diversity, Equity, and Inclusion category for its Global Family Leave Policy

2.5 Great people make Schneider Electric a great company

2.5.1 2025 People Strategy and Vision

2.5.1.1 Context

The world is moving fast and is at an inflection point: the desire for climate neutrality and energy transition are driving Schneider Electric's business strategy and pushing the Group towards sustainable growth. At the same time, Artificial Intelligence (AI), digitization, and changing societal needs demand greater inclusion.

The post-pandemic world with ever increasing supply chain constraints due to geopolitical issues is creating more opportunities for Schneider Electric to be the most local of global companies.

Being agile by demonstrating resilience and adaptability is the most important prerequisite for success in today's unprecedented environment of uncertainty. It requires the leverage of both human capabilities and digital technologies. Schneider Electric's People Vision and People Strategy help achieve this.

2.5.1.2 Schneider Electric's People Vision – Employee Value Proposition, Core Values, and Leadership Expectations

People Vision

Schneider Electric's People Vision provides the impetus to change the way we work and accelerate the cultural transformation of the Company. Comprising Employee Value Proposition (EVP), Core Values and Leadership Expectations, the People Vision is a strong anchor to the People Strategy.

The People Vision consists of the following:

1 Our EVP is our commitment to engage existing and future talent. It's the reason why people join, stay, and remain engaged and shows how we differentiate ourselves as an employer.

2 Our Core Values determine who we are, what we do, and define the way we work together and deliver on our EVP promises. Our values guide our choices and illustrate the behaviors we expect our employees to demonstrate.

3 Our Leadership Expectations show how we expect leaders to drive the Company for the future. They emphasize how our leaders will transform Schneider Electric by stepping up individually and collectively.

Employee Value Proposition

The Group is also looking to establish a strong name as an employer and communicate around its EVP, which is its promise to current and future employees.

The Group believes that great people make Schneider Electric a great company. They are driven by their meaningful purpose and continuously create an inclusive environment where employees are empowered to be at their best and innovate.

Its EVP continues to evolve in line with the business. Making the emotional connection as to "Why Schneider Electric?" is fundamental to the ability to not only attract the best talent and be an "employer of choice", but also to have it resonate as authentic with employees as a form of encouragement, motivation, and inspiration.

Our Employee Value Proposition

Meaningful	Inclusive	Empowered
Our mission is to be your **digital partner for Sustainability** and **Efficiency.** We empower all to **make the most of their energy and resources**, ensuring **Life Is On** everywhere, for everyone, at every moment. We adhere to the highest standards of **governance and ethics**.	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.	**Freedom breeds innovation.** We believe that **empowerment** generates high **performance, personal fulfillment, and fun.** We empower our people to use their **judgment**, do the best for our **customers**, and make the most of **their energy**.

Over 2023, Schneider Electric launched a special project to revisit and evolve its EVP and Core Values, in alignment with the evolving business context of the Company. Its new EVP and Values will be released and communicated during 2024.

Core Values

CUSTOMER FIRST

Above and beyond for our customers.

We surprise and delight customers as we would be nowhere without them. So, not only do we put ourselves in their shoes, but we also anticipate their needs and go the extra mile. We champion our sales people, because they are the face of our Company. Whatever our role, we can have an impact on the customer's experience.

DARE TO DISRUPT

Constantly in beta.

Innovation is our middle name. Good is never good enough, and that's why we are constantly experimenting, taking risks, and disrupting the status quo. We think fast, and we act even faster. Setbacks don't hurt us. They motivate us. That's why we are not afraid to make our bets bigger and our decisions bolder to power the digital economy through energy management and automation. We, at Schneider, ensure Life Is On.

EMBRACE DIFFERENT

Different is beautiful.

We are 100% committed to inclusion. "Exclusion" is not even in our vocabulary. We believe in equal opportunities for everyone, everywhere. This means welcoming people from all walks of life, ages, and cultures, embracing different perspectives and calling out bias when we see it, so that every person feels uniquely valued and safe to be at their best. To us, a stranger is simply a friend we haven't met yet.

LEARN EVERY DAY

#Whatdidyoulearntoday?

To stop learning is to stop growing. We are genuinely curious, never done with learning. To us, there is no such thing as knowing it all or having all the answers. We believe in life-long learning. Every minute of every day brings a new chance to listen, open up our minds, and widen our horizons. We are never too experienced to learn.

ACT LIKE OWNERS

All in. Together.

Entrepreneurs at heart, we take responsibility and ownership of everything we do. This is not somebody else's company. It's ours! We are individually empowered and collectively driven to collaborate and beat the competition together. In the end, we do what is right for Schneider first – always with integrity and honesty.

Our Leadership Expectations

SHAPE OUR FUTURE

Disrupt ahead of the curve

In a world that is in constant flux, we cannot sit around and wait for the future. We have to imagine, disrupt and lead our industry. Be an entrepreneur of digital transformation with customers. Think big and be bold, create disruptive strategies and architecture ahead of the curve, and execute with agility, quality, and speed. Take initiative and learn from success and failure. After all, the only thing certain in the next normal is change.

FREE UP ENERGY

Accelerate and Simplify

Free up your and your team's energy to focus on customers, transformation, and what really matters in life and work. Keep things simple, but never at the expense of ethics or safety. Remove roadblocks and unnecessary bureaucracy. Champion new ways of working – more digital, flexible, and efficient. Empower teams throughout multi-local, multi-hub model and agile methods. Speed is our ultimate differentiator.

BUILD THE BEST TEAM

Coach and Care

Step up to lead in a digital world while building strong human connection with customers and colleagues. Give and ask for coaching and feedback every day. Care for your health and well-being and that of others. Be inclusive and build psychological safety. Hire great and diverse talent and develop them to their fullest potential. Drive team engagement and high performance. The sign of a great leader is a great team.

ACHIEVE TOGETHER

Collaborate to Win

It all starts with making a human connection and working together with customers, partners, and colleagues. Connect across our teams with an "easy to do business with" spirit. Share information freely, don't hide it. Engage in constructive dialogue, don't avoid tough conversations. Collaborate with focus and in attitude; be inclusive but efficient on who to involve. Collaboration is the seed for innovation and winning.

USE YOUR JUDGMENT

Empower and Trust

Ultimately, we are accountable and empowered to make the right decisions for the Company. Trust your own judgment and common sense and empower teams to do the same. Don't overcomplicate decision-making. Give clear direction in the face of ambiguity. Be agile and curious and use your best intuition and logic. Let "doing the right thing, in the right way" be your compass.

Read more about our on Leadership Expectations on the Trust Charter, available on **www.se.com**

2.5 Great people make Schneider Electric a great company

2.5.1.3 2025 People Strategy

Schneider Electric aspires to achieve its purpose and mission by empowering and developing its people to their fullest potential. The Group acts with agility and trust to innovate for its customers and strives to win in the market.

Schneider's People Strategy provides the Group with the framework to support business growth and culture transformation. To achieve the mission of its People Strategy and shape the workforce of the future, the framework includes three outcome-based themes:

Organizational agility – a growth and innovation culture, enabled by a leaner, agile, and multi-hub structure, customer proximity, and fast decision making, supported by new ways of working.

Future ready talent – a diverse, empowered, and digitally skilled team. All talents develop current and future skills through a personalized experience to realize their potential.

Leadership impact – leaders deliver impact on results and transformation through disruption, collaboration, and inclusion. They build great teams, coach, and care to achieve together.

Schneider Electric assesses and refreshes its People Strategy from time to time, to enable the Group to achieve the "Next Frontier" of Growth. At Schneider Electric, a culture led and skills first organization enables the desired impact.

2.5.1.4 Governance

At Schneider Electric the three pillar model has been followed within the HR function by adapting the various responsibilities in accordance with organizational context.

HR Business Partners focus on defining and implementing strategic people transformations in their respective entities. They provide strategic support and deliver day-to-day local support towards operational activities for managers and employees.

HR Centers of Excellence shape the future in line with the People Vision, focus on a limited number of global priorities, define strategic transformation and priorities, develop global governance, policy & processes, and critical people and HR programs.

HR Services manage HR operations, standardize programs and systems, ensure data quality and compliance, simplify processes, and drive digital transformation to free up energy.

Since 2020, Schneider Electric reinforced the governance of the Group, the professionalism of its processes, and its foundations for trust. In line with its Corporate Governance directions, the Group follows HR Governance led by a single point of contact with corporate organizations such as M&A, Internal Audit, Internal Control, Ethics & Compliance, and Data Privacy, which facilitates an agile response to corporate directions.

2.5.1.5 Employee Engagement

Engaged employees are key to enable the Company to be at its best and support the achievement of the Group strategy. By measuring engagement and responding to feedback, Schneider Electric can foster an environment in which people feel connected to their work and strive to perform.

Key updates in 2023

- High survey response rate of 87%, with a 3-point increase vs. 2022 in engagement score at 73%.
- Employees continue to feel empowered in their work, with opportunities to renew their skills through learning and flexibility to enable how they work, while remaining connected to Schneider Electric's purpose in an inclusive environment.
- Gains observed in critical area of effectiveness at 70%, however continued attention needed on recognition and collaboration.

Participation
87%
113,901 responses (+5,985 since 2022)

Engagement
73%
+3 points of employee engagement since 2022

Action plans
77%
of employees agree on the positive impact of the action plans

Managers
42%
of managers have access to a customized report

1. OneVoice Survey

As an inclusive company, all employees are invited to provide their honest feedback through the annual OneVoice survey, which evaluates their engagement and measures ten drivers of engagement, including leadership, development, and empowerment. This process helps the Group identify key avenues for improving employees' engagement and their unique life at work. Schneider's ambition is to achieve 75% engagement score by the end of 2025 (SSE #24).

The Top 5 Drivers of Engagement from the 2023 results demonstrate that employees feel empowered (80%) in their work, benefitting from flexible work arrangements (81%) and opportunities to renew their skills through learning (75%), while drawing inspiration from Schneider Electric's purpose and goals (76%) in an inclusive (76%) environment.

2. Turning insight into action

Supported by a global network of engagement partners, each year leaders communicate results to their teams, followed by formulating impactful action plans to drive change.

A holistic approach is taken to guide leaders on next steps following survey closure:

- Communicating the high priority of the topic.
- Ensuring full understanding of the why, what and how of engagement.
- Manager resources to facilitate action planning with their teams.
- Embracing transparency through open dialogue with teams on what could or could not be acted upon.
- Committing to continuous communication of the action plan progress.

Beyond acting at the team level, steps taken globally and regionally are also important to reinforce the listening lifecycle. Responding to effectiveness feedback, 2023 saw the global roll out of a newly refreshed intranet, Spice+, the digital home base for employees, built to simplify life at work and help optimize energy. Spice+ goes further than a traditional intranet by providing employees the ability to customize their experience, ensuring they always have what they want, while reducing noise from what they don't need. From accessing well-being resources, to catching up on the daily news or managing calendars and tasks, Spice+ is a one stop shop for all things Schneider.

Regionally, East Asia teams were empowered to implement actions at the country level to best respond to local feedback. Themes from across the region included recognition activities, in person cross-departmental interactions and employee team building events. As one highlight, teams in Thailand focused on improving recognition by celebrating achievements in monthly team meetings, encouraging appreciation through #WhoDidYouThankToday reminders, and providing opportunities for public recognition. Thanks to these focused actions, Thailand's recognition score increased to 81%, up 16 points since 2022.

Generations

SSE #24

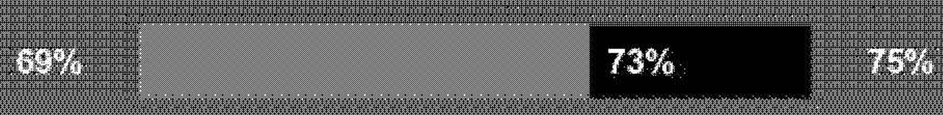
Our 2025 Commitment

75% employee engagement score

Attributable to a continued high participation rate, the results of the survey are robust and representative, empowering leaders to focus on the right topics. In alignment with being the most local of global companies, managers are empowered to work with their teams to generate action plans to drive meaningful change.

With an engagement score +3pts vs. 2022, and +5pts vs. the 2023 Global Average benchmark, the enthusiasm of employees is clear. The verbatim analysis indicates that employees appreciate a workplace sustained by positive peer and customer interactions, a company mission committed to sustainability, and a focus on well-being.

Our progress



81%

feel they have flexibility to modify their work arrangements when needed

80%

feel empowered to choose how best to complete their work

61%

find the collaboration is good between entities

61%

say they receive appropriate recognition for their contributions and accomplishment

2.5 Great people make Schneider Electric a great company

2.5.1.6 Recognition and awards

The Company's Glassdoor rating is steadily increasing, recognizing Schneider Electric as one of the Best Places to Work for 2023.

Schneider Electric is one of Universum's Top 30 World's Most Attractive Employers according to students.

Schneider Electric is recognized by Equileap as one of the Top 100 Companies for Gender Equality Globally.

Schneider Electric is awarded by Golden Peacock Awards 2023 under "Golden Peacock Innovative Product/Service Award" category for its Competency Management tool (CoMET).

Schneider Electric recognized by Brandon Hall Group with an HCM Excellence Gold Award in the Diversity, Equity, and Inclusion category for its Global Family Leave Policy.

Schneider Electric recognized as Global Parity Alliance DEI Lighthouse by the World Economic Forum (WEF).

In November 2023, the Group was recognized as a Top 50 Diversity Leader by the Financial Times in their Diversity Leaders 2024 rankings, for the 5th year in a row, ranking 8th among 850 companies and 2nd in its industry.

In 2023, Schneider Electric confirmed its inclusion in Bloomberg's Gender Equality Index among 484 companies for the 6th year in a row. The Group achieved an overall score of 81%, up from 77% vs. 2022 and well above the index average of 73%.

Schneider Electric was included in the "World's Top Companies For Women 2023", list published by Forbes.

Schneider Electric achieved Global Living Wage Employer Certification from Fair Wage Network, valid from January 1, 2023, to December 31, 2023.

2.5.2 Diversity, equity, inclusion, and well-being

2.5.2.1 Context

At the turn of the decade, Schneider Electric observed a clear shift regarding the risks and expectations surrounding Diversity, Equity, and Inclusion and Well-being (DEI&W). With continuous global and local political, economic, and social challenges in the post-pandemic era, inclusion and care is needed more than ever. This paired, with the rising importance of Environmental, Social, Governance topics (ESG) for organizations, stakeholders, and investors puts DEI at the forefront of Schneider Electric's business, and people priorities.

Data shows that companies with a diverse set of employees experience greater financial performance. For example, one study mentioned in a Forbes[1] article found that companies with a higher level of DEI initiatives' integration and alignment with business strategy can enhance their competitive performance, agility, innovation, and brand performance. 75% of the companies with higher levels of DEI initiatives integration saw a very positive impact on their business's competitive position. The lack of care has also a high cost. For example, a 2022 study from the World Health Organization mentioned an estimated 12 billion working days are lost every year to depression and anxiety at a cost of US$ 1 trillion per year in productivity. 83% of employees[1] on sick leave linked to stress, anxiety, or physical pain considered that their stoppage is directly linked to work conditions as per Salaries & Absenteeism Study by Diot-Siaci.

Well-being is our number one driver of employee engagement. Verbatim are teaching that if employees appreciate welfare and well-being activities that celebrate key events, our successes and service anniversaries, they are concerned about high workload and tight deadlines that may affect quality and work life balance. It is an opportunity to extend training for first-time managers on psychosocial risks and workload evaluation.

Regarding mental health, identifying and collecting significant data points per region, function, generation such as absenteeism, PTO usage, sick leaves will help the Group better understand root causes and address them efficiently.

Taking all of this into context, Schneider Electric is keenly aware of the ever-increasing need to focus on well-being and mental health. The pandemic has accentuated existing vulnerabilities. According to Mercer Marsh Benefits Health on Demand 2023 research almost half (47%) of employees feel stressed in their everyday lives and more than half (52%) have worked in the past year while feeling mentally unwell. Companies must make mental health a priority and integrate it into their overall inclusion and care efforts.

(1) The business impact of Diversity, Equity & Inclusion, Forbes, April 2023.

2.5.2.2 Risks and opportunities

DEI and Well-being can be a unique competitive advantage if tackled properly and genuinely. Schneider has identified three main risks around those topics:

- Lack of representations of different diversities: this leads to less innovation, more turnover and difficulties to attract and retain talents with diverse backgrounds, skills, or identities if they do not feel represented.
- The lack of equity in our processes than can have negative consequences on engagement, attrition, performance, compliance, and even reputation.
- The risk of fatigue or burnouts is higher and higher in a post-COVID, constantly changing world.

On the flip side, the opportunities are huge when inclusion and care are by design in all processes and behaviors:

- Companies with more diverse management teams have reported 19% higher revenues due to innovation[1].
- Employees reporting a feeling of belonging, where they feel included and cared for are 3,5 times more engaged[2].
- For every EUR 1 invested in well-being prevention programs and practices, a company saves 2.2 EU[3].
- Overall, DEI and well-being are strong drivers of attraction and retention among all generations, especially the younger ones[4].

Schneider Electric defines its strategy taking into consideration those risks and opportunities, internal and external trends, insights and feedback from leaders and employees, and its desire to become the most inclusive and caring company in the world. Schneider Electric believes this leads to greater engagement, performance, and innovation and access to the best possible talent pools around the globe.

2.5.2.3 Governance

The implementation of Schneider Electric's DEI strategy involves several different bodies and stakeholders, working hand in hand with the global DEI team.

The Global DEI team, led by the Chief Diversity Officer reporting to the SVP, Talent, Inclusion & Culture, defines the strategy and is accountable to deliver on Schneider Electric's DEI transformation, working with the Group's Executive Committee and the Group Global DEI Board. Progress and results of the DEI ambition are also reported to the Board of Schneider Electric (Human Capital and Remunerations Committee and Governance, Nominations and Sustainability Committee) on an annual basis. The team works in close collaboration with the HR Centers of Excellence (Talent Acquisition, Talent Management, Learning and Rewards), Sustainability, Compliance and Risk Management, Internal Communications, and Marketing and Employer Branding teams, as well as with the broader HR and Communication ecosystem.

Schneider Electric's Global DEI Board is a group of top leaders from all the Group's markets, sponsored by the Executive Committee, which acts as a sounding board for the Global DEI and Well-being strategy, and as internal and external DEI champions. In 2023, the DEI Board met four times to discuss topics such as gender and pay equity, inclusive and caring practices in meetings, discrimination and harassment, and accessibility.

Schneider Electric entities develop local DEI and Well-being action plans based on the global strategy and employee feedback, while meeting local regulations and addressing country-specific needs.

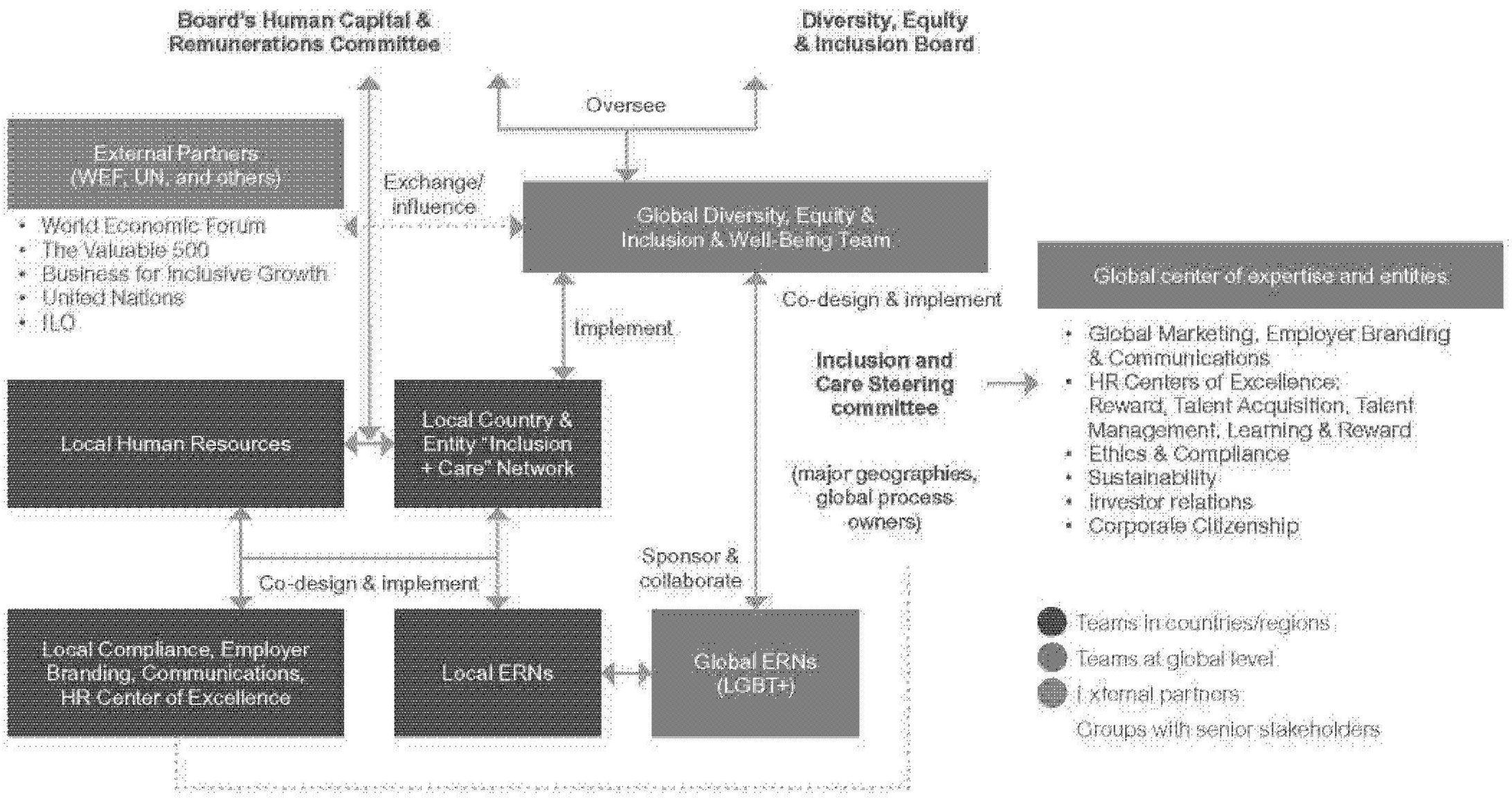
To support the local focus, leaders, ambassadors, and champions have been appointed in more than 100 countries/zones and entities to develop and lead local action plans. This global network convenes bi-monthly to share progress and best practices.

Beyond this governance structure, all employees at Schneider Electric are held accountable for our DEI and Well-being transformation through the core value, #Embrace Different, and the Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) performance.

(1) How Diverse Teams Boost Innovation, Boston Consulting Group, January 2018.
(2) The Surprising Power of Simply Asking Co-workers How They're Doing, Harvard Business Review, February 2019.
(3) Figures on stress and psychological risks, In Summary, Ecole du Stress 2023.
(4) The Future of Work Depends on Supporting Gen Z, Forbes 2022.

2.5 Great people make Schneider Electric a great company

Partnering inside and outside of the organization



2.5.2.4 Group policy

In its Trust Charter, Schneider Electric articulates that its DEI ambition aims to offer equal opportunities to everyone, everywhere. The Group wants its employees – no matter who they are, or where they live in the world – to feel uniquely valued and safe to contribute their best, free from harassment, victimization, and discrimination of any kind.

The Group's DEI Policy recognizes that diversity comes in many forms; visible and non-visible, including cognition, experience, education, gender and gender identity, age, nationality, race and ethnicity, color, sexual orientation, disability status, religious, cultural, socio-economic background, life experience, location, and more, depending on local adaptations. In 2023, the Group's DEI Policy was revised and translated into 15 languages.

Read more about our DEI Policy on the Diversity and Inclusion page on **www.se.com**

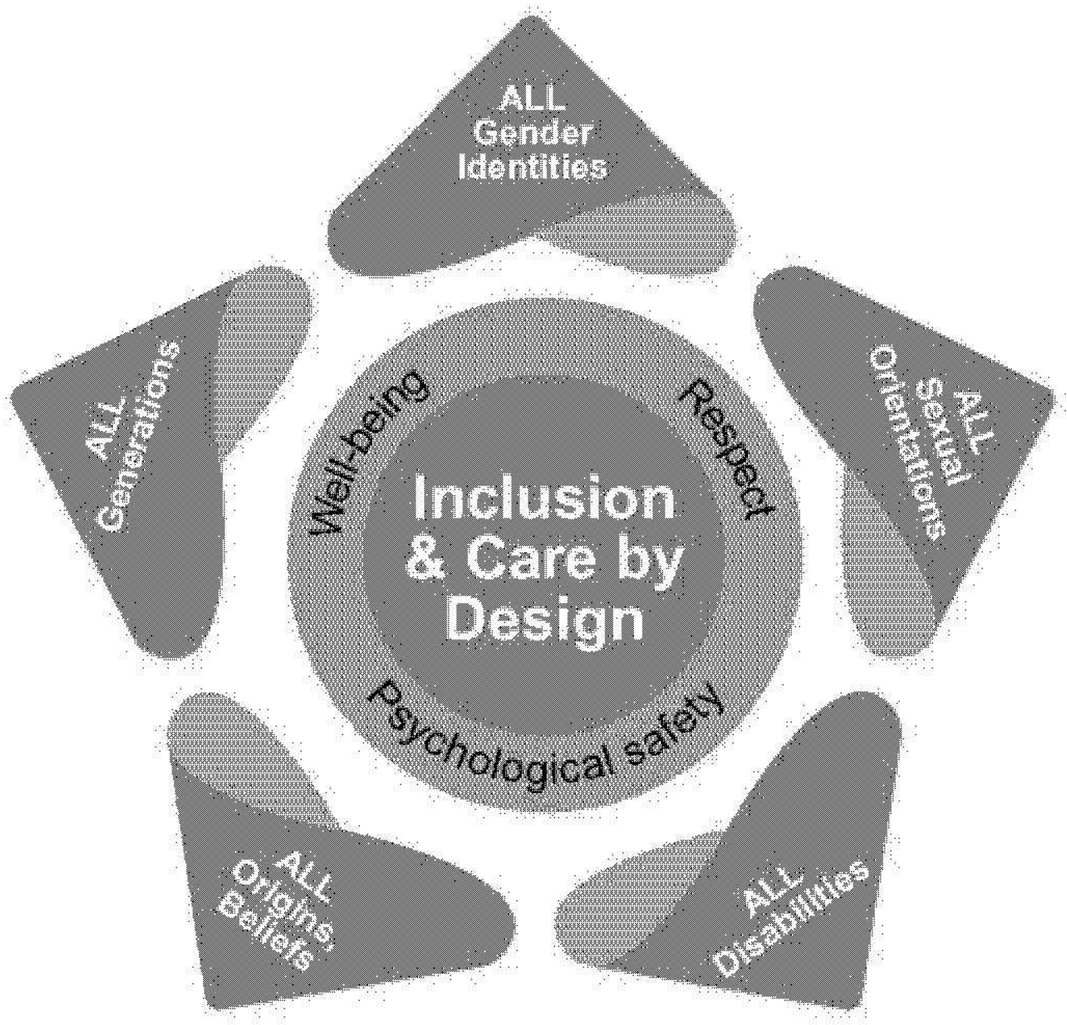
On top of the global DEI Policy, Schneider Electric has targeted global polices around inclusion and care, including Global Family Policy Leave, Flexibility @ Work, Global Anti-Harassment and Discrimination, and Pay Equity.

Looking ahead with the United Nations Sustainable Development Goals (UN SDGs) as a compass, Schneider's strategy has been extended to embrace DEI and Well-being. The Group brings its ambition to life by empowering all employees to develop inclusive practices and behaviors, ensure fairness and equity in core people processes and policies, and advocate internally and externally for change with partners, like UN Women through the Generation Equality Forum, and the World Economic Forum (WEF). Schneider is committed to becoming the leading inclusive and caring company in the world.

2.5.2.5 Schneider Electric's "Inclusion and Care by Design" Strategy

The Group's new DEI strategy is known as Inclusion and Care by Design. With this strategy the Group's ambitions are:

- **Thriving individuals and teams:** Schneider Electric is committed to making sure every individual feel respected and safe to be their unique self. Leaders coach and care with respect, empathy ,and well-being in mind.
- **Diversity and equity, at every level:** Schneider Electric is committed to reflecting the diversity of the communities in which it operates. The Group continues its efforts to hardwire equity and inclusion at all stages of its employee experience, ensure fairness in people processes and policies, and foster a culture of care and inclusion at all levels.
- **Impact the planet and society:** Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modeling. The Group works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation.



To continue raising the bar on Schneider Electric's ambition to be one of the most inclusive and caring companies in the world, the Group is focused on hardwiring equity, inclusion, and care into all processes and behaviors. The Group seeks to achieve Inclusion and Care by Design in everything it does.

How we get there

In all processes

- Schneider hardwires inclusion and care in all its processes.
- End-to end, with clear accountability.
- From employee to customer interaction and business process.

In our behaviors

- Schneider leads with Respect and extend Trust.
- Living its EVP, Core Values and Leadership Expectations.
- Demonstrating empathy, care, and openness.

2.5.2.6 Thriving individuals and teams

Built on a foundation of trust and respect, the Group's inclusive practices seek out and embrace different perspectives, support flexible ways of working, and protect each individual's well-being.

Building a culture of inclusion and respect

Zero tolerance for harassment and discrimination

Schneider Electric has zero tolerance for harassment, victimization, discrimination, and retaliation of any kind at all levels of the organization. In 2018, the Group formalized its zero-tolerance stance on harassment by launching a Global Anti-Harassment Policy. The policy explicitly prohibits any kind of harassment (sexual or non-sexual) in the workplace, and states that "no Schneider Electric employee shall be subjected to harassment, victimization, or retaliation based on – including but not limited to – ethnicity, sex, national origin, religion, political opinion, age, medical status, disability, gender, marital status, pregnancy, sexual orientation, or gender identity".

The policy sets clear and consistent expectations of workplace conduct, outlines the roles and responsibilities of employees, managers, and witnesses in creating a workplace free of harassment of any kind, and highlights the different reporting channels available to report concerns, while maintaining confidentiality and protection against retaliation.

Lastly, the policy lays out the type of corrective or disciplinary actions that can be taken in case of discriminatory behavior or harassment, or failure to report such incidents. The policy is reviewed regularly and a revised and expanded Anti-Harassment and Discrimination Policy was launched for all employees globally in 2023.

Read more about our anti-harassment policy on the Ethics and Compliance page on www.se.com

For more information on Core Values, please see page 213

2.5 Great people make Schneider Electric a great company

Creating a standard of inclusion and care for all

The Group's Core Values, and Trust Charter ensure all employees, managers and leaders are trained and held accountable to a standard of inclusion and care for all. Also, the Group believes that transparency leads to greater trust, and drives better outcomes for all; and has committed to more transparency in data, ambitions, partnerships, and initiatives.

To support cultural awareness and understanding, as well as celebrate the uniqueness of the Group's global teams, the Group hosts events, webinars, communications, and more for International Women's Day, Pride Month, International Men's Day, Global Accessibility Awareness Day, Global Mental Health Day, International Day of Persons with Disabilities. In 2023, these campaigns reached than 3 million people through external social networks.

Inclusion and respect building programs:

- **Uncomfortable Conversations:** In 2023, a global series of webinars was conducted to have open conversations on topics such as ageism at workplace, LGBTQ+ community, equity at workplace, amongst others to create awareness, and educate our employees.
- **"Overcoming Hidden Bias"** and **"Building a Culture of Respect"** e-Learnings: These e-Learnings help employees understand what hidden bias means, explore clear steps to keep decision-making objective, and how to call out bias when seen and explore the importance of building a culture of respect, learn to recognize the different forms of harassment, and understand the actions to take (as employees and managers) when witnessing such conduct.
- **Employee Resource Networks (ERNs):** Employee volunteer led networks, globally and locally, made up of individuals with similar backgrounds, experiences, characteristics and/or who share a passion or interest, play a key role in building an inclusive and equitable culture. ERNs within the Group include, Women professionals, Emerging professionals, Black, Hispanic and Asian professionals, LGBT+, and People with Disabilities and Allies networks.

Supporting employees' well-being, mental health, and unique lives and work

The worldwide context with climate change challenges, geopolitical issues and technology has accelerated the need for employee care to make all stronger and more resilient. Schneider Electric firmly believes that well-being generates performance and performance generates well-being.

In 2020, the Trust Charter included a chapter on well-being and new ways of working, highlighting behavior expected from managers and employees.

In 2023, the Group revisited and enlarged its definition of well-being: "A subjective state of health, happiness, and satisfaction where individuals thrive and contribute their best for their own benefit, and that of Schneider Electric, the society, and our planet." In 2023, Schneider also reintroduced a specific well-being question to the annual OneVoice engagement annual survey. Results showed that 74% of our employees agree that "Schneider Electric actively looks after the well-being of its employees" (vs. 73% external global average) and is the top employee engagement driver.

Built on a foundation of trust and respect, Schneider Electric continuously implements and improves its policies, education, and practices to support employees and respect their unique lives and ways of working.

Flexibility @ Work

Schneider Electric's Global Flexibility@Work Policy creates a global standard to work from home (WFH) two days a week for all eligible employees, and one day for employees working in distribution centers and plants[1]. This global standard was introduced in response to feedback in the Group's 2020 global employee survey in which a large proportion of employees stated that they preferred a hybrid work model (mix of WFH and "work from office"). The policy addresses hybrid work holistically, providing employees with mental health resources and training on best practices. The policy also reflects the broader shifts of a global, digital, and ever-changing environment, and contributes to a more agile, inclusive, empowered, and trusting Group culture. At the end of 2022, 99% of the countries have implemented the new Flexibility@Work Policy. In 2023, the Executive Committee reaffirmed its commitment to flexible and hybrid work for employees, while also reinforcing the value of being on-site to generate teamwork, innovation, and human connection. Leaders were especially encouraged to role model the hybrid work mode and bring their teams and customers together in person whenever possible.

(1) Eligibility is based on employee's role and requirements for on site work and is determined by country/territory with additional input from managers. Some essential roles, e.g.: Plant & Distribution Center blue-collar workers, and Field services engineers, due to role specifications are excluded from this two-day WFH policy. Recognizing that many critical roles need to be on site, this policy was adjusted to one day for the eligible Plant & Distribution Center specific roles.

As part of this new Flexibility@Work Policy, countries can explore additional measures such as flexible working hours, flexible holidays, part-time work, and volunteering. Some examples of Schneider Electric countries raising the global standards with no fixed limit on the number of WFH days are Estonia, Finland, Latvia, Lithuania, Netherlands, Australia, New Zealand, Slovakia, Germany, the UK, and the US, operating with a fully flexible, output driven philosophy.

Global Family Leave

Schneider Electric's Global Family Leave Policy supports all employees globally with personal time at critical life stages and empowers them to manage their unique life and work so that they can be at their best. To find out more about our Global Family Leave Policy please refer to section 2.5.4 on page 234.

Support employees with cancer and chronic diseases

In 2023, Schneider Electric joined the #WorkingwithCancer foundation launched at the WEF in Davos, on January 17. An internal pledge was published in March with sponsorship from the CEO, in addition to participation in best-practice survey and data collection. In 2024, Schneider plans to internally launch the initiative and to support employees and managers to define minimum standards of practice to support #workingwithcancer for employees and families and to break the overall stigma of discussing and addressing the topic.

Mental health support

Mental health is a vital aspect of Schneider's overall DEI and well-being program. Schneider Electric integrated mental health into its global well-being focus in 2019, and has provided all employees with a playbook, and series of trainings (available in multiple languages) on how to deal with mental health challenges. In addition, the Group actively participates in World Mental Health Day, and a volunteer-based global mindfulness team holds annual events to support employees and annually in October.

In 2023, 76% of new hires completed "We All have Mental Health," an e-learning module focused on what mental health means, and how to recognize the signs of mental health challenges and take action. Nearly 3,800 employees shared mental health tips and personal commitments on Schneider Electric's internal social media platform reaching many through the #MentalHealthMatters. In 2023, 83 mindfulness practice sessions were organized, in English, Spanish and French by internal trainers.

Other examples of global and local practices

As of 2020, 90% of employees worldwide have access to a comprehensive workplace wellness program, including medical coverage and dedicated programs to educate and support employees on new, smarter ways of working, mindfulness in the workplace and working in a hybrid world.

Schneider Electric has implemented many services at its sites throughout the world (gym facilities, concierge, creativity rooms, cultural events, mindfulness activities, back-up dependent care, and more) to support all employee's mental load, energy recovery, and overall resilience.

The Group's global benefits standard is reviewed annually by the rewards and benefits teams for compliance with its global benefit policies and principles. This review ensures that the Group's inclusive global benefit standards are delivered for everyone, everywhere. More details on Schneider Electric's compensation and benefits are provided page 234 of this report.

Local examples:

- **East Asia:** Holistic Framework of Flexi-Work, Well-being and Flex Benefits
- **Singapore:** Well-being Recreation Club
- **Schneider Oman:** Medical Health Campaign
- **Dubai:** Positive Emotions and moods
- **Germany, Austria and Switzerland:** Well-being webinars lead by internal speakers: HR Business Partners, HR Specialists, Sales Manager, and WB-Champion
- **France:** launch of a game "the village of allies"

2.5 Great people make Schneider Electric a great company

2.5.2.7 Diversity and equity at every level

Schneider Electric desires to be among the most inclusive and caring workplaces. This includes visible and non-visible dimensions of diversity, including cognition, experience, education, gender and gender identity, age, nationality and ethnicity, color, sexual orientation, disability status, religious, cultural and socio-economic background, life experience, location, and more, depending on local requirements. To achieve this ambition, the Group recognizes that it must continue to build an understanding of the demographic makeup and experiences of inclusion by its employees. As a global organization, the Group collects limited demographic information on its global workforce (gender, generation, and nationality) aligned with globally accepted definitions and legalities. In addition, the Group's local operations collect additional demographic information based on local regulations (race/ethnicity in the US, disability status in the US, France and India, etc.).

Fair and equitable talent processes

Schneider Electric is committed to transparent and equitable access to career opportunities, growth and development to the fullest potential, and equal pay for equal work for all its employees worldwide.

Talent decisions are based on skills, values, performance, and potential, and the Group counts on each leader to be fair and equitable when making a hiring or promotion decision to help advance its overall goal to create a skilled and diverse workforce for the future. To check and mitigate hidden bias in its main human resource programs, the Group has built in reminders and prompts for moments that matter, including performance and salary review processes.

Fair and equitable pay is a core component of the Group's compensation philosophy, in line with the principle of equal pay for equal work. More details on the Group's compensation and benefits are provided on page 235 of this report.

2025 Gender Diversity Commitment

Schneider Electric began its journey to becoming a gender-balanced organization more than 15 years ago and has identified increasing the share of women in its workforce and leadership as a business imperative. To support this aim, the Group has stated ambitions on increasing female representation in the overall workforce and seeks to engage all genders in the journey.

In 2021, Schneider Electric renewed its commitment to gender balance with the 2021 – 2025 SSI gender balance ambition, SSI #8, 50/40/30 – with women representing 50% of all new hires, 40% of frontline managers, and 30% of senior leadership by 2025. This commitment is a testament to the progress the Group has made, and a clear signal that it intends to double-down on its efforts to achieve more gender balance across all levels of the organization.

While significant progress has been made in the representation of women, especially on the Board and Executive Committee level (respectively, 46% and 41% female as of end of 2023), the Group recognizes that there is more work to do at all levels in the organization.

Equal

SSI #8

Our 2025 Commitment

Increase gender diversity in hiring (50%), front-line management (40%), and leadership teams (30%)

The Group is advancing gender equity through innovative programs designed for experienced professionals who have spent two or more years out of the traditional workforce. Through a structured program, the "returnees" receive nurture-based coaching, hands-on work experience, and a built-in support system to aid their return to work. The program focuses on soft skill development and technical upskilling, with a specific focus on the Schneider Electric business. At the end of the program, they become eligible for full-time or extended contracting work in varied roles across the Group, including pricing, marketing, customer success, supply chain, and finance.

Our progress

2020 Baseline	2023 Progress	2025 target
41/23/24	41/28/29	50/40/30

89%

of Country Presidents are either Local or Regional

55%

of employees are in new economies, of which 30% in leadership roles

184

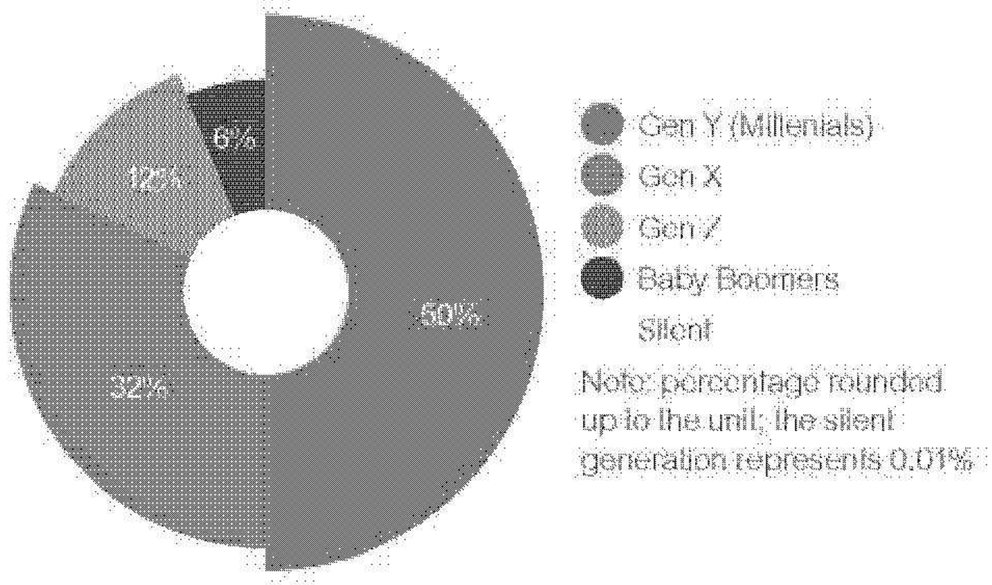
nationalities represented in our global workforce across 109 countries

12

countries with data for people with a disability

Generational diversity

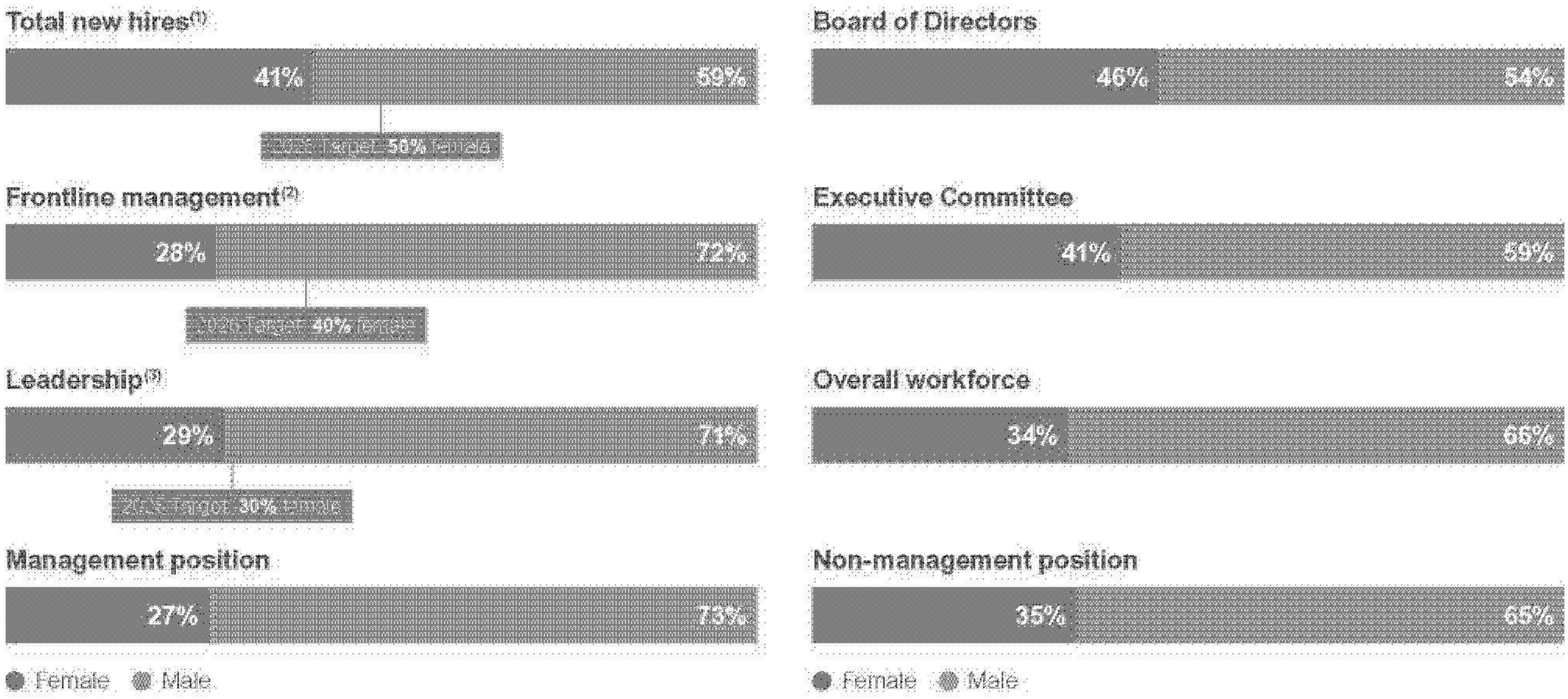
For the five generations working at Schneider, the Group seeks to foster life-long career development and knowledge exchange for and across all generations to boost learning and innovation. The Group is committed to creating new opportunities for the next generation through apprenticeships, internships, and its annual global student competition for innovation, Schneider Go Green. With tailored career development opportunities including Career Days, upskilling, coaching, development plans, and mutual mentoring the Group is harnessing the power of all generations. With this, Schneider Electric is equally committed to supporting talent in the later stages of their career to have meaningful and fulfilling development, and to recognize and leverage their unique expertise and experience to boost learning and innovation across generations. For more information, see section 2.5.3 on page 226.



Note: percentage rounded up to the unit; the silent generation represents 0.01%

Generation breakdown

Breakdown of women in our workforce



(1) Total new hires – all new hires in 2023.
(2) Frontline management – junior and mid-level management whose direct reports are individual contributors only.
(3) Leadership – Vice-Presidents and above, excluding direct reports to the CEO.

For more data points on our representation and hiring of sales, IT, revenue producing, and engineering roles, **see page 315.**

2.5 Great people make Schneider Electric a great company

Origin, ethnicity and nationality

Schneider Electric believes in a multi-local world with locally tailored solutions supported by diverse teams across the globe to best meet its customers' needs with customization, quality, and speed. The Group's multi-hub model is key to delivering on this ambition with teams that represent diverse origins, nationalities, ethnicities and races, locations, and cultural backgrounds. The multi-hub model focuses on attracting and developing local talents for global and local roles, and ensuring leadership reflects the diversity of nationalities and ethnic backgrounds present in local markets. The opportunity for Schneider Electric to be the "most local of global companies" with a balanced multi-hub footprint to enable customer proximity, innovation, speed, collaboration, and diversity, is a key differentiator for long-term success.

Because these diversity of origin dimensions are addressed differently depending on the local context and culture, and their categories and definitions vary widely from country to country, there is no internationally accepted criteria and our local country teams drive local ambition and actions.

Inititatives in the US – NSBE

Schneider Electric US is committed to evolving the racial and ethnic diversity of its employee population, with a specific focus on increasing ethnic representation. To support its ambition, Schneider Electric US is proudly an active member of the National Society of Black Engineers (NSBE) and the Board of Corporate Affiliates. The Group's SExNSBE organization has 240 dedicated employees who put in over 500 volunteer hours this year. Employee Resource Networks (ERNs) in the US include Black, Hispanic, and Asian professionals, and play a vital role in our diversity and inclusion initiatives. These employee-led networks celebrate equality and inclusion for all individuals, advocate for the recruitment, development, and retention of their specific affinity groups, and provide opportunities for allies to gain exposure to cultural learning.

Disability inclusion and accessibility

Since January 2021, Schneider Electric has been a member of the International Labour Organization (ILO) Global Business and Disability Network (GBDN), and is committed to promoting and including people with disabilities throughout its operations worldwide. As a follow up to this commitment, in March 2022 the Group established the Global Disability Inclusion and Accessibility Office, addressing the holistic needs of people with disabilities through a strategy of Inclusion and Care by Design, for people with disabilities. This is underpinned by global awareness and education about what is the largest minority group in the world, consisting of 1.3 billion people. The Group focuses on all dimensions of disability: visible, invisible, permanent, and temporary. These include Physical Motor or Physical Health, Sensory, Cognitive, and Neuro diversities, and Psychological, Emotional, or Behavioral.

The Group's approach of "accessibility by design" creates holistic disability inclusion through four pillars:

1. Customer First design: Fully accessible product, software, and UI/UX design.
2. People, processes, and tools: Accessibility by design in all processes (recruitment, procurement), platforms and tools.
3. Brand and Communication: For all events and communication – internal and external, digital, physical, and virtual.
4. Physical Workplace: Accessible buildings and workplaces applying Universal Design principles, local legislation, and the International Accessibility Standards.

In 2023, the Disability Inclusion and Accessibility Office announced their C-Suite governance consisting of two Executive Sponsors, the Chief Human Resources Officer and the Chief Digital Officer, along with a Steering Committee of six Executives covering all aspects of the Groups aforementioned pillars.

Building awareness and education on disability, inclusion and accessibility is a key element to moving the needle. Schneider Electric ran two global campaigns in 2023. Global Accessibility Awareness Day in May, with the presence of the CEO, Peter Herweck, and UN International Day of Persons with Disabilities in December whereby our two Executive Sponsors shared their stories and advocacy during a live global webinar.

Additional Partnerships

- The Valuable 500 (V500) – a global business collective made up of 500 CEOs and their companies, innovating together for disability inclusion – with a commitment to:
  - Ensure that disability inclusion is on our senior leadership agenda.
  - Make at least one firm commitment to action.
  - Share our commitment with the business and the world.
- Business Disability Forum (BDF), the leading business membership organization in disability inclusion. Trusted partners working with business, government, and disabled people to improve the life experiences of disabled employees and consumers, by removing barriers to inclusion.
- Disability:IN, empowering leading companies to achieve disability inclusion and equality.

LGBT+ inclusion

Schneider recognizes and celebrates the Lesbian, Gay, Bi, Trans and Intersex People (LGBT+) community and its members. The Group aims to build awareness and advocate for the community and wants its employees to be allies, playing a decisive role in creating an open and safe community where individuals are comfortable bringing their whole authentic self to work.

Schneider Electric is committed to the United Nations Free and Equal Standards of Conduct for Business on Tackling Discrimination against LGBT+ People, standing up for equal rights and fair treatment for LGBT+ people everywhere. Across the globe, Schneider Electric has also made public statements of support to advance LGBT+ inclusion. By adopting these standards, the Group pledges to respect and stand up for the human rights of LGBT+ workers, customers, and members of the public; to support our LGBT+ employees, further build inclusion in the workplace, and to prevent discrimination, including workplace discrimination, against LGBT+ people.

Building allyship

- **LGBT+ and Allies Employee Resource Network (ERN):** A volunteer, employee-led network of employees focused on co-creating internal and external awareness and education campaigns and feedback and design of the Group's benefits and policies. In 2023, the ERN established a global leadership team and secured Executive Sponsorship by our Chief Marketing Officer.
- **Focus on Mexico:** In 2023, for the second year in a row, Schneider Electric was ranked as best place to work for the LGBTQ+ community by Human Rights Campaign Corporate Equality Index in Mexico. The Human Rights Campaign's Equidad Mexico is the national leading benchmarking tool on corporate LGBTQ+ inclusive policies and practices.
- **Focus on France:** Schneider Electric France within it's agreement with the unions, includes a new "Agreement on Professional Equality Between Women and Men" and included an amendment of its Global Family Leave Policy to be inclusive to all family types. In the updated policy, all types of families and welcoming of a new child are included and benefits are the same. This means that no matter the gender of the parents, or the way the baby joined the family (including adoption and surrogacy), the leave benefit for the parent is the same.

2.5.2.8 Impact the planet and society

Schneider Electric is committed to driving change within its broader ecosystem and society at large, through advocacy and role-modeling. The Group works closely with its strategic partners and suppliers and invests in local actions through the Schneider Electric Foundation, with the goal of addressing systemic inequities and becoming a leader in corporate citizenship. In addition, Schneider Electric US has committed to diversifying its supply chain through its Supplier Diversity program (see section 2.2.12.13 "Supplier diversity program in the United States" on page 147).

Global Strategic Partnerships:

- United Nations Generation Equality Forum (GEF), a global multi-stakeholder initiative that brings together representatives from the private sector, Member States, United Nations Entities, and civil societies, including youth organizations and networks, to accelerate progress for gender equality around the world.
- United Nations Women's Empowerment Principles (WEPs): Schneider Electric became the first multinational Group to achieve 100% commitment to the WEPs across its global leadership team. All new country leaders now make this commitment as part of their onboarding process.
- World Economic Forum Global Parity Alliance, a global, cross-industry community whose goal is to facilitate peer sharing between companies and showcase DEI best practices/ research, and WEF Good Work Alliance, a partnership to promote peer exchange between companies on Future of Work topics. In 2022, Schneider Electric endorsed the 'Good Work Standards', a global, cross-industry partnership aiming to pave the way in building a healthy, resilient, and equitable future of work.
- The Valuable 500 (V500), a global business collective made up of 500 CEOs and their companies, innovating together for disability inclusion.
- ILO Global Business and Disability Network (GBDN), a business-to-business support network promoting disability inclusion in the workplace.
- Business Disability Forum (BDF), trusted partners, working with business, government, and disabled people to improve the life experiences of disabled employees and consumers, by removing barriers to inclusion.
- Disability:IN, a leading nonprofit resource for business disability inclusion worldwide.
- Business 4 Inclusive Growth (B4IG) DEI Working Group. B4IG is a partnership between the OECD and a global, CEO-led coalition of companies fighting against inequalities of income and opportunities. In 2022, Schneider Electric contributed to the publication of the group's Operational Recommendations on Ethnic Diversity & Inclusion.
- WeQual is on a mission to achieve 50/50 gender parity at the top of the world's largest companies.

2.5.3 Talent attraction and development

2.5.3.1 Context

In today's landscape, the ability to attract, develop, and retain talent is paramount for ensuring the sustained success of companies. Business growth in markets around the globe, in conjunction with the rapidly evolving world, requires focused acquisition and accelerated skill development, especially in technical and digital areas, of the workforce. Schneider is committed to preparing and executing a robust build, buy, borrow workforce and talent plan to optimize our human capital assets and overall work culture for employees and leaders.

2.5.3.2 Risks and opportunities

Due to the current talent scarcity in the market, the current VUCA (volatile, uncertain, complex, ambiguous) world and the unprecedented changes in the future of work, Schneider is not immune to talent and skills attrition risk.

The risk of not attracting, developing, and retaining the best talent in the market, especially for critical skills, would have an impact in terms of:

- Cost of recruiting and onboarding;
- Gaps in critical skills to drive growth and innovation and to stay ahead of the competition;
- Succession pipeline for critical expert and leadership positions;
- Schneider's employer brand.

At the same time, with the right policies and programs in place, these risks become opportunities for the Group to strengthen its brand as a leading employer and talent developer for everyone, everywhere. Signature policies and programs from the Group include:

- A new talent acquisition platform to simplify the overall candidate experience, migrate to more digital, borderless, and self-paced offers to attract talent, and create a more equal playing field for those interested in joining Schneider.
- A robust talent management system to review annually the development plans for all employees, identify key talent such as experts and high potentials, prepare key successions and developments via local and global talent reviews, and make talent selections in people committees (including for executive positions).
- An annual performance and development approach with fair, transparent, and competitive rewards and development, supported by regular meaningful career conversations.
- A digital ecosystem powered by AI to enable access to development opportunities (internal mobility, project, and mentoring) via Open Talent Market (OTM).
- Learning and Development programs for employees at different stages of their professional career and specific talent segments (e.g., Digital, AI, Software, Services, Electronics, Supply Chain, and Sustainability), with a strong focus on digital skills, commercial excellence, leadership, technical, and functional expertise.
- A Global Flexibility@Work Policy and a balanced multi-hub footprint to enable its employees to have more flexibility and manage their unique life and work in the way that works best for them.

These key policies and programs ensure the investment in the attraction and development of talent at all levels, creating equitable opportunities and the environment for employees to learn and grow, while empowering them to own their career. In this line, Schneider Electric has reflected its commitment to its long-term sustainability goals to create equitable opportunities and harness the power of all generations in its Trust Charter.

2.5.3.3 Governance

The Executive Committee regularly discusses the overall health of the global workforce, leadership pipeline, and succession strength for top positions, including during the monthly Executive Committee People Committee and the year-end global talent reviews with the CEO and Chief Human Resources Officer. In addition, the Executive Committee meets regularly to make critical selection and succession decisions and review specific talent attraction and development strategies, for example expert talent, digital talent, and global top potential talent. This is supported by integrated HR information systems and analytics platforms which provide data and analysis in the areas of workforce planning and talent management. In addition, Regional, Business, and Function People Committees also meet regularly to review talent in their perimeter.

2.5.3.4 Group strategy

Schneider Electric believes that all employees are talent and empowers people to grow to their fullest potential, developing new skills and building careers for today and tomorrow, enabled by the Group multi-hub organization. Establishing a strong brand as an employer, the promise to current and future employees is communicated in their EVP (Meaningful, Inclusive, Empowered), driven and anchored by a meaningful purpose. In addition, the Group invests in learning and development for the wider ecosystem, including universities and schools, partners, customers, and the wider community.

The Group has a two-pronged approach to talent development, in order to prepare the workforce of the future – for all employees and for specific target groups. Most activities are driven through an annual People Calendar, which is adopted globally to ensure that development is accessible to all employees.

- **For all employees,** the Group ensures there are tools and processes in place to set individual performance and development goals, and access learning and development opportunities for their current role, as well as preparing themselves for diverse career paths around the world. #LearnEveryDay as one of the Core Values, sets the tone for employees to be open to new challenges and continue to upskill for themselves, their teams, and their communities. In the OneVoice employee survey, 76% of employees responded favorably to being able to renew their skills through learning and development opportunities.
- **For specific groups of talent,** there are targeted skill acquisition and development programs to support Schneider Electric's commercial, digital, and leadership transformations and equip our blue-collar workers for the supply chain of the future. There is a strong focus on high potentials, expert talent, and employees at different career stages, including early career talent and those who are in a later stage of their career. An annual talent review process operates across the Group to help ensure key talents including high potential and technical and digital expert talent, is identified, recognized, and supported with targeted development paths and actions.

Schneider also places strong emphasis on the role and accountability of leaders and people managers in the company. In today's uncertain and volatile world, the role of leaders is to deliver results, shape culture, and drive transformation, starting with the values and behaviors they demonstrate every day. The 2021 Culture & Leadership survey of around 2,000 Schneider leaders validated steady progress on the overall Group leadership and culture transformation started in 2017. Key strengths include strong ethics and integrity, sense of purpose, and customer focus, as well as a positive spirit and willingness to go above and beyond. The evolution of the Leadership Driver Score in OneVoice results shows an exciting 14-point increase from 61% in 2012 to 75% in 2023.

The Group strives to provide a meaningful end-to-end experience for all employees from talent attraction and onboarding to performance management, rewards, and development. Schneider empowers all employees to grow their fullest potential, deliver with impact based on the "what" and the "how", build sustainable careers, and refresh and learn new skills for today and tomorrow.

2.5.3.5 Attracting talent to shape the workforce of the future

Attracting talent at all levels is more crucial than ever before – not only in terms of enabling the delivery of the Group strategy, but also to continue to innovate for our customers and build a long-term pipeline of future talent that could join Schneider Electric.

Schneider Electric builds talent pipelines through their Brand to Hire strategy, deepening the connection from the top of the funnel attraction phase all the way through to hire to deliver the talent needed to deliver on the business strategy. To deliver on this strategy Schneider Electric is transforming the function across People, Process, Technology, and Branding. In 2023, the focus has been on these key areas:

- **People**: Updated Talent Acquisition's structure to recognize skill specialization in strategic sourcing, employer branding, recruitment, recruitment co-ordination, and business consulting, allowing for upskilling and re-skilling opportunities across the function.
- **Process**: Continued deployment of simplified candidate centric End to End process in which Schneider Electric was recognized through the Talent Board in North America and Latin America in delivering a best-in-class candidate experience.
- **Technology**: Deploying a global standardized tech stack to optimize the experience for both candidates and colleagues involved in the Brand to Hire process.
- **Market**: Transforming from awareness campaigns to targeting strategic talent segments to grow the talent in our pools most critical to the business and to foster an Always On approach to build a sustainable pipeline of talent in our talent pools.

In recognition of this transformation, Schneider Electric was invited to several stages to share the thought leadership in global forums such as LinkedIn Talent Connect, Gloat LIVE, Josh Bersin Irresistible Talent Management Summit, iCIMS Inspire, and Survale Customer Symposium, as well as numerous local forums. This recognition validates our thought leadership and approach to our brand to hire transformation.

In today's competitive job market, connecting with candidates at an early stage is critical to building an engaged talent pipeline and a robust employer brand for Schneider Electric. By keeping its brand top of mind through regular engagement, the Group increases its chances of attracting the best talent when they are ready to decide about their future.

2.5 Great people make Schneider Electric a great company

As part of SSI #10, the five-year ambition is to achieve a doubling of growth in the early-career "next generation" pipeline. This is delivered through Schneider Electric's Brand to Hire strategy, leveraging traditional approaches today but migrating to more digital, borderless, and self-paced offers, ensuring the Company can de-bias practices and create a more equal playing field for those interested in Schneider and sustainability. This will be achieved through an updated University strategy balancing its flagship global programs, strategic university partnerships, and supplemented by country-specific initiatives:

- **Schneider Global Virtual Student Experience:** completely digital experience designed to provide students with a way to engage with Schneider Electric through e-learning modules and on project simulations.
- **Schneider Go Green:** an annual global competition for business and science, technology, engineering, and mathematics (STEM) students around the world to find innovative solutions for energy management and automation. In 2023, Schneider Go Green has had over 19,500 students registrations submitting ideas from all key regions.
- **Development programs** around the world that are structured to help support the acceleration of early career talent through a robust training and development path including graduate programs, internships, apprenticeships, and co-ops.
- **Sponsorship initiatives,** virtual Careers Fairs, office/site tours, Innovation Summit tours, digital and face-to-face speaking engagements and networking opportunities and mentoring relationships.

Generations

SSI #10

Our 2025 Commitment

2x number of opportunities for interns, apprentices, and fresh graduate hires

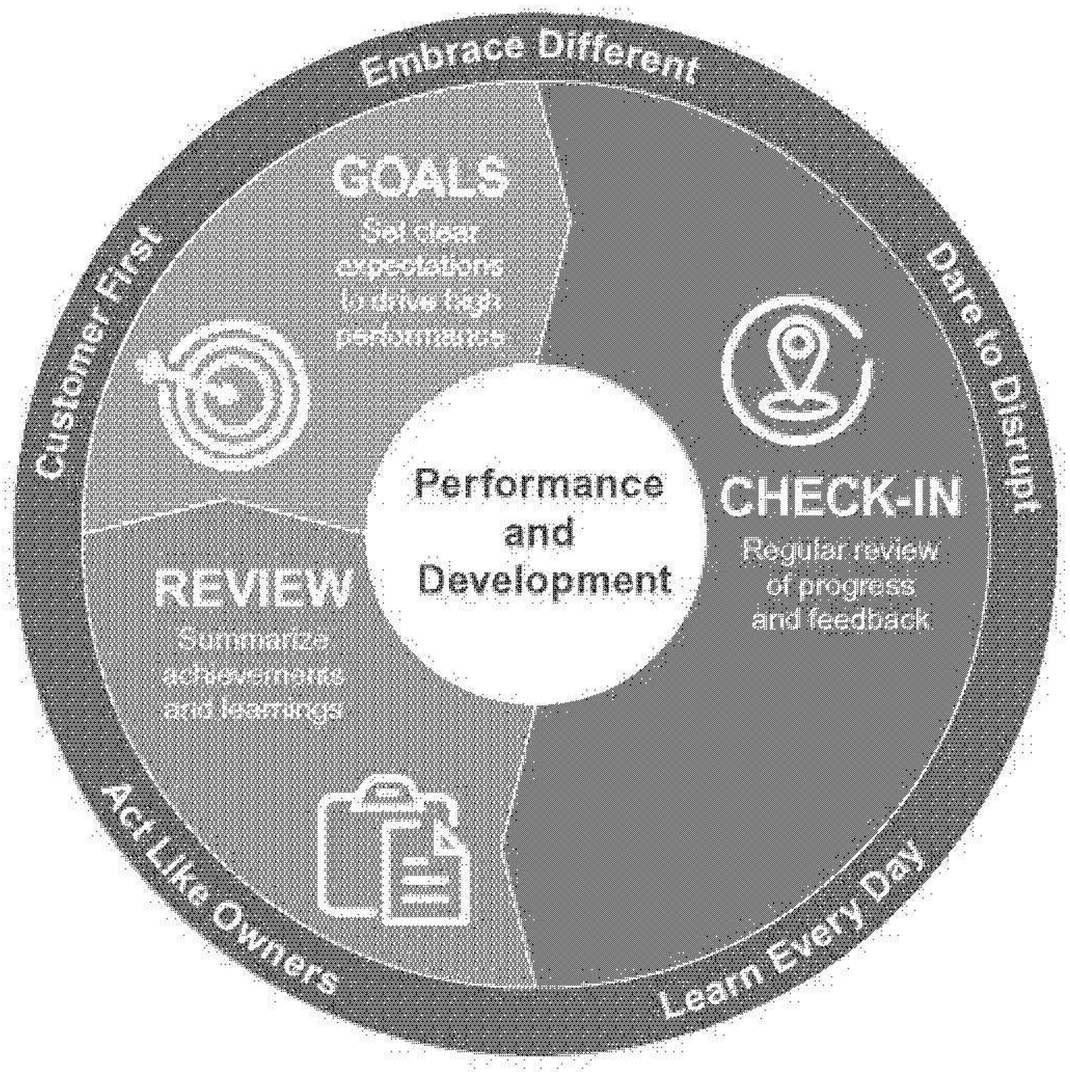
Schneider Electric is doubling its commitment to the Next Generation of talent. During 2023, the Company recruited a diverse mix of 63% students and 32% recent graduates and engaged brand ambassadors on campus through global programs and partnerships as well as by enhancing its development program offers. To build a sustainable flow of talent, the Company continues to invest in student programs such as interns, co-ops, apprentices, and VIEs (Volunteers for International Experience). Moreover, the company is prioritizing the development of recent graduates across critical functions including Sustainability, Supply Chain, Technical, Leadership, and Sales.

Our progress

2019 Baseline	2023 Progress	2025 target
4,939	x1.52	x2.00

2.5.3.6 Driving high performance

Schneider Electric's approach to performance and development is anchored by the Group's Core Values and, for leaders, by the Leadership Expectations. This approach encourages learning and growth, enabling employees, teams, and the Company to reach their full potential. The Group's robust process of setting individual performance and development goals annually with regular reviews during the year provides everyone with a clear roadmap to deliver with impact based on the "what" and the "how" to ultimately achieve collective success. Schneider Electric employees are encouraged to seek, give, and receive feedback, empowering them to take ownership for driving their individual performance, and managers are encouraged to support them with coaching and frequent conversations, driving the business forward. In 2023, 97% of eligible employees[1] completed a performance and development review.



2.5.3.7 Enabling sustainable careers

The Group believes its people are its most valuable asset to support Schneider's profitable growth and empowers them to grow to their fullest potential by developing new skills and building careers for today and tomorrow. In line with the conviction that all employees are talent and the aim to provide equitable development opportunities for all, Schneider Electric considers that all employees should take ownership of their own unique career development, supported by their managers and enabled by digital tools. The Group encourages employees to build a sustainable T-shaped career by striking the balance between deepening their expertise in different domains and broadening their skillset through experiences in diverse contexts to increase their impact. This will help them keep themselves relevant and marketable in a rapidly changing world.

(1) This includes employees whose employment status is active (or suspended, which is country specific), who are on permanent/fixed term contract type, who are information workers, and those who were hired on or before 30 September 2023, in addition to country or entity specific conditions.

To empower and engage employees with this approach, Schneider Electric held its third edition of "Career Days" for all employees in 2023. More than 100 events took place with employees participating from over 100 countries: getting inspired by diverse career stories, unleashing the power of networking and mentoring, having career check-in conversations, learning about different roles and skills, and being equipped with tools and resources to develop, grow, and shape their future. 94% of employees surveyed were positive about the event, highlighting that it helped them to reflect about their own career aspirations, encouraged them to own their career, and inspired them to build a more sustainable career.

Schneider Electric harnesses the power of all generations by fostering lifelong learning, upskilling, and development for everyone - from fresh graduates to senior talent. In this respect, the Group has several career development programs in place for groups of talent, supporting employees at all stages of their career and ensuring a strong pipeline of talent for the future.

In addition to career programs for early talent, in 2021 Schneider launched its Senior Talent program with the firm belief that employees who are near or at the later stages of their professional careers ("senior talent") bring unique expertise, experience, and wisdom to the business. The Senior Talent program recognizes this contribution and empowers them to continue making an impact on the company while taking ownership and designing the next stage of their careers. The program is anchored in career conversations resulting in a robust development plan linked to their unique career aspirations and supported by different offers including new contractual opportunities, upskilling, knowledge transfer, pivoting, recognition, care, and personal planning among others.

The program was well received not only by this segment of talents, but also by the rest of the organization. Since its launch, the Group has started to observe the positive impact of the program, which is being progressively deployed and scaled globally by waves. France facilitated several workshops with senior talents and their managers to help them reflect about their career aspirations. Based on the results, they developed a portfolio of targeted offers to support them.

India supported senior talents interested in transitioning to prepare the journey ahead of them. Through a series of career transition workshops Senior Talent were equipped with strategies to make healthy adjustments, financial planning and be mentally ready.

Similarly, Germany, Switzerland, and Austria engaged their Senior Talent interested in leaving a meaningful legacy in a coaching certification process which will allow them to keep on developing while helping others' people growth.

The commitment and progress are measured through SSE#23 which aims at providing meaningful development program for at least 90% of their people in the latest stages of their career by 2025.

To learn more about how Senior Talent program connects with the Future Ready program please see section 2.6.5 on page264. And to learn more about how it connects with Diversity, Equity, Inclusion and Well-being, please see 2.5.2 on page 216.

Generations

SSE #23

Our 2025 Commitment

Access to meaningful career development programs for >90% employees during later stages of their career

China started their pilot in 2022 under the name of "Galaxy", chosen locally to reflect the program's long-lasting positive impact. Based on pilot feedback, in 2023 "Galaxy" pivoted into a more compelling approach involving not only senior talents but also their managers, who play a key role in driving talent empowerment and continuous development. Through joint learning that "thinks ahead" while "starts now", with open conversations and targeted action plans, senior talents and their managers are equipped to develop growth mindset, overcome hidden bias, and integrate diverse ideas together to benefit both business and talents. As a result, senior talents feel more valued and become more proactive in their roles; managers are more empowered to drive sustainable talent development, and overall engagement improves with all stakeholders appreciating this meaningful program.

"Galaxy goes beyond the scope of regular work by facilitating stronger connections with senior talent in my team and amplifying my efforts to motivate them. Now I think frequently about how I can collaborate with these experienced team members to develop and make their long-term goals a reality, taking effective actions in the present that can truly make a difference."

LIU Hao, Senior Marketing Manager

Our progress



2.5 Great people make Schneider Electric a great company

2.5.3.8 Boosting expertise and knowledge across the organization

Schneider Electric strongly believes that its position as a global technology company and leader in providing digital energy and automation solutions for efficiency and sustainability is driven by the innovative contributions of its skilled and expert employees. In 2023, the Group has revamped their renowned expert program now called Electrifier (formerly "Edison").

The Electrifier program recognizes employees with remarkable achievements, expertise, and leadership, offering them opportunities to contribute to strategic business drivers in realms such as technology, innovation, strategy, supply chain, and digital, while empowering them to make the most of their careers. The refreshed program evolves around four business streams and is articulated around three levels of expertise: Electrifier, Senior Electrifier, and Fellow Electrifier. This set up was designed with the objective of bolstering the core of our business, while pioneering advancements on Electricity 4.0, Industry 4.0, and our Sustainability Solutions.

The Electrifier program introduces a streamlined application process along with new opportunities, career prospects, and an evolving reward system in tune with market dynamics. A design that cultivates a vibrant, glocal community dedicated to transforming innovation into influential business outcome.

The Group actively promotes a learning and teaching culture by developing its internal trainer capability. The purpose of the community is to equip internal trainers with the right best practices and tools to develop and facilitate training, including digital tools for additional interaction and engagement. A Global Virtual Internal Trainer Conference was organized in October with the purpose of recognizing, developing, and connecting internal trainers. This year's two-day conference theme was "Transforming the way people learn", and the speakers were exclusively internal experts, which generated a positive outcome for both the audience and speakers as there was extensive learning and sharing among peers. There are currently over 3,700 identified internal trainers who collectively delivered over 11,000 sessions in 2023, accounting for 58% of formal training.

Schneider Electric's Communities at Work (C@W) program is a powerful network of 300+ communities of practice. They serve as thriving hubs/platforms that foster knowledge sharing, personal growth, and increased productivity within the organization, exemplifying Schneider Electric's commitment to cultivating a vibrant and supportive work environment.

2.5.3.9 Upskilling for today and tomorrow at scale

The Group recognizes some skills need to be refreshed frequently, especially vital technical and digital skills required to accelerate our business growth. Roles requiring digital and human skills are growing due to the acceleration of AI, automation, and digitization. Purposeful renewal of skills is necessary to ensure sustainable careers and a resilient, future-ready business. To support this ambition, business and function academies are in place to partner with the business in identifying learning needs and spotting gaps in core and future skills for relevant employee populations. They develop and promote learning and development opportunities to build both depth and breadth of skills and experiences based on the 3E model (education, exposure, and experience). The aim is to support our workforce to upskill and reskill with focus, speed, and scale through a mix of internal and external training and development offers that are relevant to each employee's role, interests, and skill sets.

The average training hours by all Schneider Electric employees is 24 hours in 2023. Some of the key upskilling programs are highlighted below:

Generations

SSE #22

Our 2025 Commitment

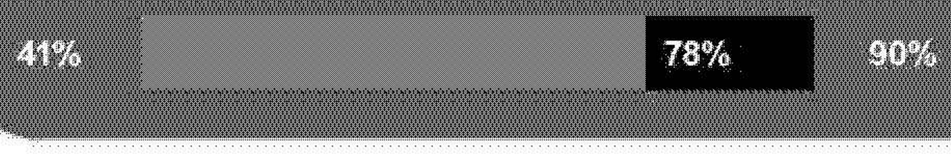
>90% of employees undergo digital upskilling through the Digital Citizenship program

Schneider Electric accelerates digital upskilling for their employees with a holistic approach by:

- Ensuring foundational digital skills for all through initiatives like:

- Digital Boost, a "check & learn" diagnostic designed to support all employees' digital upskilling on the six digital skills most critical for Schneider and on digital mindset. Digital boost provides personalized results on strengths and areas to develop that can be addressed with dedicated learning paths.
- Digital Open Days: with more than 350 live virtual sessions and key notes on a variety of digital topics such as AI, Data, Digital Engineering and Digital Citizenship.
- Digital upskilling for workers committing to deliver at least two hours per year on digital transformation such as Smart factory program, Cybersecurity, Digital knowledge
- Offering targeted development programs for key digital roles in domains like data and AI or cybersecurity among others.
- Enabling digital experts to build the necessary skills to thrive in today's rapidly competitive and changing business digital world, through specific digital expert offers and certifications partnering with top notch learning platforms.
- Embedding digital transformation at the core of the different streams and domains of expertise of its newly revamped expert program Electrifier.

Our progress



Key programs focused on critical skill upgrading include:

Program title	Target audience	Description and business benefits of the program	Tracked business benefits
Consultative Selling Approach (CSA) and Skill Up @Scale	All sales employees (~17,000 sales employees) **Completion rate:** CSA: 54% of Sales employees Skill UP: Launched in October 2023 with 7,000 people connected by year-end	• Customer-centric commercial transformation is a key pillar of Schneider Electric to drive sustainable and profitable growth, and the development of High Impact Sales Skills is a crucial element of this transformation. • Consultative Selling Approach (CSA) is a blended digital learning curriculum to enable sales teams to build trusted advisor relationships with business decision makers. • Eight programs are covered under the newly launched Skill UP digital learning program, to expand the sales skills curriculum and deliver training in a more effective manner via the business CRM tool.	CSA since its launch in 2021 has been widely adopted and well received. • The Net Promoter Score for CSA rated 83 in 2023, with a cumulative average between 2021 - 2023 of 66 (>50 is excellent). • Sales employees participating in the CSA program have demonstrated increased understanding of the following skills: - Understanding of customer needs, up by 14 points; - Connecting with customers, up by 16 points; - Resolving objections, up by 10 points. The intended business impact of the Skill UP is to upskill sales learners to best position topics such as Digitization, Sustainability, and Services. Direct business impact will be monitored in 2024.
CoMET – Competency Management for Global Supply Chain	~ 40,000+ Global Supply Chain employees for assessment and or development plans creation **Completion rate:** Global Supply Chain employees: ~97% assessment completed ~80% with development action plans in place	The Global Supply Chain competency management program is an end-to-end system for managing skills and competencies designed to meet business needs by helping employees develop the skills they need to be successful in their roles using a variety of tools and resources. CoMET aims at: • Globalizing competency management (creating a global system for managing skills and competencies that are specific to the business); • Digitizing competency management (creating an intuitive and user-friendly tool to manage assessment and development plans creations); • Personalizing development planning and learning; • Leveraging on expert networks (maximizing SEM networks); • Creating insights on expertise pool to support business processes.	• 39,000~ Global Supply Chain employees from 200 sites have been assessed globally, with 3,000~ employees having development plans created (achieving 80.7% completion rate), - From the competency gaps identified, critical programs were launched (digital, technical, product knowledge, logistics, planning and manufacturing) that have boosted learning engagement: ~750,000+ total learning hours (68% are digital). - More than 90% of workers have spent a minimum of 2 hours of upskilling. • CoMET and its generated action plans helped identify and develop domain experts. The creation of the Expertise Network enabled active community engagement and animation, contributing to 4,500 employee certifications across all skill sets.

2.5 Great people make Schneider Electric a great company

Key programs focused on critical skill upgrading include:

Program title	Target audience	Objectives and business benefits of the program	Impact of business benefits
Coaching for Impact	Employees and Leaders for whom coaching has been identified as a valuable resource to enhance their skills and address specific areas of development. **Completion rate:** 1,326 individuals worldwide	In an uncertain environment, fostering a culture of coaching and care is crucial for employee and leader's success amidst disruption. The program aims at cultivating a mindset shift, with external coaching services provided by Schneider Electric to support employees in achieving their professional development goals. Trusted and dedicated professional coaches create a safe space, challenging and supporting individuals to find their own effective solutions, resulting in proven effectiveness in transforming behaviors, habits, and mindsets over time.	Since the launch of this program from mid-2021: • 1,326 employees have completed or are completing a formal coaching engagement with a CoachHub coach. • In 2023, over 7,200 sessions have been conducted, with an average satisfaction rate of 4.9 out of 5. • As the coaching is integrated in the flow of work, on average, Coachees are having 1.7 sessions per month with a coach. • Coachees report that colleagues have noticed a positive change as a result of coaching (average rating 8 out of 10). In 2023, the Group also started to establish advanced analytics to measure the impact on employee's engagement, well-being, performance, and turnover rate. In 2024, CoachHub adds the Co-Development Hubs sessions to the existing offer, a new coaching by groups and peers modality.
Digital Upskilling	**Digital Upskilling for All Employees:** All white-collar employees (92,000+ employees) **Completion rate:** 49,3% completed assessment **Digital Upskilling for Digital Experts:** 2,000 employees **Completion rate:** average of 9.5 hours learning engagement since program launch	The "Digital Upskilling" program aims at preparing Schneider Electric's workforce for its digital transformation. It is supported by two major programs: • "Digital Upskilling for All Employees" enabling Digital Citizenship (SSE #22 commitment) which consists of three key elements: 1. Digital Skills assessment - knowledge check for employees to discover individual strengths and development areas around six critical digital skills. 2. Digital Skills dedicated learning path linked to the individual assessment result to facilitate individual upskilling. 3. Digital Skills dashboard for HR and Managers to visualize collective digital skill assessment results supporting data-driven actions to accelerate talent readiness. • "Digital Upskilling for Digital Experts", a program targeted to employees on digital jobs requiring in-depth knowledge of a digital domain with the purpose of supporting them to upskill critical skills. These skills are key for Schneider Electric, to fully leverage technology investments and realize our digital strategy. • This program was newly launched in 2023 and introduced a new collaboration with Coursera offering access to over 10,000 courses from renowned universities and Institutions and providing a great depth of knowledge areas in data and technology.	Strong learning engagement: • From the Digital Upskilling for All Employees program: post assessment, 11,051 employees completed 26,929 training programs around the 6 digital skills and digital mindset. • From the Digital Upskilling for Digital Expert program: >20,156 hours of learning and >2,884 courses completed in first eight months of program launch in critical areas of data, AI, cybersecurity, architecture, and software development. • The Digital Skills Dashboard created value for line managers and leadership, assisting in developing actions plans.

2.5.3.10 A digital ecosystem to enable development opportunities for all

Schneider Electric invests in its people, providing equal opportunities and a supportive environment for all employees to learn and advance their careers. The Open Talent Market (OTM) platform empowers employees to drive their own careers by discovering opportunities for mentoring, new positions, and part-time projects, as well as potential career paths. Launched globally in 2020, the platform is available to all globally connected employees and leverages AI to match our internal supply of talent with the business demand of "gig" projects, positions, and mentorships through a transparent skill-centric digital and borderless approach.

Read more from CIO on Schneider Electric's AI Centric Employee Development

The ambition is to increase 4x the number of employee-driven development interactions in the OTM by 2025 (SSE #21). At the end of 2023, more than 85% of the employee base are in the OTM achieving 34,000 digital development opportunities since launching in 2019. Through OTM in 2023, employees were given visibility to over 15,000 open positions, ~4,000 mentoring relationships were formed, and ~3,000 employees worked on internal "gig" projects. An average of ~20,000 employees visit the platform each month.

Schneider Electric also has an open learning ecosystem comprised of interconnected platforms at the center of which is My LearningLink (MLL). This platform provides digital and classroom learning opportunities and was made available to all employees on mobile since 2021. Schneider Electric also continues to invest in providing My LearningLink connectivity to shop floor employees either through the "Digital Learning Corner" (a computer or kiosk installed in their facilities) or from their mobile phones.

In 2023:

- More than 340,000 training completions every month. The most popular topics include Health&Safety, Products, Solutions & Services, Digital, and Sales skills.
- More than 45,000 modules of learning content were available in more than one language.
- Digital learning consumption was at 69%, which has remained stable since 2020.

Schneider Electric also offers a broad catalogue of online courses and webinars that provides customized learning experiences with targeted contents to partners and customers. It is accessible via free registration at mySchneider Partner Portal (an extranet). The mySchneider Partner Portal is deployed worldwide with more than 1.4 million registered users who consumed more than 380,000 trainings in 2023.

Equal

SSE #21

Our 2025 Commitment

4x the number of employee-driven development interactions on the Open Talent Market

Schneider Electric has democratized development through an OTM, and by 2025 will grow the skills in the workforce through digitally enabled engagements. These engagements include projects (internal gigs), mentorships, and new positions. By leveraging AI, the company empowers employees and creates more connections that support development across departments, countries, and functions. In 2023, Schneider Electric has over 85,000 employees on the OTM and has created 7,875 employee development interactions which is 39% of the 2025 ambition to grow by 4x since 2020.

Our progress

2020 Baseline	2023 Progress	2025 target
5,019	x1.5	x4

2.5 Great people make Schneider Electric a great company

2.5.4 Compensation and benefits

2.5.4.1 Context

To ensure employees feel valued and respected in their workplace, companies are increasingly expected to provide all employees with attractive, fair, and equitable compensation and benefits to facilitate aspects of their unique lives. In the post-pandemic era, people (specifically younger generations) expect more work and life balance and rely on their employer to ensure this expectation is met.

In the face of the tight labor market and post-pandemic era, organizations are leveraging robust compensation and benefits programs as strategic tools to stand out as employers of choice.

Flexibility and customization in compensation and benefits is paramount. Companies are tailoring packages to accommodate diverse workforce preferences, acknowledging that one size does not fit all. Flexible work arrangements, personalized benefits choices, and recognition programs contribute to a more inclusive and adaptable approach. This shift reflects an understanding that employees value autonomy and personalized experiences, influencing their satisfaction and commitment to the organization. Additionally, compensation and benefits are characterized by a holistic, health-focused, and flexible approach, reflecting the evolving needs and expectations of the modern and global workforce.

It is within this context that Schneider Electric reinforces its position as a caring and responsible employer by ensuring the diverse global workforce is treated in a fair and ethical way. The Group's inclusive Reward portfolio (which includes Compensation and Benefits) is designed to support employees to be their best by offering a meaningful mix of programs to support each unique individual.

2.5.4.2 Risks and opportunities

Schneider Electric is committed to delivering best-in-class compensation and benefits to its employees in a fair and equitable way with the objective of attracting, motivating, and retaining great talents. Without this commitment, Schneider Electric risks its ability to achieve their objective. The Group mitigates this risk by providing a meaningful mix of rewards programs to support the unique needs of employees.

2.5.4.3 Governance

The implementation of Group policies on compensation and benefits is overseen by the highly experienced global, regional, and local reward organizations.

2.5.4.4 Group policy

To support Schneider Electric's mission to create a great place to work and cater to the diverse needs of its current and future global workforce, the Company is committed to providing a competitive, caring, and inclusive compensation and benefits offering which attracts, motivates, and retains talent.

Schneider Electric ensures its diverse global workforce is treated in a fair and ethical way which affirms its position as a leading employer. Its inclusive Reward portfolio expands beyond pay and is a meaningful mix of Compensation, Benefits, Development, and Workplace Environment which are all designed with a basis of care for employees, enabling them to be at their best. Additionally, The Group offers a portfolio of benefits to care for employees' needs at each life stage. Its diverse and multi-generational workforce is provided with meaningful choices covering a holistic range of well-being, flexibility, and financial protections to provide peace of mind to employees and their dependents.

Schneider Electric believes in fair rewards, recognition, and differentiation for employees who contribute to the success and live the values of the Company. By putting recognition at the center of a high-performance ambition, employees feel engaged and motivated to do more. Delivering high performance is rewarded by competitive market pay, differentiated rewards, incentive programs, employee shareholding, and opportunities to grow careers within Schneider Electric.

Schneider Electric ensures that all compensation and benefits decisions and policies are based on the principles of Inclusion and Care and follow local statutory and collective agreements.

The Group offers a portfolio of benefits to care for employees' needs at each life stage. Its diverse and multi-generational workforce is provided with meaningful choices covering a holistic range of well-being, flexibility, and financial protections to provide peace of mind to employees and their dependents.

2.5.4.5 Compensation

Job architecture and compensation process

Schneider Electric has implemented a global job architecture to support HR processes and programs and to enable Schneider Electric to engage, develop, and move talent across different businesses and geographies. The job architecture provides alignment to market practice and organizational structure to ensure the reward package offered for a role is fair and competitive. This supports working towards creating greater transparency for career development and progression.

Pay competitively and pay-for-performance

Employees are empowered to receive ongoing feedback, recognition, and coaching from their managers. Individual performance is assessed in a fair manner based on their goals (what they achieve) and behaviors (how they achieve). For most employees, compensation structures include fixed and variable (incentive) elements. Compensation programs and decisions are based on individual performance and behaviors, Company performance, and competitive market positioning in alignment with the Group's pay-for-performance philosophy.

Equal pay for equal work

The principles of fairness, equity, ethics, and transparency are fully embedded in the company values. Through reward policies and processes, employees are compensated fairly and equitably for the skillset they possess and value contributions as a business imperative. Over the past eight years, Schneider Electric successfully transformed the Pay Equity framework covering all employees across all countries of operation.

As part of the Schneider Sustainability Essentials for 2025, the company committed to attain and maintain a pay gap below 1% by 2025 for both females and males. At of the end of 2023, the pay gap was -1% for females and 0.67% for males. The Group is externally audited on Pay Equity to ensure year-over-year progress toward closure of pay equity gaps.

To enable achievement of the SSE for 2025 ambition, the company executes a holistic Pay Equity strategy to improve and maintain pay equity while preventing creation of new pay gaps.

In execution of the holistic Pay Equity strategy, the Group closely monitors the salary offers of new recruits, salary adjustments from employee promotions, and other employee career movements. Continuous monitoring of pay equity status is made possible by the Group's Pay Equity Dashboard and its resulting analytics. Additionally, managers and HR professionals are trained to be mindful and unbiased of every pay decision they make.

Creation of new pay gaps is prevented by the Group's "Fair Pay Simulator" which was deployed to HR in 2023. The simulator provides visibility to pay equity positioning, enabling better pay decisions for new recruit offers, promotions and other salary adjustments. Pay Equity advocacy is another key aspect of the Group's Pay Equity strategy. Schneider Electric leaders advocate internally and externally for fair and equitable pay which further reinforces the Group's commitment to fair pay.

Equal

SSE #18

Our 2025 Commitment

<1% pay gap for both females and males

A dedicated Pay Equity budget by country is in place to create awareness and eliminate unconscious biases during processes such as salary reviews, and education and training for leaders, HR and managers. A country-level governance framework has also been established to facilitate the attainment of our ambition to achieve pay gaps of ≤1% for both females and males.

Our progress

2020 Baseline	2023 Progress	2025 target
Female -1.73%	-1.00%	<1%
Male 1.00%	0.67%	<1%

Holistic Pay Equity strategy

DEI Ambition

To become the most Inclusive and Caring company in the world, by providing equal opportunities to everyone, everywhere, and to ensure all employees feel uniquely valued and safe to contribute their best.

Rewards Ambition

To be fair and equitable in our reward practices; reward everyone for the skill set they possess and value their contribution on an equal basis.

Pay Equity Commitment

Attain and maintain a pay gap below 1% by 2025 for both females and males.
(Included in Schneider Sustainability Essentials 2021 - 2025)

Our Holistic Strategy

Process	Education and Awareness	Tools and Analytics	Governance	Advocacy

2.5 Great people make Schneider Electric a great company

Living wage

Schneider Electric believes earning a living wage is a basic human right and a key element of decent work. Schneider Electric is committed to paying all employees at or above the living wage to meet their families' basic needs. The Group considers basic needs to include food, housing, sanitation, education, healthcare, clothing, transport, and communication, plus discretionary income for a given local standard of living. This is guided by our Human Rights Policy and Trust Charter. All permanent direct employees of Schneider Electric with open ended contracts or fixed term contracts that are above 1 year are in the scope of the annual gap analysis. Third parties such as suppliers or contractors or interns are out of scope.

The Group conducts living wage gap analysis formally since 2018. From 2021 onwards, the Group underlined its commitment to pay 100% of employees at least a living wage as part of its SSE #20. This commitment is externally audited annually by an independent third party. Schneider Electric also continues to be part of leading corporate coalitions and notably became a Decent Work patron for the UN Global Compact. These global coalitions work together to implement living wage standards within their workforce and their entire ecosystem. In 2022 the Group started working with a new consultant, Fair Wage Network, with the aim of improving the geographical coverage, having a dynamic and web-based living wage benchmark and initiating an independent review and certification of the living wage gap analysis. 100% of in-scope employees, i.e., all Schneider employees treated as permanent workforce, were paid at least a living wage as of 2022. Following an extremely rigorous process the Group has been granted Living Wage Certification in May 2023, by Fair Wage Network; being qualified as a "Living Wage Employer" for the first time.

As of 31 December, 2023, living wage gap analysis was conducted again by Fair Wage Network covering all in-scope employees worldwide, and identified living wage gaps were closed by corrective actions to ensure that all employees received a living wage and that no new gaps emerged. In addition to ensuring that all employees within the scope are paid at least a living wage, Schneider continues to comply with all applicable federal, state and local minimum wage regulations.

Equal

SSE #20

Our 2025 Commitment

100% of employees paid at least a living wage

The UN Global Compact announced its new 2021 - 2023 strategy, which aims to accelerate and scale up the global collective impact of business by upholding the Global Compact Ten Principles and the SDGs through accountable companies and enabling ecosystems. Given that the Company is a leader in providing and promoting a living wage, the UN Global Compact invited Schneider Electric to become a Patron of its Decent Work portfolio. The Group's role will be to raise the bar by advancing decent work for its ecosystem and other companies.

Our progress

2019 Baseline	2023 Progress	2025 target
99%	100%	100%

Short-term incentive

For employees, the annual short-term incentive is linked with the overall Company performance and individual objectives. It is designed to encourage and motivate employees to deliver on collective ambitions through accountability and collaboration, driving better performance collectively and individually. With a strong sustainability component included, the annual short-term incentives for the Group's executives and around 64,000 eligible employees help focus on what matters to Schneider Electric. Since 2011, sustainability performance criteria have been embedded in the incentive goals for Group executives. They are directly linked to the Schneider Sustainability Impact (SSI) targets.

From 2019, the weight of the SSI criteria has increased from 6% to 20% in the collective part of the annual short-term incentive, highlighting further the importance of sustainability on Schneider Electric's business agenda. In France, since 2012 the SSI has also been included in the profit-sharing incentive plan for the French entities, Schneider Electric Industries and Schneider Electric France. From 2015, SSI has also been included in all other French entities (27 entities in 2023). The reduction in the occupational accidents severity rate is also considered in the profit-sharing incentive plans of Schneider Electric Industries, Schneider Electric France and 25 other French entities.

From 2022, Schneider have introduced a Customer First Performance Criteria in the incentive goals for Group executives. The Group is building Trust through Superior Customer Experience and Quality. It measures Net Customer Satisfaction (NCS) through real-time digital customer surveys covering six critical touchpoints as part of the customer operational interactions. Every employee is part of this journey and is fully empowered to bring Customer Experience to the highest level. All the results on Customer Satisfaction are available in the Customer Feedback Management Platform where all employees are engaged and empowered to improve the Customer Experience.

To promote a superior sales culture where sales people go above and beyond to surprise and delight customers, Schneider Electric offers levels of differentiated reward for sales people to enhance motivation and results.

Long-term incentive

Schneider Electric's Long-Term Incentive Plan (LTIP) offers share ownership opportunities to the Group's key talents and critical roles to align their rewards with the interests and experience of Schneider Electric shareholders. Similar to the short-term incentive, a portion of the award under the LTIP is subject to the achievement of sustainability objectives. From 2020, the long-term sustainability performance is measured through the Schneider Sustainability External & Relative Index (SSERI), a combination of external indices which cover a range of environmental, social, and governance indicators. See more details in section 4.2 of "Compensation Report", on page 408.

Recognition is in the company DNA

Every day, Schneider Electric employees make important contributions to help the organization achieve its mission and key business objectives. The global recognition portal "Step Up" - first launched in 2016 - gives employees a way to formally recognize and celebrate people who consistently demonstrate the Company's Core Values and go above and beyond. Schneider Electric creates a culture where employees receive regular feedback and coaching from their managers and colleagues and encourages the recognition of small and big achievements by simply saying "thank you".

In 2022, Schneider Electric refreshed the Step Up program and relaunched the platform for recognition with a new partner. Throughout 2023, the recognition culture remained strong, with many employees across the globe continuing to utilize the dedicated platform to appreciate and recognize colleagues. The Step Up program became available to non-connected as well as connected employees with a healthy increase of activation rates and overall sent and received coverage across the employees.

As the way of working has become more remote and more digital, gratitude for acknowledging and sharing our appreciation has become more important; being grateful for bringing the element of empathy and being human. Hence a new award reason was introduced in 2023 "Grateful for" which turned out to be a popular choice of recognizing each other.

2.5.4.6 Benefits

Benefits provided by the Group represent a considerable business commitment by Schneider Electric everywhere in the world. The company ensures that all employee benefits are locally and globally compliant, as well as market relevant. Because employee benefit plans vary significantly between countries due to different levels of social, tax, and legal regulations, Schneider Electric's benefits portfolio is primarily country-driven and aims at providing similar benefits within a country territory.

Global benefit standards

Schneider Electric regularly reviews compliance with its global benefit policies and principles to ensure that its inclusive global benefit standards are delivered for everyone, everywhere. These standards cover access to healthcare, family leave, and life cover.

One of Schneider Electric's underlying benefit objectives is to ensure all its employees are equipped to manage their basic health and well-being and to provide adequate security to employees and their dependents. Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its sustainability mission. The Group is committed to provide its employees access to a well-being at work program – translated into a dual standard of access to healthcare and well-being training programs (detailed further in subsection "Supporting employees' well-being, mental health and unique lives and work", on page 220). It also provides access to an inclusive and comprehensive standard of healthcare coverage (outpatient, hospitalization, key health risks/chronic conditions, maternity, children) defined by local regulations and employment agreements. Schneider also supports its employees with personal time off at critical life stages and this is fully deployed in 100% of countries as detailed below. In addition, the Group commits to provide financial security to employee dependents, in the event of an employee's death, in the form of a minimum standard of life assurance coverage of at least a multiple equivalent to one year's salary. Schneider Electric joined #WorkingWithCancer pledge movement in 2023 to provide a more supportive, open, and recovery-forward workplace culture.

Global Family Leave Policy

As a caring, inclusive, and responsible employer, Schneider launched its Global Family Leave policy along with care leave in 2017. Through its policy, the Group supports employees with personal time at critical life stages and empowers everyone to manage their "unique life and work" to enable them to be at their best. The Group applies a continuous improvement approach to all employee benefits and policies and has made several notable improvements with employee input. While countries have flexibility to define eligibility and policy details per statutory and/or market requirements, the policy establishes a global minimum standard for paid leave.

2.5 Great people make Schneider Electric a great company

In 2020, Schneider expanded its care leave from 1 to 2 weeks for employees to care for their dependents diagnosed with COVID-19.

In 2022, the Group conducted extensive internal and external research for the purpose of enhancing the policy and implemented an early deployment of the enhanced policy in the US. In 2023, the Group enhanced and globally deployed the Global Family Leave Policy for all employees.

Parental and Care leave were significantly enhanced and although the duration for Bereavement leaves remained unchanged at 1 week, the local adaptation was enhanced by adopting a flexible definition of "Immediate Family" in acknowledgment of the diverse cultures and religions observed by the global workforce.

During the first year of the enhanced policy, the Group saw over 24,000 family leaves requested globally with Care leave being the most utilized representing 62% of the leaves requested. Care leave utilization is followed by Bereavement at 23%, secondary parent leave at 9%, and primary parental leave at 6%. It is important to note that 86% of women who took parental leave in 2022 remained employed 12 months after their return to work.

Schneider Electric's Global Family Leave Policy was recognized by the Brandon Hall Group in September 2023 receiving a Gold Award for Diversity, Equity, and Inclusion – affirming the Group's position as a caring, inclusive, and responsible employer.

Additional to the Group's Global Family Leave Policy and, in support of Global Standards and Local Empowerment, back-up family care benefits are offered in some countries to assist employees with family care needs when they experience disruption in regular care arrangements. In the absence of a Group-level back-up family care policy, the Group highlight examples of back-up family care benefits that are offered at the country level.

An example of this is the "Care@Work" program which is offered in the US. Under this program, US employees are offered a care.com premium membership (at no cost to the employee) through which they can access back-up care for children, elders, and pets. The program includes a subsidy for up to five back-up days per year.

US employees also have access to the Group's "Schneider Electric Employee Discount Portal" which provides discounts on childcare centers. Additionally, the Group offers employees a Dependent Care Flexible Spending Account to which employees can contribute up to USD 5,000 (pre-tax). In the UK, the Group offers employees a "My Family Care" program which offers employees access to back-up care, advice, and community networking based on life stage. In India, the Group offers employees access to childcare facilities and monthly allowances for childcare.

Globally, the Group also offers an Employee Assistance Program with coverage in over 80% of its operating countries which provides additional support and resources for family care.

Beyond the Global Family Leave Policy and Employee Assistance Program, some countries were Schneider Electric operates provide support in the form of on-site childcare facilities, childcare contributions, and breast-feeing and lactation benefits as noted in the following examples:

- In addition to the Dependent Care Flexible Spending Account, parenting support is offered in the US via an app which delivers real-time, personalized parenting guidance. Further, the US offers employees breastfeeding support and supplies such as milk transportation services (when a breastfeeding employee needs to travel upon their return to work), breast pumps, and supplies at no cost the employee, as well as breastfeeding counseling and support.
- In India, the Group partners with local vendors that provide childcare facilities near its offices. Monthly childcare reimbursements are also offered to employees in India, Sri Lanka, and Bangladesh.
- Southeast Europe countries cluster offers employees a one-time monetary contribution upon birth of a child and employees in Greece are provided childcare financial support for kindergarten.
- Further, several Schneider Electric offices around the globe provide dedicated private spaces for breast feeding and pumping.

Global Family Leave

Care for employees and supporting their unique work and life

Parental *(primary)*	Parental *(secondary)*	Care	Bereavement
From 12 weeks paid to 20 weeks paid	From 2 weeks paid to 4 weeks paid	From 1 week paid to 2 weeks paid	Enhanced local empowerment to support each employee's unique situation

Establishing Global Minimum Standards and Local Empowerment

Local adaptability is possible! Proofpoint: the definition of Immediate Family

Employee share ownership

The Worldwide Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions.

WESOP is strongly ingrained in the Group's culture, as a cultural and reward differentiator with a positive impact on engagement, attraction and retention. Schneider Electric has strongly developed and reinforced its offer over the years in order to build a sustainable group of employee shareholders reflecting the workforce diversity, to create a strong feeling of belonging, and to link employees to the performance of the Company, acting like owners of Schneider Electric. In that spirit, WESOP has become part of the Group sustainability commitments towards its 2025 roadmap (SSE #19).

In 2023, the Group successfully offered WESOP in 47 countries, achieving 58.5% subscription rate, down slightly compared to 2022 which was at 60.5%. As of 31 December, 2023, the employee shareholding represented 3.8% of Schneider Electric SE's capital and 6.6% of the voting rights. 78% of the Group employee shareholders were located outside of France, of which 13% are in China, 15% in India, and 9% in the US. This also includes employee shareholding resulting from the long-term incentives grants.

Equal

SSE #19

Our 2025 Commitment

60% subscription in yearly Worldwide Employee Share Ownership Plan (WESOP)

Schneider Electric had committed to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025, as a key program to support SSE. Scope covers 29 recurring participating countries, among the 47 participating countries representing 87% of the eligible headcount.

From 53% subscription rate in the recurring countries in 2019, WESOP has reached 61.1% in 2023 over the 2025 target since 2021. The Group aims to maintain at least 60% subscription rate in the coming years in the recurring countries.

With more than 80% subscription rate, India and China outperformed and have become part of the major contributors of the 2023 capital increase, together representing around 28% of the 2023 total subscription.

Our progress

2019 Baseline	2023 Progress	2025 target
53%	61%	60%

2.5.5 Social dialogue

2.5.5.1 Context

The International Labor Organization (ILO) describes social dialogue as "all types of negotiation, consultation, or simply exchange of information between, or among, representatives of governments, employers, and workers, on issues of common interest relating to economic and social policy". The objective for a company to ensure regular and safe social dialogue is to build consensus amongst all employees of the company. To do so, companies integrate a third unbiased party in discussions to help resolve issues and encourage change to adapt to global and local workforce expectations.

2.5.5.2 Risks and opportunities

Social dialogue and freedom of association must be seen within the wider context of Ethics & Responsibility. As a global company, Schneider Electric believes that its responsibility goes beyond compliance with local and international regulations and is therefore committed to conducting its business ethically, sustainably, and responsibly.

The Group constantly interacts with all its stakeholders across the world: its borders are expanding, its environment is changing ever faster, its activities are becoming globalized, and its social responsibilities are growing.

The challenge is to gain and maintain the highest confidence of all its stakeholders. To support each employee in this approach, the Group emphasizes the importance of placing responsibility at the heart of its corporate governance.

2.5.5.3 Governance

At Schneider, social dialogue is managed at country level by HR leaders with the employee representative bodies and/or unions, and at transnational level with the European Works Council (EWC) which covers most of geographical Europe. Social dialogue is also taken into consideration by the Group's social reporting system, where local HR teams report on the presence of trade unions, works councils, and Health and Safety Committees every year.

In 2014, while changing the corporate form of its parent company, Schneider Electric SA, into a European company (*Société européenne*), Schneider Electric negotiated an agreement with employee representatives of European countries about the involvement of these countries' employees in the Company's decision-making process, thus reaffirming its intention to provide regular, efficient, multi-cultural, and innovative social dialogue at the European level, taking into account the voice of Schneider Electric's employees in the transnational projects of the company.

2.5 Great people make Schneider Electric a great company

2.5.5.4 Group policy

Schneider Electric considers freedom of association, representation, and social dialogue as fundamental rights that must be respected everywhere and therefore in its Trust Charter (Schneider Electric's Code of Conduct), Schneider commits to follow all the requirements to build and sustain fruitful and mutually beneficial relationships between labor organizations and management, in accordance with local regulations, in every country where it operates.

In its Human Rights Policy, renewed in 2022, Schneider reaffirms that it considers freedom of association as the basis of a regular dialogue between a company and its employees. To that purpose, Schneider respects the individual right of its employees to freely join, participate in, or quit labor organizations to assert and defend their interests. Subsequently, Schneider guarantees that any employee wishing to do so shall be protected against any internal measure limiting his or her freedom of association such as discrimination of any kind, pay loss, or dismissal. Schneider also recognizes the importance of dialogue with freely appointed employee representatives, employee representative bodies (such as works councils or employee forums), or organizations (like trade unions), and supports collective bargaining.

In addition, Schneider joined the Global Deal initiative in 2017, which promotes social dialogue and sound industrial relations, as effective means for achieving decent work and inclusive growth.

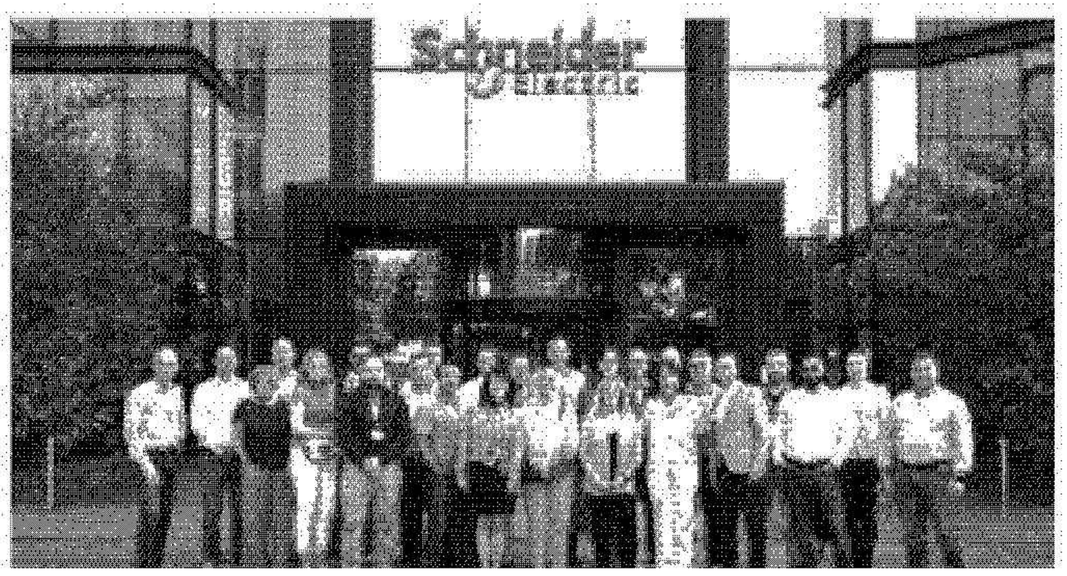
2.5.5.5 Actions and impacts

European Works Council (EWC)

Since 2014, Schneider Electric has significantly enhanced the intensity and the impact of social dialogue at European level by signing with European Employee Representatives an agreement on the information, consultation, and participation of Schneider Electric Employees in Europe. This channel for dialogue aims to enable management to make more efficient decisions by giving employee representatives the opportunity to be informed of such projects or decisions and to understand context, as well as to express proposals to supplement or improve them.

In this respect, new spaces for discussion and expression were explored in order to strengthen the contributions of the members of the EWC on strategic issues. Several workshops for reflection and ideation were organized, namely during the implementation of the new whistleblowing system, for the revised approach to the duty of vigilance, and also for the reflection on the Company Core Values' evolution.

The benefits of these workshops were several, starting with a better awareness of these topics by the members of the EWC, and an opportunity to impact upstream on strategic decisions.



EWC members, during the 2023 Plenary meeting at the Headquarters in Rueil Malmaison, with special guest, an employee representative from Morocco.

Social dialogue in France

Schneider Electric is organized in France through more than 25 legal entities. However, with 75% employee coverage, Schneider Electric Industries and Schneider Electric France SAS set the tone for social dialogue in France mainly through the Central Works Council and the Group Committee. During 2023, Schneider Electric negotiated the implementation of the new collective agreement for the Metallurgy branch, the largest branch in France, effective from 1 January, 2024, including negotiations on classification, working time, and leaves policies. At the same time, all the members of unions have received specific training the new collective agreement and its deployment.

Schneider Electric negotiated, in 2023, a new collective agreement for the France territory regarding apprenticeships, to develop its practices of sourcing and welcoming newcomers and retaining former apprentices inside the Group.



France Group Committee, visiting Angoulême site.

Social dialogue in the United States

In the US regular two-way communication takes place with both union and non-union teams to provide key business updates and gather feedback from employees to promote continuous improvement and increased employee engagement. Ongoing communication is provided to employees through daily short interval meetings and monthly town hall meetings on key competitive issues impacting the company, focus areas, and priorities, as well as updates on improvements made from employee feedback.

Company officials meet with key international union leaders and local union leadership on an ongoing basis, and formally on an annual basis, to advise and discuss competitive issues impacting the company's business and strategic focus areas relevant to contract negotiations. In both union and non-union sites, priorities continue to be growing key competencies, enhancing digital

acumen, and fostering a safe and respectful workplace through initiatives, such as:

- Learning Corners that provide training to employees on a variety of topics including digital upskilling, cybersecurity, company values, etc. The Learning Corner provides a place for employees to explore additional training courses that interest them individually and/or help further grow their competencies.
- Enhanced communication for employees through digital channels including Microsoft Teams to grow digital competencies while promoting deeper and more efficient communication in each site and across the company.
- Intentional campaigns, on-site events, discussion groups, and training focused on well-being and DEI.

Social dialogue in Mexico

In 2023, in addition to regular communications and in accordance with Mexican law, Schneider Electric concluded Collective Bargaining Agreement negotiations with the union and employees through the country, including the voting process to close of 7,000 unionized employees. During union negotiations, the union and employees had the opportunity to express aspects to be improved, as well as to highlight those good practices in each of the sites.



Committee and union leader of Reynosa plant.

Social dialogue in China

Schneider Electric in China has a strong culture of social dialogue across 30 legal entities in 100 locations. Regular communications take place in diverse ways to reinforce collaborations and drive optimal relations between the organization and all employees. The company also creates impact externally through future-generation development to accelerate sustainable growth together.

In 2023, China has progressed active dialogue to further listen and empower people on topics related to learning and development, and individual well-being:

- Upskilling continues to be a key growth enabler and is enriched with mobile and AI-embedded learning experiences for all and targeted job roles such as Sales, Offer Marketing, Research & Development, and Supply Chain. Average learning hours and digital learning ratio rose to over 22 and 70% respectively. Employees are also able to shape a broader career future by leveraging the OTM platform for internal opportunities (90% usage, 300+ projects, and 500+ mentorship pairings), and by driving open career conversations with managers.
- Well-being, a topic on which unions are much involved in China, remains as a priority for enhancing employee experience continuously. In terms of physical well-being, health check options are enriched, and critical illness insurance is upgraded with 100% coverage increase. For mental health, the Employee Assistance Program was renewed with more holistic services including 24/7 online counseling and regular webinars. Furthermore, beyond employees themselves, the company also considers the wellness of staff families – the Flexible Benefit Platform is now accessible to over 9,000 employees and their 16,000+ family members, Care leave is also extended from five to ten working days to offer better support in family illness situations.

Externally, for technical students, Schneider Electric has established a Sustainability Development learning platform and conducted vocational education both on site and virtually, benefiting over 10,000 students every year country-wide. Thhe Group is also starting "Sustainability School for Kids" in 28 local primary schools across five cities, to plant the seeds of sustainability awareness and mindset among our society's future talent.

Social dialogue in India

Schneider Electric in India is organized through 16 different legal entities, with a strong culture of social dialogue with all employees (unionized and non-unionized) engaged in equitable industrial relations across its plants and associated establishments.

Industrial harmony has been achieved through a time-tested collective bargaining process involving unions or through worker representative committees (e.g., salary related issues, medical insurance, or benefits are discussed with unions/work committees).

In some of the plants where there are no recognized unions, this bargaining process is conducted with the elected representatives from within the workforce who forms committees, such as Welfare (Works Committee). The company also has strong engagement with other committees such as Health & Safety, Canteen, Sports, and Transport, including a special committee for women employees. In addition, the Prevention of Sexual Harassment committee, which is fully compliant with the prevention of sexual harassment governance as per local laws, comprises employees and external women with specialist knowledge of the subject and with legal backgrounds. These committees provide a platform for employees to present their concerns, collective grievances, and workplace-related issues to management, and actions are initiated based on the recommendations of these committees. All employee engagement programs are run through these committees with the active participation of every employee.

The process of social dialogue also includes monthly employee communication at plant level, as well as through quarterly town hall communications on company performance, strategy, and challenges, engaging employees in various cultural events, and health talk series, and encouraging them to participate in adventure activities and go-green initiatives (tree plantation activities, green Yodha initiatives).

2.6 Delivering social impact for a just transition

In this section

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2.6.2 Investing for high social impact 246
2.6.3 The Schneider Electric Foundation 251
2.6.4 The Next Gen Academy 257
2.6.5 Future Ready Program 264

Context and goals

Schneider Electric has been building a sustainable development approach since the early 2000s thanks to the Schneider Sustainability Impact (SSI). This barometer measures the Company's objectives and progress every quarter, on all dimensions of responsibility, encompassing all the Group's stakeholders on a global scale.

The success of the SSI further inspired the Group to do even more and to think about the world of tomorrow, both in the environmental and climate fields – without forgetting the social and territorial dimensions. If the transition is not inclusive and equitable, if it does not involve citizens, if it does not allow young people to build their future and create their businesses, it will not happen. The planet has to be saved, and that also means saving its inhabitants.

Four main action priorities have been defined within the Corporate Citizenship department. The first is to ensure that the Group and its business partners respect all human rights for everyone, everywhere, at all times and in all situations, from decent work standards to the creation of a social label for the Group's products. After updating its Human Rights Policy in 2022, Schneider Electric published internal guidelines to protect, respect, and guarantee dignity for Migrant Workers. The Group also implemented new ways of engaging with its suppliers' employees, through a pilot in Vietnam to identify human rights issues.

The second priority is to ensure that everyone is supported in building their futures, regardless of their generation; young people as well as seniors. Schneider has always played an active role in the economic development of the communities in which it has a presence, to accelerate the just transition. After defining the Group's roadmap through the Future Ready program, the Senior Talent program deployment started in 2023 with two waves that included 60% of Schneider Electric's footprint. Two other waves are planned for 2024. The full program encompasses 25,000 seniors with the objective of powering their talent and aspirations.

The third priority focuses on young people. They have never been so many on the planet, but lots of them have no access to education. The Company has a role to play in supporting them. In 2023, Schneider has reinforced its actions towards gender equality in the energy sector with the support of the Schneider Electric Foundation and employees through mentorship. The Group wants to empor girls and demonstrate that access to education can challenge the status quo. This mission is carried out in collaboration with around 400 local partners including F'SASEC in South Africa and ElectroMisr in Egypt.

The fourth priority is to make citizenship a collective commitment to co-construct the future in a dynamic way by learning and sharing across many different initiatives.



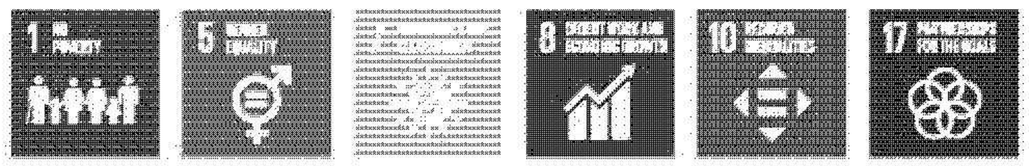
"Schneider Electric understands that the energy transition will only be possible if it is a just transition. On one hand, digital innovation brings solutions to decarbonize and save the planet. On the other hand, social innovation saves its inhabitants by taking care of everyone. We bring everyone along through various actions including designing solutions for people in difficulty or without access to energy, transfering skills to today's youth and building solidarity initiatives for people in disaster areas."

Gilles Vermot Desroches,
Chief Citizenship Officer & Senior Vice President Institutional Affairs

Progress of our Social Impact commitments

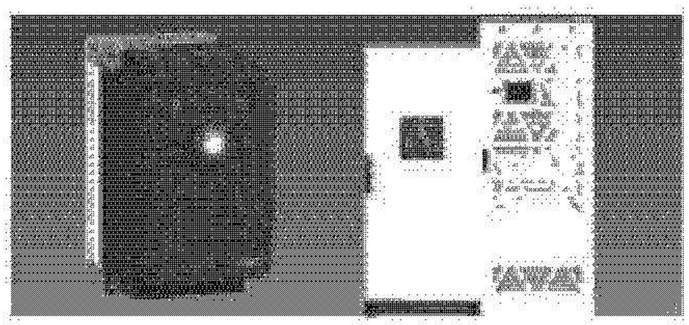
Schneider Sustainability	#	2021 – 2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	9.	Provide access to green electricity to 50M people	2020: 30M	+16.6M	50M
	11.	Train people in energy management	2020: 281,737	578,709	1M
Essentials (SSE)	25.	Increase the number of volunteering days since 2017	2020: 18,469	58,177	50,000

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSL indicators (except SSI #1 and SSL #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 302). Please refer to page 268 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

2023 Highlights



New Altivar Solar Drive is a smart solar powered drive for irrigation and livelihood applications. It was launched in 2023, as was Villaya Flex, a packaged microgrid solution for off-grid communities to maximize clean energy while reducing pollution from genset usage and reducing the carbon footprint.



Tomorrow Rising Fund supporting Türkiye, Syria, and Morocco: strong mobilization after the earthquakes, with a first priority on emergency help and a strong focus on youth education.



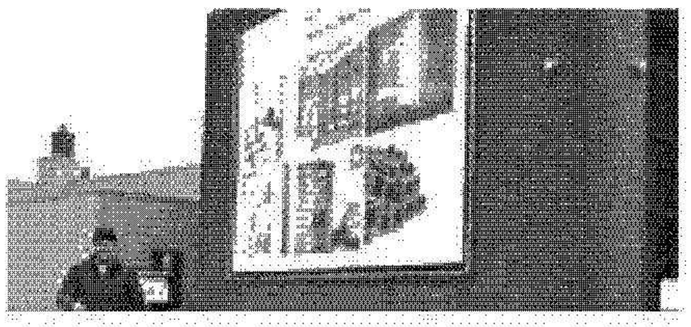
Schneider Electric has committed EUR 20 million in Gaia Energy Impact Fund II in 2023. This new venture capital impact fund will support entrepreneurs with high environmental and social impact in the field of energy transition in Africa. The ambition: 20,000 jobs created, four million people with access to energy, and four million tons of CO_2 avoided emissions.



The Schneider Electric Foundation draws on a brand new network of around 80 Foundation Delegates, covering 100 countries, with an increasing engagement of employees on mentorship.



In 2023, the Schneider Electric Foundation has reached the bar of 578,709 young people trained in energy-related professions thanks to historical partnerships such as UCEP in Bangladesh. With the launch of the Empowering Girls and Women program, the Foundation will accelerate its objective to reach one million people trained by 2025.



In 2023, Schneider Electric Initiatives launched in Belgium, offering employees innovative pathways to diversify their career development; one employee (shown in the picture) is becoming an entrepreneur thanks to the Creation Pass! These programs were also launched in Germany, Switzerland, and Austria in connection with the Senior Talent program as part of their multi-generational strategy.

Our long-term commitment

2030 Provide access to green electricity to 100 million people cumulatively since the beginning of the program in 2009

2.6 Delivering social impact for a just transition

2.6.1 Improving lives through access to green electricity

2.6.1.1 Context

Today[1], around one and half billion people have little or no access to electricity.

In 2021[2], 675 million people had no electricity. Although notable progress has been made in recent years, in the words of SEforAll[3], "electricity access is growing, but not for everyone".

In Sub-Saharan Africa, colossal additional efforts are required to achieve universal access:

- Today, more than 560 million people in Sub-Saharan Africa do not have access to electricity. That is close to one in two people in the region.
- The pace of electrification is not sufficient relative to population growth, and the COVID-19 pandemic has slowed progress even further.
- Based on the pace of electrification vs. population growth, in 2030, around 560 million people would remain without electricity, which would be 85% of the unelectrified world population. This number is expected to be similar to the number of people without access to electricity in Sub-Saharan Africa in 2021.

Asia-Pacific is approaching universal electrification, thanks to ambitious government programs. Nevertheless, the grid can be unreliable or insufficient for productive use in remote areas where it must be supplemented with renewable energy solutions.

Access to green electricity offers a chance to live a better life, because it can have a positive multiplier effect on all socio-economic dimensions of the individual or community: livelihood, health, education, security, and empowerment of women, while fighting against climate change by replacing fossil solutions.

2.6.1.2 Group policy

Access to Energy's purpose is to bring green and reliable electricity to populations in emerging markets, both as a fundamental right and a means for social and economic development, by providing a safe, clean, affordable, reliable, and sustainable energy offer. At Schneider, this is called Electricity for Life and Electricity for Livelihood.

2.6.1.3 Actions and impacts

Schneider's ambition is to bring green and reliable electricity to 50 million people by 2025, and 100 million people by 2030, cumulatively since the start of the program in 2009.

Electricity for Life means providing access to green electricity to off-grid communities. These communities need energy as a fundamental right to meet essential needs in homes (such as lighting, communication, and education).

Electricity for Livelihood means providing access to green electricity to people connected to an unreliable grid and in order to enable productive businesses. These communities need quality energy with solar backup equipment as a driver of economic development and poverty reduction. For example, electricity can make a real difference to the lives of farmers and ensure food security through irrigation, food storage, and processing, thus allowing people to be the agents of their own transformation.

The Access to Energy social business works in synergy with the Youth Education & Entrepreneurship program and the Impact Investment funds, in a virtuous circle of providing products and solutions, capacity building, and support to startups.

Equal

SSI #9

Our 2025 Commitment

Provide access to green electricity to 50 million people by 2025 and 100 million by 2030

Schneider Electric is providing solar solutions for more than 500 health centers in South Asia and Africa. These facilities previously did not have electricity or were facing frequent power cuts resulting in lack of access to quality healthcare for people who depend on public health centers. The projects are impacting more than 1.5 million people.

Our progress

2020 Baseline	2023 Progress	2025 target*
30M	+16,6M	50M

* Cumulated since 2009.

(1) Source: Tracking SDG 7: The Energy Progress Report 2023, produced by the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the United Nations Statistics Division (UNSD), the World Bank, and the World Health Organization (WHO); Off Grid Solar Market Trends Report 2022 by Lighting Global/ESMAP, the International Finance Corporation, Efficiency for Access Coalition,GOGLA and Open Capital Advisors.

(2) Source: Tracking SDG 7: The Energy Progress Report 2023, produced by the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the United Nations Statistics Division (UNSD), the World Bank, and the World Health Organization (WHO).

(3) Sustainable Energy for All (SEforAll) is an international organization that works in partnership with the United Nations and leaders in government, the private sector, financial institutions, civil society, and philanthropies to drive faster action towards the achievement of Sustainable Development Goal 7 (SDG 7) – access to affordable, reliable, sustainable and modern energy for all by 2030 – in line with the Paris Agreement on climate.

2.6.1.4 A full range of products and solutions to provide green electricity

Schneider Electric develops products and solutions to meet a range of both individual and community needs across the energy chain, from solar lanterns and solar home systems to decentralized small power plants, water pumping systems, and microgrids.

Mobiya

Portable, robust, and affordable solution for individual lighting and charging a cell phone



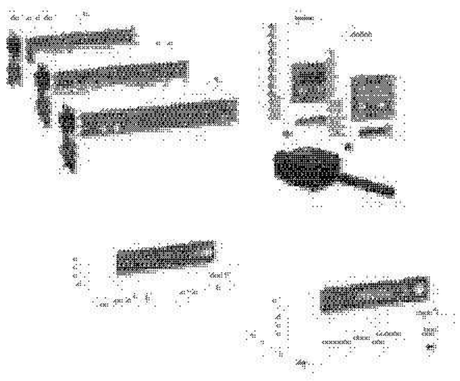
3 products

Mobiya Original: robust and waterproof solar powered LED lamp with mobile charger, offering innovative mounting options, 48 hours of lighting without recharging, and easy battery replacement. With a focus on circular economy, Mobiya's recycled plastic and recycled packaging material promote durability, reusability, and recyclability.
Mobiya Lite: lighter solar powered portable LED lamp with mobile charger. White light with variable intensity and innovative mounting options enabling it to conveniently light up all surroundings.
Mobiya Front: rechargeable and robust headlamp that can be worn and mounted in various positions. Features a white light with variable intensity, red light for night vision, and a red blinking SOS function.

Case Study: Schneider Electric has provided around 4,000 Mobiya Original solar lanterns impacting around 19,000 people in rural and peri-urban areas across Africa.

Homaya

Domestic electrification for access to quality, affordable, and uninterrupted power



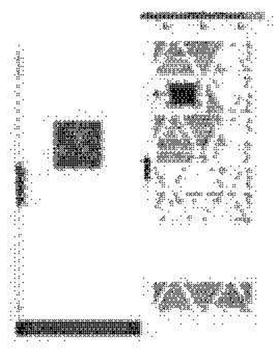
3 products

Homaya Hybrid: solar hybrid home system, specifically designed for versatile applications including clean cooking.
Homaya Hybrid PAYG: solar hybrid home system with Pay-As-You-Go function.
Homaya Pro: smart hybrid inverter powered by solar with an inbuilt MPPT controller and compatible with grid charging.

Case Study: More than 100 schools and health clinics in remote and rural areas of Senegal have been equipped with access to clean and reliable electricity through Schneider Electric's Homaya Hybrid and Homaya Pro solutions, benefiting students in schools, and medical staff and patients in health clinics.

Villaya

Collective electrification solutions in remote sites, either 100% solar or hybrid



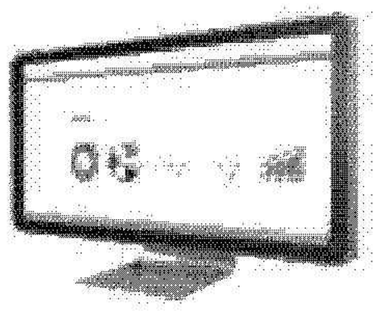
2 solutions

Villaya Community: solar or hybrid microgrid to power rural communities.
Villaya Water: Villaya solution embedded with new Altivar Solar Drive for irrigation and agro processing applications.

Case Study: In remote areas of Bangladesh, reliable irrigation is being enabled via Schneider Electric's Villaya Water solutions, helping farmers irrigate their farms using clean energy solutions and impacting the lives of over 1700 rural people.

EcoStruxure™ Energy Access

Remote monitoring for rural electrification to enhance visibility of off-grid site performance in real time



Offer

- An economically affordable and open platform enabling sustainable off-grid electrification.
- A cyber-secured, demand-side energy management software platform.
- Monitoring real-time demand, analyzing and improving operational efficiency.
- In-built GSM/GPRS communication for easy installation, remotely configurable, and easily scalable.
- Power and energy modes with limits and remote connect/disconnect, to build local tariff plan and better manage peak load.

Case Study: Around 16,000 students in remote villages in India have better access to education due to reliable electricity provided by Schneider Electric's solar systems and EcoStruxure™ digital platform.

2.6.2 Investing for high social impact

2.6.2.1 Context

Impact investments are investments made with the intention of generating a positive, measurable social and environmental impact alongside a financial return, as defined by the Global Impact Investing Network (GIIN).

Based on this definition, impact investing is an innovative way for organizations to address social needs, contribute to people's well-being, and help them access development opportunities. Hence many companies are building partnerships with local and international players to drive and nurture innovative and responsible initiatives.

2.6.2.2 Group Impact Investing policy

The ambition of Schneider Electric's Impact Investing practice is to contribute to a transition towards a fairer and more inclusive society. Supported by its strong and deep knowledge of the energy ecosystem, Schneider Electric focuses its Impact Investing mission on funding and supporting high social and environmental impact initiatives, which are contributing to a better future and positively impacting climate and resources.

The goal is to generate high social impact while protecting the assets under management. Accordingly, Schneider Electric has adopted strict management rules, such as:

- always investing in partnerships with recognized players;
- never taking a majority stake;
- always providing efficient company support (such as helping develop a business plan or provide technical advice) to deliver the optimum social impact while minimizing risk;
- ensuring alignment with the Schneider Electric ecosystem;
- ensuring that ethical business practices and rules are implemented and respected.

2.6.2.3 Governance

Each investment vehicle has its own governance structure generally composed of at least two bodies:

- The first one is a Board of Directors or a Supervisory Board which is in charge of ensuring compliance with all legal and ethical regulations. In most cases investors are represented on this board.
- The second one is a Management Investment Committee which can either be totally independent or composed of investors, according to the legal structure. All Management Investment Committee members bring specific competencies and knowledge to assess investment decisions. In some cases, they can also rely on external experts. They are responsible for ensuring compliance with investment policies and are regularly updated on investment performance, both in terms of impact and finance.
- In some cases, an investment vehicle can also rely on an Advisory Committee, a Strategic Committee, or an Impact Committee to help them setting up and managing their investment and impact strategies and policies.

All investment vehicles are supervised by independent auditors.

2.6.2.4 Actions and impacts

As early as 2009, Schneider Electric was a pioneer in the Corporate Impact Investment space and launched its first investment vehicle, Schneider Electric Energy Access (SEEA). Since then, the company has never stopped innovating. In total, it has initiated or participated in five vehicles targeted at:

1. Contributing to an inclusive economy with SEEA.
2. Bringing access to green energy and contributing to net-zero in South and South-East Asia with Schneider Electric Energy Access Asia (SEEAA).
3. Enabling green energy access in Africa with E3 Capital impact fund (formerly Energy Access Venture (EAV)).
4. Supporting entrepreneurs with high environmental and social impact in the field of energy transition in Africa with Gaia Energy Impact Fund II.
5. Contributing to global decarbonization with the Livelihoods Carbon Funds.

Regardless of geographies or the type of investment vehicle, all these Impact Investing activities aim to catalyze and facilitate multiple coalitions with different stakeholders (Schneider Electric Foundation, employees, DFIs, NGOs, social businesses, impact investors, asset management companies) to leverage Schneider Electric competencies towards a fair and inclusive transition.

2009 Launch of SEEA

2011 Investment in Livelihoods Carbon Fund #1

2015 Launch of EAV

2017 Investment in Livelihoods Carbon Fund #2

2020 Launch of SEEAA

2021 Investment in Livelihoods Carbon Fund #3

2023 Launch of GEIF II

1. Contributing to an inclusive economy with Schneider Electric Energy Access (SEEA)

SEEA is an Impact Investing structure in the form of a variable-capital SAS (simplified joint-stock company), certified as a social and solidarity investment company (ESUS certification) and open to French employee savings through the Group's Employee Savings Plan *(Schneider Energie Solidaire Fund)*.

SEEA contributes to an inclusive economy for the benefit of the most vulnerable people and communities worldwide. SEEA brings together different stakeholders by inviting Schneider Electric's employees and business partners around the world to play an active role in this commitment. At the end of August 2023, 6,287 (past or present) Group employees in France had invested EUR 42.2 million in the *Schneider Energie SICAV Solidaire* fund.

Since 2009, SEEA has invested in 26 companies and exited from ten. In 2023, SEEA invested in one new company (Wall'up) and reinvested in one company (Envie Rhône-Alpes).

As of December 2023, SEEA portfolio included 16 companies, of which 12 in France, one operating in Europe, and three operating in Africa, South-East Asia and Latin America, and managed the following amounts:

- EUR 3 million in capital invested by Schneider Electric;
- EUR 3.2 million invested by *Schneider Energie SICAV Solidaire* (including EUR 500,000 in capital), a mutual fund managing the employee savings scheme for Schneider Electric employees in France;
- EUR 200,000 of capital invested by Phitrust Impact Investors;
- EUR 500,000 of capital invested by *Mutuelle d'Entreprises Schneider Electric* (MESE).

With a dedicated Schneider management team based in Rueil-Malmaison (France), SEEA invests primarily in equity and quasi-equity in start-ups that:

- **Fight against energy poverty** by promoting efficient affordable housing and energy efficiency solutions:
  - Six invested companies for a total of EUR 2.25 million (*Foncière du Possible*, LVD Energie/HomeBlok, Soliha BLI, Dorémi, Réseau Eco-Habitat, Wall'up).
- **Promote digital and financial inclusion:**
  - Two invested companies for a total of EUR 430,000 (SIDI, Kajou).
- **Provide access to affordable, clean and sustainable energy:**
  - Four invested companies for a total of EUR 1.5 million (Okra Solar, Amped Innovations, Enogrid, Goparity).
- **Promote job creation, income generation and inclusion:**
  - Four invested companies for a total of EUR 640,000 (Talendi, Incubethic, *Envie Rhône Alpes*, *Fabrik à Yoops*).

Okra Solar

Okra closed a new fundraising in 2023, confirming the feasibility of the business model, and enabling a strong deployment in Nigeria and Haiti.

Project description

Okra is an Australian-Cambodian social and innovative enterprise with operations in Southeast Asia and Africa.

It promotes **access to affordable, clean, and sustainable energy to precarious populations.**

The **mesh grid technology** developed by Okra drastically reduces installation costs and enables access to electricity to off-grid communities.

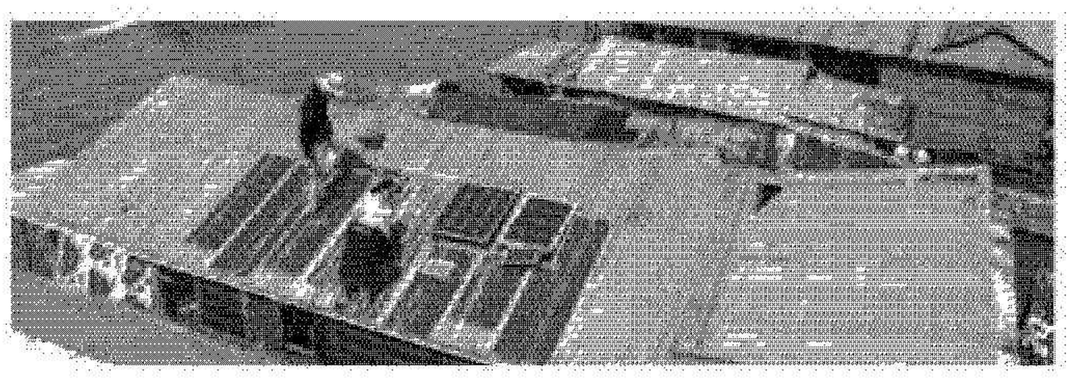
It consists of an intelligent plug and play controller that connects individual solar panels paired with a SaaS technology that remotely monitors and controls networks and manages payments.

Impact assessment

From the launch of the project to November 2023, Okra Solar's projects represented:

- **+31MWh of renewable electricity** produced.
- **14,700 beneficiaries impacted** who have now access to electricity.

OKRA



Goparity

The investment of SEEA in Goparity (2022) was a first step towards expanding SEEA's activities to Europe.

Project description

Goparity is a Portuguese enterprise that has developed a **crowdlending platform/service** that connects companies seeking alternative financing for their environmental and social businesses with individuals and companies who want to invest in impactful projects. It operates mainly in Europe, with some financed projects in Africa and South America.

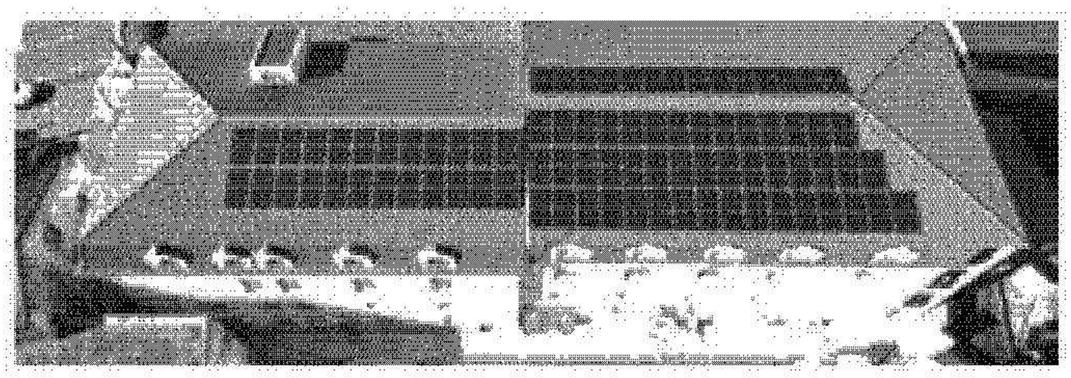
Between 40 - 50% of the projects are in the sustainable energy sector. Their mission is to democratize access to sustainable finance, controls networks and manages payments.

Impact assessment

From the launch of the project to November 2023, Goparity represented:

- **90,000 beneficiaries** impacted by financed projects.
- **> EUR 30 million** invested in 321 projects with a high environmental and/or social impact.
- **> 25,000 tCO_2 avoided** per year.

GOPARITY



2.6 Delivering social impact for a just transition

2. Bringing access to green energy in Asia with Schneider Electric Energy Access Asia (SEEAA)

In recent years, electrification rates in Asia have improved due to strong government policies supporting national electrification. As Asian countries are now approaching universal access to electricity, the focus is shifting to integrating renewable energy into the energy mix. However, at the micro level, there are still a considerable number of rural areas without access to electricity. Even when access is available, electricity is often not reliable as power grids struggle with load and connectivity issues.

Schneider Electric envisioned the SEEAA impact investing vehicle in 2019 to help the region tackle these challenges and advance towards SDG 7 "Ensure access to affordable, reliable, sustainable and modern energy for all". Three other investors joined forces with Schneider: the European Development Finance Institution Management Company (EDFI MC), the Norwegian Investment Fund for Developing Countries (Norfund), and Amundi (*Finance et Solidarité* fund), committing a total of EUR 20.9 million.

SEEAA, through its dedicated Schneider management team based in Singapore, invests primarily in equity and quasi-equity in start-ups that work toward increasing quality of life and boosting economic development in Asia, thanks to access to affordable, clean, and sustainable energy. As of December 2023, SEEAA had invested in 11 start-up companies (Freyr, Frontiers Markets, Xurya, Oorja, ATEC, Carbon Masters, SMV, Agros, Selex, Biofuels Junction, Solarkita), for a total of EUR 7.7 million.

SEEAA's goals are to:

- **Increase access to affordable and reliable energy:**
  - This goal primarily targets unprivileged communities where last mile energy access is either not available or unreliable. SEEAA aims to create social impact for these rural communities.
- **Accelerate the transition towards renewable energy and net-zero:**
  - The goal is to invest in projects that enable the transition of economies to clean renewable energy sources and provide solutions to reduce CO_2 emissions.

Agros

Project description

Agros is a start-up company pioneering in the sustainable agriculture in South-East Asia. The company provides a one -stop solution for crop farmers to switch to sustainable farming. Their solution includes a combination of hardware, inputs, financing, and advisory with the ambition to allow farmers to double their income while making their farm climate-resilient for generations to come.

Agros' solar water pumps help farmers reduce fuel cost for and provide clean water for year-round irrigation, enabling them to grow additional crop cycles. Paired with soil advisory solutions to improve soil fertility and reduce chemicals dependence, Agros enables farmers to increase their yields. All these solutions are backed with tailored financing.

Impact assessment

Since the launch of the project, Agros has:

- Sold **2,559 solar water pumps** in Myanmar and Cambodia, directly impacting **13,780 beneficiaries.**
- Created **121 direct jobs** (employees and farmers), allowing them to earn decent income.



Freyr

Project description

Freyr is an Indian tech-enabled company that **designs, procures, and installs rooftop solar systems** for private homes and small businesses.

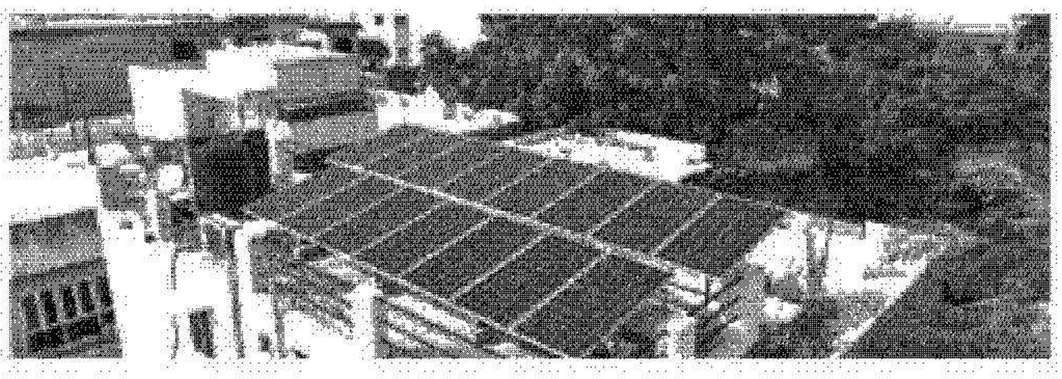
The rooftop systems are sold via Freyr's proprietary technology platform, that streamlines the process from sales and financing to installation, ultimately offering services as the one stop platform.

Freyr brings together an ecosystem of stakeholders and third party vendors to make solar affordable and accessible for more people, as part of the global push for clean energy and decarbonization

Impact assessment

Since the launched of the project, Freyr has:

- Supported the installation of **2,600 rooftop solar panels**
- Deployed a **total capacity of 27.4 MWp.**



3. Enabling green energy access in Africa with E3 Capital impact fund (formerly EAV)

Schneider Electric initiated and supported E3 Capital, a fund which manages EUR 75 million to be invested in companies transforming communities across Africa and stimulating economic development through energy access solutions. The fund is jointly backed by Schneider Electric, British International Investment (BII) (on behalf of the Foreign, Commonwealth and Development Office (FCDO)), the European Investment Bank, FMO (Dutch Entrepreunarial Development Bank), FISEA-PROPARCO, OFID, and AFD-FFEM.

At the end of 2023, E3 Capital had invested in 15 companies and exited one. E3 Capital's independent management team based in Nairobi (Kenya) is now focusing on enhancing value creation in the portfolio, follow-on investments, and on driving liquidity events.

E3 Capital invests primarily in equity and quasi-equity in start-ups that:

- **Provide access to affordable, clean, and sustainable energy solutions:**
  - Five invested companies for a total of EUR 17.1 million (Zola Electric in Tanzania, BBoxx (Solar Impact Holdings) in Ghana, Nuru in Democratic Republic of Congo, Zonful Solar Energy in Zimbabwe, and ZIZ Energy in Chad).
- **Provide access to clean productive use energy:**
  - Six invested companies for a total of EUR 24,5 million (ManoCap Energy in Ghana, Candi Solar in South Africa, SolarX in Mali, Greenlight Planet (formerly PayGo Energy), SunCulture, and InspiraFarms in Kenya).
- **Promote digital and financial inclusion:**
  - Three invested companies for a total of EUR 12.5 million (Mawingu, Solarise Africa, and Palgo in Kenya).

Nuru

Project description

Nuru is the **leading smart distributed utility in Democratic Republic of Congo (DRC)**.

It develops, finances, and operates profitable **solar powered "metrogrids"** for businesses, industries, SMEs, and households. Nuru focuses on urban zones with high levels of commercial and residential activity that are geographically clustered around dense metrogrid ready zones. Nuru deployed Congo's first solar-based mini-grid in 2017 and has a 1.3 MW solar hybrid site in Goma, the largest off-grid mini-grid in Sub-Saharan Africa. In total, Nuru manages four solar-based grids across DRC.

Impact assessment

From the launch of the project to November 2023, Nuru represented:

- **> 120,000 beneficiaries impacted** who have now access to electricity.
- **13.7 MWp** of operating capacity.
- **> 15,000 tCO_2 avoided** per year.



Photo: © Graco Rubonoka for Nuru Marketing & Communication Department

SunCulture

Project description

SunCulture is a Kenyan-headquartered company that uses **off-grid solar technology to provide customers with reliable access to water, irrigation, lighting, and mobile charging**. It operates through both direct operations and distribution partners in several markets in East, West, and Southern Africa.

The products combine solar water pumping technology with high-efficiency drip irrigation so smallholder farmers can grow more while spending less. SunCulture offers comprehensive solutions, combining market-leading technology with Pay-As-You-Grow financing and value-add services (advisory, installation, training).

Impact assessment

- 89% of beneficiaries reported an **improved quality of life**.
- 87% of smallholder farmers report **increased farming incomes** due to the SunCulture system.
- Drip irrigation **saves up to 80% of water** compared to current practices.

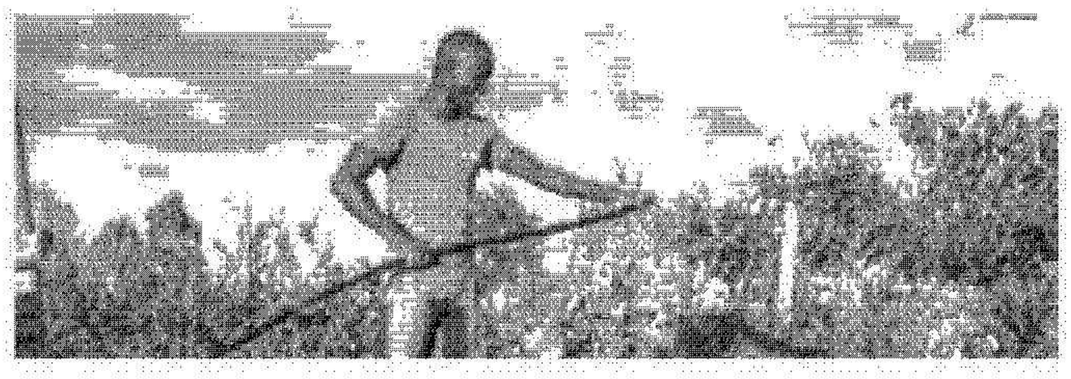


Photo: © SunCulture. Smallholder farmers hold the key to global food security. Here, a SunCulture engineer demonstrates one of their products in action.

2.6 Delivering social impact for a just transition

4. Supporting entrepreneurs with high environmental and social impact in the field of energy transition in Africa with Gaia Energy Impact Fund II (GEIF II)

In September 2023, Schneider Electric, Capelan, Capital Croissance, and *Investisseurs & Partenaires* joined forces with the Gaia Impact team to launch GEIF II. This new venture capital Impact fund is specialized in the energy transition in Africa and the support of entrepreneurs with high environmental and social impacts. The fund is managed by Capital Croissance. Gaia Impact acts as exclusive advisor both to the fund manager and the portfolio companies. Schneider Electric and Capelan are two cornerstone investors. *Investisseurs & Partenaires* provides its expertise regarding African countries and technical assistance to the Gaia Impact team. Schneider Electric committed a total amount of EUR 20 million and has seats at the Advisory Board, the Consultative Investment Committee, and the Impact Committee.

GEIF II will invest tickets between EUR 500,000 and EUR 5 million (in equity or quasi-equity) in around 25 early-stage (Seed and Series A) companies and follow on up to growth phase (Series B). Most investments will be made in companies operating in African countries (with a maximum of 15% in other emerging countries). Investments will support six sectors within the distributed renewable energy value chain: minigrids, decentralized energy systems, commercial and industrial energy systems, productive use of energy, new renewable energies, and enabling technologies (tech innovations).

Half of the team's carried interest is tied to the achievement of Impact objectives that will be measured by accredited third-party organizations and monitored by an independent Impact Committee. GEIF II's goals are to bring energy to four million people, to create 20,000 jobs, while enabling the avoidance of four million tons of CO_2.

The fund has reached its first target of an initial closing of EUR 40 million for summer 2023. The goal is to raise another EUR 40 million in the first half of 2024 to reach a final target amount of EUR 80 million. At the end of 2023, the fund has deployed EUR 6 million, and the portfolio comprises six companies, of whom four were transferred from the fund GEIF I.

5. Contributing to global decarbonization with the Livelihoods Funds

Schneider Electric is a founding member of the Livelihoods Carbon Fund. The first sustainable carbon fund with high social impact, was created in 2011 and is managed by an independent team based in Paris.

Schneider Electric invested EUR 35 million in Livelihoods Carbon Funds #1, #2, and #3.

A total of EUR 230 million, invested by private companies and financial investors, is dedicated to investing in high-potential carbon offset projects to generate positive impact for people and the planet.

Projects supported by Livelihoods Carbon Fund #1 (2011) have already impacted one million people and avoided or sequestered over four million tons of CO_2. Carbon Fund #2 (2017) aims to benefit two million people and to avoid or sequester 12 million tons of CO_2 over 20 years while Carbon Fund #3 (2021) objectives are to benefit another two million people and to avoid or sequester 30 million tons of CO_2 over 20 years.

The Livelihoods Funds support three types of projects: reforestation, agroforestry, and agricultural practices and rural energy.

The Livelihoods Carbon Funds #1 and #2 have contributed to three mangrove reforestation projects in Senegal, India, and Indonesia. These projects have enabled local communities to improve their living conditions by restoring the ecosystem and encouraging lifeforms such as fish and crabs.

Livelihoods agroforestry projects enable farming communities to increase their revenues thanks to improved conditions for cash crops such as coffee or cocoa and the planting of fruit trees such as mangoes. In addition, the Livelihoods Funds contribute to the creation of new downstream activities such as food processing and commercialization.

Rural energy projects play an important role in improving women's lives and create jobs through the construction and distribution of cookstoves.

All these projects are an integral part of Schneider Electric's Carbon Pledge: the carbon credits generated are used to offset carbon emissions. For example, part of these carbon credits is used to offset all the carbon emissions generated by the Schneider Electric Paris Marathon; the race has been carbon-neutral since 2019.

As of December 2023, the total carbon credits accumulated since 2011, corresponding to Schneider Electric's participation in Livelihoods Funds, was 499,743 tons, of which 119,945 tons have been used to offset Schneider Electric's Paris Marathon carbon emissions.

SureChill

Over summer 2023, GEIF II closed their 1st deal with a US$1 million investment in SureChill.

Project Description

SureChill is a Kenyan-based company whose goal is to improve the living conditions and healthcare of vulnerable populations all around the world.

The company has developed a revolutionary water-based cooling technology that powers autonomous refrigerators when electricity is missing. The technology addresses the issue of providing reliable cooling with an intermittent or erratic power supply. SureChill provides medical refrigerators for temperature-sensitive drugs and vaccines, and robust fridges for homes and businesses.

Impact Assessment

This new technology allows **vaccine refrigerators to operate without the need for a constant power source** and avoids the use of costly and unreliable solar rechargeable batteries. As an example, SureChill is working closely with GAVI, the Vaccine Alliance, UNICEF, PAHO Ministries of Health and other to help make **a positive impact on the Cold Chain**.



2.6.3 The Schneider Electric Foundation

2.6.3.1 Context and goals

Today's younger generation is the first generation to feel the direct impact of climate change and certainly the last generation capable of doing anything about it.

Beyond simply being aware, younger generations are already heavily involved in climate and social transition initiatives led by civil society, for example through climate marches and citizen movements emerging all over the planet, but also through their career choices, volunteering, involvement in non-governmental organizations (NGOs) and more.

Connected to each other like never before, young people today want to contribute to the resilience of their communities, by putting forward innovative solutions, stimulating social progress and inspiring new political movements. They are also agents of change, taking action to achieve the UN SDGs and thereby improve people's lives and the health of the planet.

2.6.3.2 Group policy

To successfully secure a sustainable future for humanity, younger generations express the same need for guidance, training, and recognition. The Schneider Electric Foundation's goal, under the aegis of *Fondation de France*, is to support these young people and empower them to get involved and innovate, so that they can take their rightful place in the world of tomorrow being built before our eyes today. The Foundation goes about fulfilling this objective each and every day, all over the world, through concrete initiatives and programs.

The Group's first Philanthropy Policy was implemented in 2023. The objective is to define Schneider Electric's position on philanthropy, its priorities, and its principles of action, in line with the 17 UN SDGs. It provides a coherent and consistent framework enabling Schneider Electric entities and employees to contribute and act.

In 2023, the EUR 4 million annual budget of the Schneider Electric Foundation was invested in more than 140 projects, supporting 180,845 youth with a key engagement of the Schneider Electric community, contributing with 17,083 days of volunteering.

This commitment is being amplified with an additional EUR 21 million from the Schneider Electric's entities and employees giving back in their communities. In total, more than EUR 25 million has been invested to help local communities worldwide.

2.6.3.3 Governance

Fondation de France is a non-profit organization that, since its creation in 1969, has been the bridge between donors, founders, and field structures in order to support projects in a range of general interest areas. It supports other foundations (977 in 2023) whose operations are governed separately, but who are legally part of *Fondation de France*. It is responsible for ensuring that their actions comply with its by-laws and the legal framework of the sponsorship. The Schneider Electric Foundation's *Executive Committee* determines the major focuses of its actions and the projects it supports. It then informs *Fondation de France* of its decisions, and the latter verifies the projects' compliance and implements them.

Since 2019, the composition of the Schneider Electric Foundation's Executive Committee is as follows:

- Ten members: five from Schneider Electric (including the Chairman and two representatives of the employees) and five external experts.
- One observer from *Fondation de France*.

Its missions are the following:

- Define the strategic directions of the Foundation.
- Validate the activity report and financial report.
- Decide on the allocation of budgets by program.
- Validate commitments exceeding EUR 200,000.

One to two Executive Committee meetings are organized each year.

The members of the operational team are:

- General Delegate;
- Corporate Philanthropy Director;
- Employee Engagement Leader;
- Administrative and Financial Assistant;
- Mentorship Leader; and
- Social Impact Assessment Leader.

Lastly, the Foundation's Selection Committee is composed of:

- General Delegate;
- Corporate Philanthropy Director; and
- Program Director, Training & Entrepreneurship.

2.6.3.4 Key actions driven by the Schneider Electric Foundation

Schneider Electric's global presence allows it to have a greater reach and impact on underserved communities. The Group believes in contributing through different initiatives such as the Schneider Electric Foundation programs and initiatives. Through charity and donations, teaching and lending its time, the Company will support local organizations and stimulate communities. Six main actions are driven by the Schneider Electric Foundation:

1. Developing access to education and entrepreneurship for the youth with the Youth Education & Entrepreneurship program deployed globally.
2. Developing volunteering and social mentorship as a key contribution to the success of youth projects and initiatives.
3. Acting as a corporate citizen by supporting international causes with the Tomorrow Rising Fund.
4. Strengthening its impact thanks to Schneider Electric Sister Foundations (North-America, India, Australia).
5. Support innovation with emblematic projects.
6. Measuring the impact of all the programs.

More information on these actions are given in the next sections.

2.6 Delivering social impact for a just transition

2.6.3.5 Youth Education & Entrepreneurship program deployed

Context and goals

Today's young people are forward-thinking and creative. We need to empower them with the necessary skills and support to create a life aligned with their dreams and aspirations. Education, technological and social innovation, and entrepreneurship are all essential ingredients to ensure that these initiatives are relevant and effective, that they have the biggest possible impact, and are appropriate responses to the needs of beneficiaries.

Group policy

The Youth Education & Entrepreneurship program aims to give all young people the means to build solutions for a better life, contribute to a fairer, low-carbon society, and transform the world.

By funding projects, sharing its expertise, volunteering employees' time, and collaborating with its partners on the ground, Schneider Electric is empowering younger generations and the broader community to achieve a better future through sustainable development.

The Schneider Electric Foundation promotes volunteering activities, through the VolunteerIn association, and mentorship as key contributions to the success of youth projects and initiatives through the mobilization of Schneider Electric employees.

Schneider Electric's ultimate goal is to skill and empower one million young people in energy management by 2025, and to train 10,000 trainers and support 10,000 entrepreneurs.

Governance

The program follows the rules and governance of the Schneider Electric Foundation and *Fondation de France*.

To increase the effectiveness of following up the partnerships and achieve the 2025 ambition, the program is evaluated every six months by the zone President, the Foundation representatives, and the Youth Education & Entrepreneurship program leaders. Each zone has a defined ambition up to 2025 and a pipeline of projects that is reviewed on a regular basis. Corrective actions are implemented if necessary.

The program is led by zone representatives and in-country leaders that share ideas on a daily basis. A global co-ordinator sets regular meetings to support the zone representatives and guarantee the progress of the program in each zone. Every quarter, the zone representatives use a centralized tool to report on the impact of the program, and data is reviewed by an external auditor. With rare exceptions, all projects benefit from monitoring by employees of Schneider Electric entities operating in the countries concerned.

For years, the Schneider Electric Foundation has broken new ground in measuring social impact, aiming to enable its partners to better fulfill their missions. After different independent social impact evaluations carried out in previous years, the Foundation has taken a step further in 2023; based on an innovative approach, it started co-creating with its partners and experts an evaluation framework applicable to different programs. It will allow both partners and the Foundation itself to measure the social impact of the missions, autonomously, iteratively, and within a continuous improvement perspective. This will guarantee that the actions are focused on bringing a real positive for the beneficiaries.

Actions

The program is divided into **three main areas:**

1. **Support access to qualitative jobs through vocational and entrepreneurship training in the energy field**, key drivers of socio-economic and sustainable development across generations.
2. **Learn new skills for the future, technical and soft,** linked to the energy transition, giving younger generations the boost they need to succeed and build the world of tomorrow.
3. **Create the right ecosystem to spread entrepreneurial spirit and encourage innovation,** enhancing younger generations to define their future and take part in social and environmental challenges.

Resources

SSI #11

Our 2025 Commitment

Train one million people in energy management

The Youth Education & Entrepreneurship program has supported the training of 578,709 people worldwide since 2009. More than 8,500 trainers and 8,200 entrepreneurs have also been supported. After COVID-19, we are committed to go further and faster by reaching a total of one million people trained by 2025, 10,000 entrepreneurs supported, and 10,000 trainers trained.

Schneider Electric and its Foundation's partnership with SENATI marks a significant investment in advancing technical education in Peru, South America. SENATI, an institution established by the National Society of Industries, plays a crucial role in providing professional training across various industrial sectors. The collaborative project focuses on enhancing SENATI's training laboratory for Industry 4.0 by investing in 11 benches. These advanced tools empower SENATI teachers with the skills to diagnose and operate systems remotely, aligning with the demands of modern industries. The Industrial Electricity and Industrial Mechatronics programs are the primary beneficiaries, impacting a total of 4,002 students over five years. In 2023, all training sessions with teachers have been successfully concluded, and Schneider Electric is looking forward to witnessing the positive impact of this initiative in 2024.

Our progress

2020 Baseline	2023 Progress	2025 target*
281,737	578,709	1M

* Cumulated since 2009.

To learn more on the actions developed in 2023, please see section 2.6.4 **page 257**

2.6.3.6 Volunteering and social mentorship for successful youth projects and initiatives

The Schneider Electric Foundation strongly focuses on the involvement of Group employees in all its activities. Whether they are Foundation delegates or employee volunteers, these individuals are the link between the Company, the Foundation, and the supported organizations. In 2012, the Schneider Electric VolunteerIn NGO was created to organize volunteer missions benefiting the Foundation's partners. Wherever the Company is based, Schneider Electric VolunteerIn empowers people to be actors and ambassadors of societal commitments in the fields of youth education, planet, poverty, and communities. In particular:

- Employees volunteer their time, energy, and lifelong learnings and make their skills available.
- Partners look for skills to support their activities, specify their needs, and support volunteers in carrying out their mission.
- The Schneider Electric VolunteerIn association as well as the Foundation delegates co-ordinate, connect, and organize the process and cover costs related to carrying out missions, especially abroad.
- The Schneider Electric entities host the volunteers when the mission takes place outside their country.

The Schneider Electric VolunteerIn Executive Board is composed of Schneider Electric leaders:

- Chairman, Chief Human Resources Officer;
- Vice-President;
- Secretary, in charge of the Training & Entrepreneurship program;
- Treasurer, in charge of the SEEA solidarity investment fund;
- Member, Vice-President, Diversity, Equity, Inclusion and Well-Being;
- Member, volunteer representative;
- Member, Chief Citizenship Officer and Senior Vice-President Institutional Affairs.

One to two Executive Board meetings are organized each year.

The Schneider Electric Foundation draws on a network of around 80 delegates, covering 100 countries. This community was renewed in 2023. Its role is to select local partners in the fields of vocational training in the energy sector, and to support entrepreneurship, sustainability awareness and volunteering initiatives, particularly social mentorship. The delegates inform employees about their entity's activities, and also about the Foundation. Each proposed project is subject to a review process based on administrative and financial data by the Schneider Electric Foundation and by *Fondation de France* before funds are released. Following a project's launch, progress, and reporting are monitored by the delegates.

The delegates manage a digital platform known as VolunteerIn, that brings together all the missions proposed by the Foundation locally and internationally. Available in 27 languages for Schneider Electric employees with the potential to be increased to 37 languages, the platform can be accessed from anywhere in the world with one click (Single Sign-On) and enables employees to apply for volunteer assignments for the benefit of the Foundation's partners and their beneficiaries.

Finally, the delegates co-ordinate the organization of the Schneider Electric Foundation's campaigns for international mobilization. During 2023, these included the Tomorrow Rising fund and the Giving Tuesday to Empower the Next Generation for Impact dedicated for Mentoring scheme as well as the International Volunteer Day which focused on solidarity and local mobilization through volunteering and mentoring and will continue for the next years. These campaigns showcase local initiatives to a global audience. Delegates also participate in campaigns following natural or other disasters. For example, in 2023, employees responded enthusiastically to the launch of the Tomorrow Rising Fund for the earthquakes that happened in Türkiye, Syria and in Morocco.

Generations

SSE #25

Our 2025 Commitment

50,000 volunteering days since 2017

In 2023, employee participation in the activities of the Schneider Electric Foundation greatly increased.

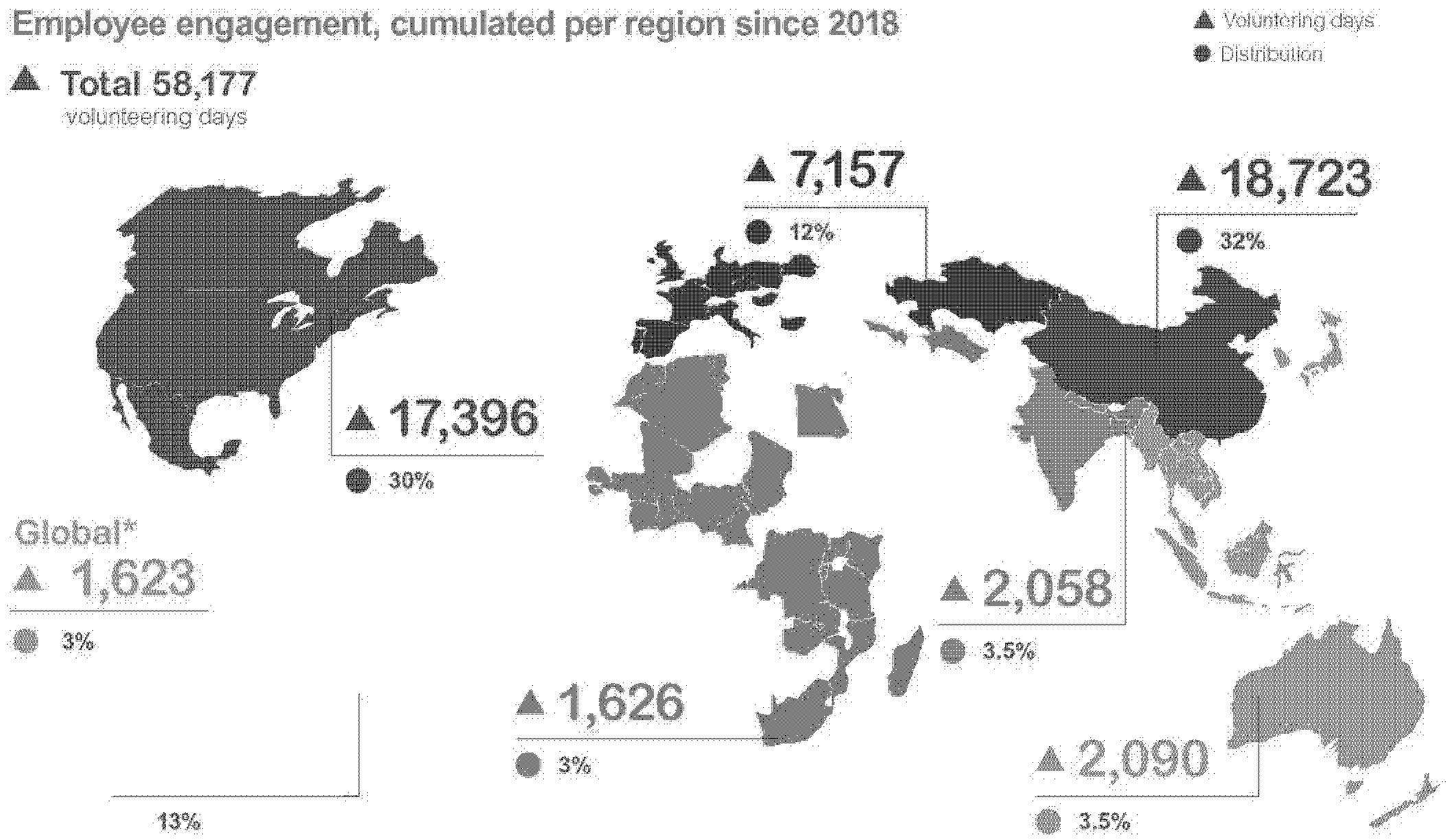
Schneider Electric employees show a high level of commitment to give back. Mainly through in person and remote missions, they demonstrated their ability to adapt and to help the most vulnerable, especially young people in need of support and coaching. With 17,083 volunteering days in 2023, the 2025 target has already been reached.

Our progress

2020 Baseline	2023 Progress	2025 target
18,469	58,177	50,000

2.6 Delivering social impact for a just transition

Employee engagement, cumulated per region since 2018



*Days in global/multi country initiatives.

2.6.3.7 Acting as a corporate citizen: Tomorrow Rising Fund

Context and goals

Since its creation in 1998, the Schneider Electric Foundation has proposed 22 specific emergency and rebuilding campaigns. It acts as a relay and amplifies the mobilizations of local Schneider Electric entities following natural disasters or emergency situations in the concerned countries.

Actions and impacts

Schneider Electric employees have always demonstrated an incredible spirit of solidarity in the face of crisis. Through the Tomorrow Rising Fund, Schneider Electric employees contributed to campaigns following the earthquake in Türkiye, Syria, and Morocco.

For each campaign, a special Steering Committee was established to take charge of organizing the appropriate release of funds to support the communities affected by the earthquake. Donations of Schneider Electric employees from around the world are already contributing by providing emergency kits, maintaining education, and supporting refugees and NGOs' missions.

Türkiye and Syria

Initial donation from the Schneider Electric Foundation. Financial donation campaign from employees with matching.

- To face emergency:
  - In-kind donations organized in Türkiye (blankets, clothes, tents, etc).
  - 7,000 solar lamps.
  - Support to SOS Attitude & ESF
- To contribute to rebuilding the education system and professional training:

Türkiye
- 5 scholarships to female university students for four years with Turkish Education Fund.
- 100 scholarships to female university students for one year with Turkish Education Fund.
- Volunteering and mentoring initiatives in place to support impacted communities.

Syria
- 6 scholarships to female university students in Science, Technology, Engineering and Mathematics for four years with Muslim Hands.



Morocco

Launch of the communication campaign and of the online donation campaign.

- Phase 1: Facing emergency:
  - In-kind donations organized in Morocco (tents, sleeping bags, solar lamps, kitchen devices, etc).
  - 8,000 solar lamps given in five districts.
  - Support to SOS Attitude.
- Phase 2: Education will be deployed beginning of 2024 with a focus on professional training.



2.6.3.8 Strengthening its impact thanks to Schneider Electric Sister Foundations

The Schneider Electric Foundation operates in 100 countries across all continents. Its impact is reinforced in some regions through the activities of Sister Foundations in North America, India and Australia.

North America

The Schneider Electric North America Foundation provides monetary support, products, expertise, and volunteers to non-profit organizations that align with business priorities, values, and geographies. The Foundation drives change in its communities. It also offers employee programs to support efforts in their communities:

- Matching Gift provides a dollar match on employee donations to the non-profit of their choice.
- Dollars for Doers provides financial grants to organizations where employees volunteer their time.
- Sponsorship Grants offer financial and product donations to sponsor events, capital projects, and employee missions.
- New Hire program welcomes new employees with a gift to donate to a non-profit of their choice.
- Service Days and Volunteer Events enables employees to donate time during their working hours.

The Schneider Electric North America Foundation has strategic partnerships that focus on supporting the Schneider Electric Foundation areas:

1. Energy Equity: energy is a basic human right and to make it available and affordable to everyone, the Foundation partnered with Habitat for Humanity and Inherent Homes.

2. STEM Education: preparation of the next generation for STEM-related careers is done with partners like TryEngineering and FIRST Robotics.

3. Disaster Relief: As natural disasters are occurring at an increasing rate, the Foundation's goal is to ensure its partners, such as Footprint Project and American Red Cross, are prepared to respond sustainably.

4. DEI and well-being: The Foundation is committed to supporting the health, well-being, and equity of all communities by partnering with organizations like NSBE (National Society of Black Engineers) and ACP (American Corporate Partners).

In 2023, the North America Foundation contributed over USD 7 million in cash and product donations to over 1,900 charitable organizations and participated in 25,000 employee hours.

India

During 2023, Schneider Electric India Foundation (SEIF), which is the corporate social responsibility (CSR) arm of all Schneider Electric business entities in India, focused on following programs:

1. Skill development in the field of energy management: 34,292 unemployed youth were provided training in the field of electricity, solar energy and automation including 1,750 females. 363 trainers were also trained through "train the trainers". In addition, 323 youth were provided entrepreneurship training to start their entrepreneur journeys in the energy profession through SEIF's Skill Development program.

2. Clean Energy for sustainable Livelihood: 2,633 indigenous farmer families were supported to have access to irrigation through solar powered pumps and grow two or three crops in a year under the "Clean Energy for Sustainable Livelihood" project. The project impacted the community by doubling the annual income of women smallholder farmers and ensured food and nutrition security in remote villages of Jharkhand, Odisha, and West Bengal.

3. Conserve My Planet: 7,680 school children from 70 schools trained on conservation of energy and environment across seven metro cities under the Conserve My Planet program.

4. Scholarship: SEIF will provide scholarships to 40 meritorious students from financial disadvantaged backgrounds to pursue higher study in the field of engineering.

5. Environment: More than 300,000 trees have been planted for conservation of environment and carbon sequestration.

6. Volunteering: SEIF encourages employees to participate in all the above initiatives, and during 2023 more than 400 volunteers contributed 500 volunteering days. Approximately 300 Schneider employees shared their knowledge with underprivileged youth under the SE Teacher's Mission initiative.

Australia

In 2023, Schneider Electric Pacific Fund contributed to AUS 375,000 to major Australian charity partners – Raise Foundation, Beacon Foundation, Australian Torres Strait Islander Maths Alliance (ATSIMA), and Centre for Appropriate Technology (CfAT). In New Zealand, NZ$ 40,000 has supported Puhoro and Graeme Dingle Foundation Through our Giving@SE program, a total of more than AU$ 72,000 was donated to charities thanks to individual employees and matched donations from Schneider Electric (up to AU$ 5,000/employee/year).

2.6 Delivering social impact for a just transition

2.6.3.9 Support innovation with emblematic projects

The Schneider Electric Foundation also supports emblematic and international programs by making available its knowledge of energy systems management, through donations in resources and/or knowledge, to encourage innovation for the energy transition. It has made a four-year commitment to the Solar Impulse Foundation, which selects 1,000 solutions that contribute to the achievement of at least five SDGs:

- Clean, Accessible Water for All (SDG 6);
- Affordable and Clean Energy (SDG 7);
- Industry, Innovation and Infrastructure (SDG 9);
- Sustainable Cities and Communities (SDG 11); and
- Responsible Consumption and Production (SDG 12).

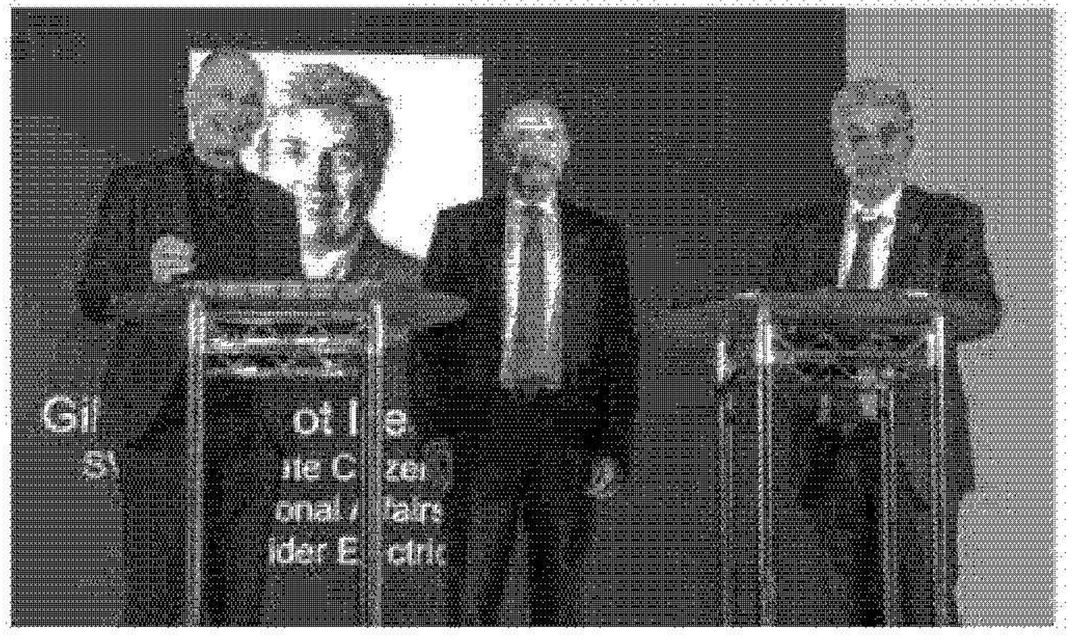
The selected solutions must meet the following criteria: technical feasibility, environmental benefits, and economic viability. Schneider Electric employees are mobilizing their skills to analyze the various solutions within their field of expertise.

Atelier 21, a Foundation partner, has been granted two Solar Impulse Efficient Solution labels:

- Solar sound systems for events powered by renewable energies (solar or bike-powered). With seven systems in place in France and Switzerland, Solar Sound System has set up solidarity projects in Haiti, Brazil, India, Taiwan, and Cameroon and has projects in Réunion, the US, and South Africa.
- Regenbox, the first do-it-yourself "non-rechargeable" alkaline battery charger. Regenbox aims to be ecological and anti-planned obsolescence. This project is also an educational tool and a means of raising awareness about a different use of batteries in order to reduce the amount of electronic waste so present in our daily lives.

Bertrand Piccard, Chairman of the Solar Impulse Foundation, is promoting this portfolio of solutions to corporate and political leaders worldwide. At the end of 2021, 1,000+ solutions had already been granted the Solar Impulse Efficient Solution label. These included insulating blocks made from hempcrete, wind turbine floats, and a web-based pallet exchange platform.

Building on the success of the exhibition on cities in 2022 at Schneider Electric premises Intencity (Grenoble, France), the Schneider Electric Foundation contributed to the exhibition "Cities of Tomorrow" inaugurated in September 2023 at *La Cité des Sciences* in Paris (France). It was also the opportunity to develop conferences for different stakeholders such as decision makers, and students. At the occasion of COP23, the partnership has been renewed for two years with a strong focus on advocacy, education, and promotion of solutions.



2.6.3.10 Measuring the impact of all the programs

Social Impact is part of the DNA of Schneider Electric Foundation: we want to bring a real positive change for the beneficiaries of our programs. Social Impact assessment is the compass guiding the Foundation and its partners in the best direction to guarantee that the actions and energy are focused on offering real added value.

For years, different evaluations have been conducted by experts in the domain. These evaluations underlined different challenges. Therefore, the Foundation decided to go one step further with an innovative approach to address them - the creation of a new global and common Social Impact framework for the Schneider Electric Foundation initiatives. This new framework considers one key mindset shift empowering the partners to be autonomous on evaluating the impact of their initiatives.

To develop this program, the Schneider Electric Foundation partners with highly advanced experts in the domain, Impact Track company, in partnership with the E&MISE Social Impact Lab from ESSEC Business School. The framework is supported by a tool responding to decisive aspects such as the possibility to launch assessments on regular/systematic basis as well as on demand, or to have aggregated data at different levels (partners, countries, foundation).

To develop this plan, the Schneider Electric Foundation has adopted an incremental approach in two main phases:

- A pilot phase, with first focus being in the training program, with a co-creation process with partners, domain experts, and internal teams of the Theory of Change, applied in concrete and diverse scenarios. The participation of the foundation partners, ACTEC (Association for Cultural, Technical and Educational Cooperation), IECD (*Institut Européen de Coopération et de Développement*) and the SRF Foundation, is key in this phase, allowing piloting a deployment: Ecuador, Egypt, India, and Cameroon.
- A scale phase, globally deploying the methodology to other countries and partnerships and, later, starting to involve new programs of the Foundation.

2.6.4 Next Gen Academy: the workforce of tomorrow

2.6.4.1 Context and goals

For over a decade, Schneider Electric with the support of its Foundation has partnered with more than 850 local and global stakeholders, in over 46 different countries, to create programs covering the latest technological developments, and tailored to local job market needs.

The objective is to contribute to provide quality vocational training courses culminating in qualifications that address local employment markets. Young people can acquire skills, find work or become entrepreneurs in the energy sector. These trainees can change not only their own lives but also the direction of their communities, contributing to the development of their countries, by bringing in new, safe, reliable, and sustainable energy solutions.

In addition, Schneider Electric also supply training centers with its products and solutions and train young people and teachers in its technologies; thus, helping raise the brand's image among future users and customers.

Schneider Electric is becoming an actor for today's pedagogical issues to prepare workforce for tomorrow. All these programs – from the Schneider Electric School to Youth Education & Entrepreneurship, from digital learning to the education equipment service - are grouped under the umbrella "Next Gen Academy". Schneider Electric has also developed the "Next Gen Campus" program for its own employees (apprentices, Go Green, and young talents). See more section 2.5.3.5 on page 227.

2.6.4.2 Youth Education & Entrepreneurship Program

1. Support access to qualitative jobs through technical and vocational education training (TVET) in the energy sector

Training in the energy field provides an inclusive answer to several challenges of the UN SDGs. For more than then years, the Group has been supporting TVET. TVET plays two major roles regarding social and economic development. The first role is to provide training and career opportunities for people, in particular, those who are not in education, employment, or training. Its second role is to build a generation of skilled manpower, which is required at all levels of the economies. Furthermore, TVET can also be a valuable tool for sustainable development, as it allows the development of environmentally sound skills, critical for shifting toward a more sustainable economic model.

Schneider Electric's strategy and its Foundation through the Youth Education & Entrepreneurship program has a specific focus on supporting youth, refugees, women in vulnerable situation, and marginalized groups of people. The actions are always implemented in partnership with local players and/or national or international non-profit organizations (NGOs, Ministries of Education, International Agencies) and with Schneider Electric's local subsidiary.

The three key priorities are the following:

- Basic training over a few months (minimum three months): free and accessible to many people and adapted as much as possible to the local situation. These training courses lead to the issuing of a certificate of competence.
- Single or multi-year trainings leading to a diploma, in partnership with local Ministries of Education, or even under bilateral agreements.
- The training of trainers to support the effective and quality roll-out of training down the line.

The program focuses on equipping training laboratories and encouraging Schneider Electric offices to donate training equipment, training the trainers with the support of the Volunteerin association, renewing curriculum and promoting training programs. With the new methodlogy, the Schneider Electric Foundation programs are systematically audited following global guidelines and standards.

To take a step further, Schneider Electric intends to supplement its training offer with digital learning curricula. For more information, see section 2.6.4.3.

Schneider Electric and its Foundation, in collaboration with the Ministry of Education of France and the Ministry of Education and Culture of Indonesia, have established the Center of Excellence in Bandung, Indonesia. This initiative is dedicated to providing specialized training in electricity, automation, and renewable energy to vocational teachers and laboratory technicians. The main focus of the Center of Excellence is the "training the trainers", which aims to empower educators with the necessary knowledge and skills to effectively impart their expertise to students. As of 2023, this program has already made a significant impact, reaching 27,109 students. In addition, 291 teachers and 163 assistants to teachers have undergone training, further enhancing their skills and expertise.



2.6 Delivering social impact for a just transition

Supporting training of trainers in the energy field

The Youth Education & Entrepreneurship program ensures education quality by supporting trainers at partner training centers. This assistance helps trainers understand the approach and materials, facilitating effective knowledge transfer to students in short, and long-term courses. The program aids trainers in updating curricula and adding market-relevant modules, aiming to expand dedicated training centers. This approach, backed by the VolunteerIn association, focuses on the training of trainers for the long-term transmission of quality, up-to-date knowledge. The Institute of Electricity and Energy Management (IEEM) in Bengaluru, Karnataka, India, is an example, established in collaboration with the Karnataka Government, Schneider Electric Foundation, Schneider Electric India, and the French Ministry of Education in January 2014.

At IEEM, trainers and teachers from industrial training institutes and Schneider Electric India Foundation's partnered training centers, get trained in an intensive and comprehensive 24-day training program. This intensive training covers the latest technologies and practices in electricity, including safety, domestic and industrial distribution, energy quality, renewable energies, and energy management. To date, 1,764 trainers have benefited from this comprehensive training, ensuring the effective and long-term transmission of quality, up-to-date knowledge in the energy sector.

Testimony of a trainee in Pakistan

The Youth Education and Entrepreneurship program, in collaboration with Muslim Hands has implemented actions for Women Empowerment in Pakistan, to foster gender inclusivity in the energy sector. This strategic partnership has a specific focus to enhance female enrollment, disseminate skills in the energy domain, and champion equal access to training and education. By catalyzing action, the initiative aims to expedite progress in gender equality and contribute to the empowerment of women, fostering an inclusive and sustainable energy transition.

"The Youth Education and Entrepreneurship program shattered barriers and empowered me as a young woman to discover my potential, embrace my passions, and proactively shape my future in the electrical field. It has instilled in me the belief that my gender should never constrain my aspirations or hinder me from realizing my dreams. My goal is to become an electrical engineer and help my community with sustainable energy solutions. This program provides me with essential knowledge and skills. It will contribute to my success by building a strong foundation and teaching problem-solving. I want to make a positive impact in remote areas."

Hani Baig, 1st Year student Govt. College of Technology, Karimabad, Karachi.



2. Learn new skills for the future linked to the energy transition

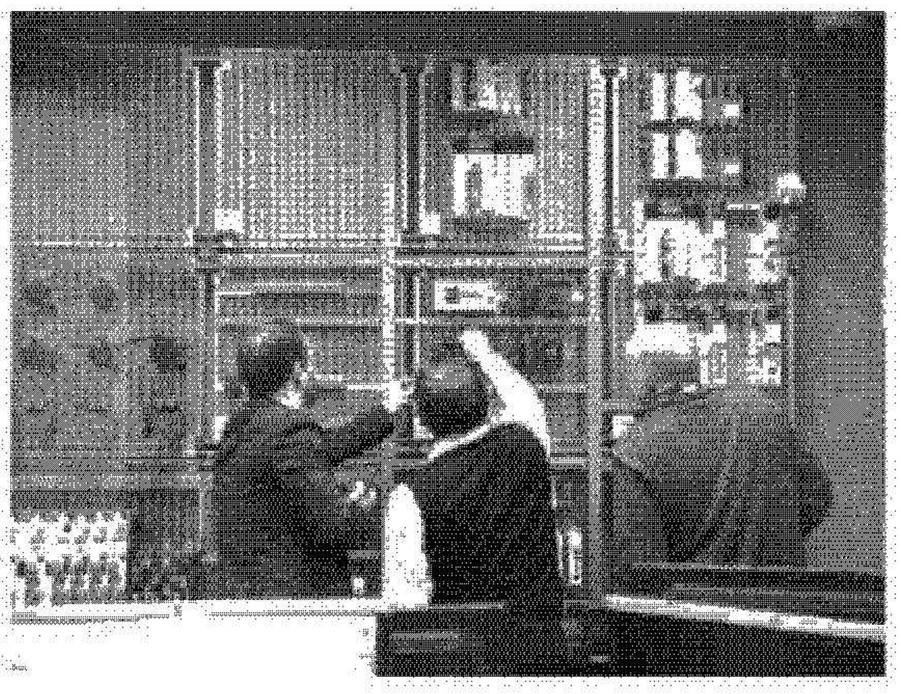
Since 2022, the Youth Education & Entrepreneurship program supports the spread of the skills to unlock current and future opportunities for the youth linked to the energy transition.

Current uncertainty and a fast-changing environment require every individual to be able to adapt. The future of work will look more flexible and encourage every individual to reinvent themselves during their professional career. The programs help build knowledge on the energy transition, relational and collective intelligence, and encourage the youth to become change makers and create a future aligned with their aspirations. The value of technological competence cannot be underestimated but is not the only goal in equipping the youth with skills for life, employment, and entrepreneurship. Schneider believes in integrating both formal and non-formal education to provide a flexible and personalized learning experience and ensure the youth can adapt to changing and diverse circumstances, identify opportunities for growth and innovation.

The projects deliver support to young people over a period of 3 months minimum. The Youth Education & Entrepreneurship program supports the development of training contents online and offline, implementation of activities and follow-up of students, development of concrete solutions by the students, competitions and volunteering actions supported by the VolunteerIn association of the Schneider Electric Foundation.

Educando Brazil

In collaboration with Educando, Schneider Electric and its Foundation are actively enhancing STEM education in Brazil. As a non-profit organization dedicated to improving STEM courses, Educando is preparing 12 STEM learning activities linked to residential and industrial electricity, and solar energy. This initiative serves as a catalyst for change in 35 schools across São Paulo state, offering courses in Industrial Automation, Electronics, Electromechanics, Mechatronics, and first and second-year STEM programs. The primary aim is to address learning gaps and reduce the number of students abandoning their technical careers. By the end of 2023, 100% of STEM benches have been implemented, positively impacting 30,000 students who have benefited from Energy and STEM courses.



3. Spread entrepreneurial spirit and encourage innovation for the energy transition

The Youth Education & Entrepreneurship program, with wide range of partners, is designed to engender a sense of creativity, innovation, and risk-taking among young people. Innovation and creativity can help young people become resources in co-creating solutions for the energy transition. They can inspire policy making and help solve problems adapted to the local context.

Programs are specifically designed to inspire young people, delivering soft and technical skills, mentoring young people and supporting their network development, to help them create their own project from conception to completion. This builds creative and innovative thinking and the ability to turn challenges into opportunities. They can choose to become effective entrepreneurs or to continue with another activity. Schneider encourages them to work in groups and participate in collective thinking.

The projects deliver support to young people over a period of three months minimum.

New Skills for The Future, Mexico

Schneider Electric and its Foundation, in collaboration with Enactus Mexico for the New Skills for The Future program, has left a lasting impact. In 2023, across 400 universities and colleges in Mexico, the initiative reached 60,000 students, with 50% being young women empowered with essential entrepreneurial and leadership skills. This program, which promotes social entrepreneurship, goes beyond conventional models. It not only equips students with tools for success in the market but also fosters a commitment to positive change in local communities. Schneider Electric's dedication to empowering young women aligns with its broader vision of nurturing youth entrepreneurship, contributing to a more sustainable and inclusive future.



Promoting self-employment initiatives in the energy sector

Employment markets in emerging economies are characterized by high proportions of informal sectors, underemployment, and people holding multiple jobs to make ends meet. In addition to specific skills training, entrepreneurs need business startup support and access to funding, both being key factors in the creation of long-lasting businesses. The Youth Education & Entrepreneurship program is providing informal entrepreneurs and those trained in the electricity sector with support in setting up their own businesses.

Economic and Social Development of Women through Renewable Energies in the Sahel with Plan International

Since 2019, in collaboration with Plan International, the Youth Education & Entrepreneurship program has been actively supporting the DESFERS (Economic and Social Development of Women through Renewable Energies in the Sahel) initiative, fostering economic and social development for women in the Sahel region of West Africa. The program's core objectives involve training 7,000 women in solar energy, promoting the renewable energy revolution, and facilitating economic activities through improved energy access.

This transformative initiative addresses gender inequality in the region by focusing on the renewable energy sector. It incorporates community awareness, technical and soft skills training, entrepreneurship support, and job creation within sustainable energy. By introducing decentralized renewable energy solutions, the program seeks to empower women to lead income-generating activities, potentially transforming traditional gender roles.

The DESFERS initiative aims to facilitate access to entrepreneurship in the sustainable energy sector for 4,500 small and medium-sized enterprises owned by women. This includes creating a supportive environment, providing access to credit and solar energy, and strengthening capacities.

The project is already making strides in facilitating access to credit for energy infrastructure, providing quality energy services, and promoting women's entrepreneurship in renewable energy. Infrastructure projects, including solar installations, are underway in Senegal, Mali, and Niger. Plan International plays a crucial role by organizing workshops, awareness campaigns, and advocating for the indispensable role of women in the renewable energy sector. The project aims to break down socio-normative constraints and create a more sustainable and inclusive future in the Sahel region.



2.6 Delivering social impact for a just transition

4. Gender strategy in the energy transition: empowering women through education and entrepreneurship

Since the inception of the Youth Education & Entrepreneurship program, female participation in energy training has faced challenges due to the male-dominated nature of the sector and societal norms discouraging women from pursuing technical paths. Schneider Electric and its Foundation are committed to breaking these barriers by actively including women across the entire energy value chain. Traditionally, women have been limited to non-technical and administrative roles in the energy sector, but Schneider Electric's program supports local organizations focusing on skills development and female empowerment.

These organizations specialized in creating inclusive ecosystems, providing training, mentoring, and funding to empower women in the energy sector and foster entrepreneurship. Simultaneously, Schneider Electric and its partners engage in community awareness, advocating gender equality from the grassroots level. The Youth Education & Entrepreneurship program thus plays a dual role, championing economic inclusion and gender equality.

Schneider Electric's innovative gender strategy is designed to support girls at all stages of their lives and careers. Starting with STEM education initiatives for school-age girls, the Company emphasizes capacity building, soft skills development, and exposure to opportunities in the energy transition. The strategy extends to TVET, addressing gaps in education and encouraging girls to pursue technical fields.

Through skills-based programs, mentorship, and networking opportunities, Schneider Electric and its Foundation actively upskills girls and women, particularly in sustainability and green energy. Mentorship and networks along with the provision of funding and resources are crucial for nurturing leadership and entrepreneurship. In the later stages of their careers, Schneider Electric supports women in becoming successful entrepreneurs and attaining leadership positions, completing the holistic approach of the gender strategy. Schneider Electric's commitment is to empower girls and women to be the driving force behind the progress of the energy transition and climate justice.

In 2023, the second cohort of students from the ElectroMisr School in Egypt achieved a momentous milestone by successfully graduating, underscoring the school's role in preparing a generation of skilled youth for the workforce. This accomplishment is the result of collaborative efforts between Schneider Electric and its Foundation, in partnership with IECD (*Institut Européen de Coopération et de Développement*). Pioneering in Egypt as the first institution of its kind, the ElectroMisr School stands as an exemplary model of innovation and progress in the realm of TVET. Where conservative norms and traditions often chart one's destiny, stands Shahd, an Egyptian girl who shines as a catalyst for empowerment. Alongside her mother, she has assumed the role of a promoter of TVET within their community. Their home has become a haven for numerous girls' parents, offering not only reassurance but also the motivation to pursue electrical education.

Shahd Aly – 17 years old Egyptian girl – former student at ElectroMisr School, and a current Schneider Electric employee



Youth Education & Entrepreneurship program: key figures and 2025 targets



2.6.4.3 Digital training to expand number of learners

To take a step further, Schneider Electric intends to supplement its training offer with digital learning curricula. This is fully in line with the Group's strategy, with the digitalization of its solutions and the integration of artificial intelligence (AI) into its entire offering. Additionally, it provides means to expand the number of learners, allowing more people to train and pursue careers in energy and automation, thanks to Schneider Electric's digital learning courses.

The goal is to impact more than ten million people with training, by 2030, and make them ready for the energy transition.

Young people, all around the world, can learn about and contribute towards the energy transition by training on the most innovative and efficient Schneider Electric technologies. To achieve it, particular attention is planned for disadvantaged populations, with adapted courses on the basics of electricity, safety, and automation, and with technological feasibility of offline digital trainings; translated into local languages. A special focus to impact female population will be organized through mentorship, role models, and learning modules to increase awareness about industrial professions.

To promote training beyond usual partners and channels, the content will also be distributed via other online learning platforms.

Digital learning offers a range of unique additional benefits. It allows Schneider Electric to be more agile in the content offered; to focus on courses that contribute to the energy and digital transition, and to rapidly distribute content to partner training centers and beyond the walls of conventional institutions. It appeals to the new generation, already active on many online platforms, and offer them innovative content that inspires them to join industrial professions. Digital learning is also innovative. Immersive technologies allow Schneider Electric to develop practical exercises using virtual, augmented, or mixed reality. Embedding AI into conventional pedagogical methods help create personalized learning courses and adaptive learning to match the needs and progress of each learner.

In 2023, Schneider Electric has designed and developed the first digital learning course for Electrical Assistants to teach them how to wire a house. This path will be available in 2024 on Schneider University platform. Schneider also experimented with Schneider Electric's EcoStruxure™ Operator Advisor software practical exercises in virtual and augmented reality. All exercises will complement the digital learning path.

2.6 Delivering social impact for a just transition

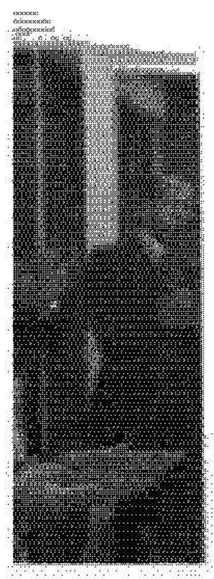
To promote industry, and energy-related jobs, Schneider launched three virtual tours of Schneider Electric's factories in France, focused on: circular economy, women in industry, and Industry 4.0.

Schneider Electric, the International Trade Centre (ITC), a UN agency, and the French NGO Atelier 21, developed an online training module about the energy transition. Titled "Become a Player in the Energy Transition", the course is free to access and is available to everyone in English. It aims to raise public awareness and understanding of the political and technological challenges and the benefits of the transition. Encompassing a variety of case studies from rural and urban settings marked by differing levels of development, the module also encourages participants to consider professional opportunities in the clean energy sector by directing them to more technical courses on solar power, wind power, and other specialized areas.

For the 2 sessions already launched more than 800 people from more than 60 countries registered, with a quarter earning certification.

2.6.4.4 Didactic solutions for developing digitally competent technicians and engineers

On June 1, 2023, the first education equipment design and experience center was inaugurated at the research and development (R&D) facility in Bangalore. The key focus is to design, develop and introduce new solutions for the education segment. The center showcases Schneider Electric's existing technologies in Smart Energy, Smart Buildings, and Smart Factory and is a dedicated experience and learning center for in-classroom and remote training for Schneider Electric's channel partners, authorized training partners, and for the training of trainers in the education segment.





Schneider Electric is enlarging its training offer by designing and equipping education centers to help youths to be digitally competent technicians and engineers. It is a scalable, self-sustaining business model. Building on its experience, the Group is actively working with various education providers, vocational training centers, engineering colleges, and universities in the fields of electricity, automation, and energy management.

Training young individuals through practical exercises for the jobs of the future and allowing them to visualize what is possible today will not only make a difference in their lives but will enrich Schneider Electric's communities now and for the future. They are the people at the heart of energy transition, the future professionals who will have to juggle multiple technologies, digital skills, information technology (IT), and operational technology (OT) integration together with energy efficiency, renewable energy, electric vehicles, smart grids, robotics, cybersecurity, Industry 4.0, and many more.

In 2023, Schneider Electric implemented more than 50 projects which will impact more than 10,000 youths per year.



2.6.4.5 The Schneider Electric School

In 1929, Schneider Electric founded its own school – Paul-Louis Merlin – in Grenoble, to address the difficulty of recruiting skilled labor in the energy industry and help young people in precarious situations to access promising jobs. Today, it continues to focus on vocational training in Schneider Electric areas of expertise, with innovative training approaches and close alignment with actual industry practices.

Students leave with qualifications enabling them to continue in higher education or take employment in innovation-rich energy-sector fields such as renewable energies, smart home, smart buildings, energy management, as well as Industry 4.0.

In 2019, to reinforce the link with the Group, the school changed its name to École Schneider Electric and new vocational training was added to support the creation of its CFA *(Centre de Formation d'Apprentis)*.The Schneider Electric School now includes a high school and a CFA (Apprentices Training Center).

The training offer of the CFA is focused on technical training of excellence; it covers training on Schneider domains of expertise. It combines academic education and practical experience gained through professional activity within a company, resulting in a professional certification, diploma, or title.

Throughout their training, the CFA provides support to apprentices for various administrative tasks (registration, apprenticeship contract, assistance with obtaining a driving license or housing, etc.), ensuring a smooth journey towards professional integration.

In September 2023, to meet the ever-increasing need for skills in the energy and electrical sectors, and against the backdrop of increasing concern about the professional future of young people Schneider Electric School continued its development:

- A new electrical engineering training path was launched at two levels with the BAC and BTS in High School which now trains a total of 160 students.
- The CFA took also new steps forward and expanded its range of training courses both geographically and in terms of content by forging new partnerships. In addition to the BTS "Fluids Energies Home Automation" and the *Licence professionnelle* "Connected Buildings and Intelligent Energy Management" courses, offered by the CFA there are now new partnerships to increase its footprint in France:
  - The vocational baccalaureate MELEC (Electrical Trades and Connected Environments) with the Lycée Pablo Neruda in Saint-Martin-d'Hères.
  - The BTS CRSA (Design and Production of Automatic Systems) with six partner schools : Vaucanson High School in Grenoble, Gustave Monod and Leonard de Vinci High Schools in Paris area, Louis Delage in Cognac, Leonce Vieljeux in La Rochelle and Nelson Mandela in High Schools in Poitiers.
  - The BTS FED Home Automation and Communicating Buildings, with three partner schools in Grenoble and Pays de La Loire, extended to a new geographical area, with Maximilien Perret High School in Alfortville and Gustave Eiffel High School in Paris area.
  - Professional licence in building, smart cities, and global smart energy management in partnership with the Grenoble University of Alps.

2023 was a successful year for the Schneider Electric School with:

- 100% success with honors in the baccalaureate diploma
- 100 apprentices with 90% graduating, 50% continuing studies, and 50% gaining employment.



2.6 Delivering social impact for a just transition

2.6.5 Future Ready Program

2.6.5.1 Context and goals

Schneider Electric has been actively engaged in social corporate responsibility for many years with activities ranging from local economic development to youth empowerment. Thanks to this strong foundation and with the goal of addressing new challenges, the Corporate Citizenship team created the Future Ready program in 2022, to expand the Group's positive impact globally and accelerate a just transition. The Future Ready program is dedicated to empowering all, regardless of their generation, to build their desirable future based on their individual aspirations by providing opportunities for everyone, everywhere.

2.6.5.2 Risks, impacts, and opportunities

There is an increasing risk of a worker shortage that must be addressed. Globally, the gap between the skills and competencies needed to drive the just energy transition and the existing ones is growing due to two main reasons: technological advancements and demographic shifts of an aging population. These skills, including knowledge in electricity and digital, are becoming increasingly essential for the transformation needed and can be hard to acquire. Part of this gap is the result of many groups (particularly young adults) in situations of unemployment and/or with no access to education (for diverse reasons of social inequality). Investments are required to close this skills gap during a worker shortage and give everyone the opportunity to take control of their professional future. The Group's workforce, as well as its external communities, must be supported and trained in order to accomplish our common goal.

2.6.5.3 Empowering all generations to learn and design their professional journey

Throughout all stages in an employee's career, there is the potential and opportunity to continue growing one's skill set, so Schneider Electric wants to offer all employees the chance to learn and design their professional journey. Schneider Electric believes all employees are talent and deserve equitable career development opportunities to reach their fullest potential and create their desirable professional future, at all stages of their career. The Group leverages actions led by the Future Ready program to enable employees, and even youth outside of the Company primarily from disadvantaged backgrounds, design and build their career path. To learn more about Schneider Electric's actions for harnessing the power of all generations, see section 2.5.2.7 on page 222.

Actions for multi-generational empowerment

To accompany employees in creating a future based on their individual aspirations, Schneider Electric Initiatives (which regroups Creation Pass, Solidarity Pass, Competencies Pass, and Education Pass) offers four innovative pathways to support employees in designing their professional future while having a positive impact on the local community.

1. The Creation Pass: an internal support system to help employees start their own business. In the past ten years, 741 (42 in 2023) projects have been supported and 367 (18 in 2023) of them have resulted in the creation or takeover of a business. These businesses have created more than 498 (nine in 2023) jobs in a range of sectors including electrical, organic trades, restaurants, consultancy, asset management, and tech start-ups.
2. The Solidarity Pass: a skill sponsorship which allows employees to offer their skills, energy, and dedication to an NGO for a certain period of time. In the past ten years, 114 (30 in 2023) employees have benefited from a Solidarity Pass.
3. The Competencies Pass: a skill sponsorship where employees offer start-ups/SMEs their knowledge and skills to enable local economic development for a certain period of time. In the past ten years, 12 (two in 2023) employees have benefited from a Competencies Pass.
4. The Education Pass: a newly created opportunity where employees can offer their knowledge and skills to an educational body (e.g. partner universities and educational ministries). This Pass envelops the already known IPE (*Ingenieurs pour l'école* or Engineers for Schools) with 20 employees participating in 2023 and a new option where employees can benefit from a skill sponsorship as a professor or training project leader in the Schneider Electric School or with a partner of the Schneider Electric School. In 2023, one employee benefitted from this new format.

In 2023, the initiatives were deployed in Europe, starting in Belgium, Germany, Austria, and Switzerland. In the coming years, the ambition is to continue extending these meaningful career opportunities to more employees. In France, Schneider Initiatives is connected to, represented in, and supports local business networks (e.g. *Chambre de commerce et d'industrie, Réseaux Entreprendre*, DIESE), local public stakeholders (e.g. *Direction du Travail et de la Solidarité* and different *Préfectures*) and local NGOs (e.g. *Emmaus Connect, Chemins d'Avenir, Energie Jeunes* and *La Cravate Solidaire*).

Actions for youth empowerment

Today's youth is the future, however, many young people are in situations of low education or unemployment and therefore have lower access to resources to build their skills. To support the Group's conviction of empowering young adults, especially those from disadvantaged backgrounds, Schneider Electric is significantly involved in three major national French programs dedicated to young people facing concerns related to education, apprenticeship, network, or unemployment. The first two, "PaQte" and *Les Entreprises s'engagent*, are sponsored by the French Government. The third, *Le Collectif d'Entreprises pour une Économie plus Inclusive*, gathers 38 major French companies deploying collective actions concerning youth employment (particularly in 14 French cities), inclusive offers, and procurement. The actions on youth employment are being led by Schneider Electric and Engie.

Almost 20 years after having created it, Schneider Electric still strongly supports the NGO *100 Chances 100 Emplois* (100 Opportunities 100 Jobs) to help all young people find their own path and develop their talents in all their diversity. This initiative (focused on coaching, mentoring, and networking) has already helped more than 10,000 young people make progress towards employment when they were previously facing difficulties and roadblocks, such as discrimination and/or a lack of network. *100 Chances 100 Emplois* is now engaged in an ambitious expansion plan (launched in early 2022) aiming at providing its benefits to more young people (1,500+ in 2023) in more territories (50 in 2023).



Schneider Electric is also focusing on its mission of empowering young adults by offering more opportunities for professional integration to apprentices, interns, and doctoral students. See section 2.5.3.5 on page 227.

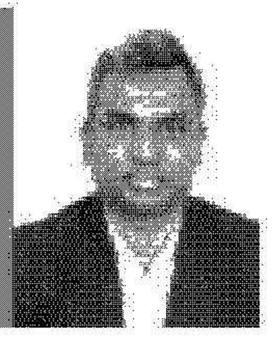
These actions complement the wider ecosystem of youth as part of the NextGen Academy strategy.

Actions for senior empowerment

Accompanying employees in the later stages of their career can accelerate the transfer of knowledge and skills across all generations, which is a great enabler to a just transition. Within this journey to further develop talent and enable all to take control of their career path, the Senior Talent program was launched in 2021 connecting Schneider's people and sustainability strategies with a strong focus on meaningful career conversations, career development opportunities, recognition, and knowledge transfer. In 2023, the Group accelerated the program from a pilot phase to a global deployment via a strategic wave approach (beginning with France, India, China, Germany, Switzerland, Austria, North America, Pacific, UK, Ireland, and East Asia) to reach over 90% of Schneider's senior population by the end of 2025 (as measured through SSE#23). To learn more about this program, see section "Talent attraction and development" on pages 226 to 233.

The Senior Talent program

Powering the talent and aspirations of our experienced #SEGreatPeople



"The Senior Talent program gave me clarity on my path to transitioning, dispelled myths, and eased fears. It empowered me to decide on a better direction for my career, directly linked to my personal aspirations."

Srikanth Chappidi
Senior General Manager - Engineering

2.7 Methodology and audit of indicators

In this section

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2.7.1 Methodology elements on the published indicators

In conformity with regulations in place and in the spirit of transparency with its stakeholders, Schneider Electric regularly publishes corporate social responsibility (CSR) data, which notably includes:

- Indicators of the Schneider Sustainability Impact (SSI), published quarterly and externally assured annually;
- Indicators of the Schneider Sustainability Essentials (SSE), published and externally assured annually;
- Other standard human resources (HR), safety, and environmental indicators published and externally assured annually for the most material ones.

Reporting year

Annual CSR data is reported for the calendar year (CY) preceding the publication year, i.e. 2023 in this report, in line with the financial reporting calendar.

Reporting perimeter

As a general rule and subject to any particular exception described below:

(i) Schneider Electric reports CSR data at Group level for all financially consolidated entities over which it has operational control.
(ii) New acquisitions are included in the reporting scope within 2 years, meaning that data is consolidated into Group reporting at the latest from the third year post acquisition.
(iii) Companies accounted for by the equity method are not included in the reporting.
(iv) Within the above scope, small entities may exceptionally be excluded if their collective exclusion does not exceed 5% of consolidated revenues or total number of employees. Reporting coverage is provided together with indicators' tables.

Timing for inclusion may differ between indicators. Typically financial or HR data are deployed more rapidly as acquired companies usually have existing systems and teams in place, which is not necessarily the case for environmental systems.

Progressive consolidation of new acquisitions into the Group CSR reporting

All majority-owned, financially consolidated entities shall participate in all relevant Schneider Electric's SSI, SSE, and other environmental, social and ethical programs and adopt the required policies and reporting practices as per each respective Trust Standard. Unless otherwise agreed with Schneider Electric's Sustainability team for practical or cost-effectiveness reasons, the following calendar shall be respected:

- Year +1: strategic alignment and material KPIs selection;
- Year +2: data cleaning and baseline and target setting;
- Year +3: start of consolidated reporting into Group public reporting.

When an entity is not fully integrated into Schneider's IT systems, the consolidation of CSR data is done manually and may take longer than the standard calendar above. For those entities, if the cost of reporting is deemed unreasonable compared to the size of the company, the entity may ask to opt-out from CSR reporting. This may be granted on a case-by-case basis. However these entities still need to follow applicable Trust Standards.

The scope of environmental reporting is that of ISO 14001-certified sites, and certain non-certified sites on a voluntary basis and without interruption in time. All production and logistics sites with 50 or more full-time equivalent (FTE) employees must obtain ISO 14001 certification before the end of the third full calendar year of operation or membership of the Group. Administrative, R&D and sales sites with 500 FTE employees or more also have to obtain ISO 14001 certification. Other sites may seek certification and/or report on a voluntary basis. A difference can thus be recorded with respect to the scope of financial consolidation.

Notable exclusions in 2023 (apart from SSI #1 Schneider Impact revenues, which is calculated on the same scope as the financial perimeter due to data availability) are presented in the table below. Details for data coverage are specified in tables page 306 for each topic and are generally well above 85%.

The Group has set a plan to increase its reporting coverage progressively to at least 95%, as described above. The main non-IT integrated entities will be integrated into the CSRD reporting as of 2024.

Company	Acquisition year	% Group employees	% Turnover	Comments
AVEVA (including OSIsoft)	2018 (2021)	4.2%	3.9%	In 2023, Schneider Electric announced the completion of the transaction to acquire the entire share capital of AVEVA. The full integration of AVEVA is in progress. Read more in AVEVA's 2023 Sustainability Report (https://sustainability-report.aveva.com/). AVEVA is excluded from all KPI calculations except SSI #1.
Larsen & Toubro	2020	3.1%	3.2%	Larsen & Toubro's integration is in progress. HR statistics are included in Group results, which include SSE #13, SSE #16, SSE #18, SSE #20, SSE #23 and SSE #24 in 2023. An exception is made for SSI #8, which is calculated on a constant scope.
RIB Software	2020	1.9%	1.4%	RIB Software's integration is in progress. RIB Software is excluded from all KPI calculations except SSI #1.
Other exclusions	–	3.5%	4.5%	Other exclusions concern either non-integrated entities or recently acquired entities grouped here for readibility.
Total maximum exclusions	–	12.7%	13.0%	Total exclusion figures presented in this table represent the maximum exclusions for given KPIs. More precise reporting perimeter estimates are provided in each data table. Note that exclusions of software companies have limited impact on environmental KPIs, and no impact on product-related KPIs at Group level given the nature of their activities.

Internal control

Schneider Electric has drawn up a frame of reference with dedicated reporting protocols for SSI and SSE indicators, and for other HR, safety and environmental data. This frame of reference includes the scope, collection and consolidation procedures and definitions for these indicators.

The HR, safety and environmental data comes from our HR Analytics for HR data, EcoStruxure® Resource Advisor for environmental data and GlobES (Global Environment and Safety) for safety data. Its consolidation is placed respectively under the Global Human Resources, Global Environment, and Global Supply Chain functions. Data reliability checks are conducted at the time of consolidation (review of variations, inter-site comparison, etc.).

External assurance

Once a year, an external auditor reviews the procedures in place and data accuracy in order to provide limited assurance on extra-financial information as required by Article R225-105-2 of French Commercial Code, notably the indicators of the SSI, SSE and other Human Resources, Safety and Environmental indicators (see independent verifier's report on page 302). This external assurance practice has been in place at Schneider Electric since 2006.

In keeping with its commitment to continuous improvement, Schneider Electric asked the firm PricewaterhouseCoopers Audit to conduct an additional review in order to obtain a "reasonable" level of assurance for strategic indicators (energy consumption, Scope 1 and 2 CO_2 emissions, safety, gender diversity – SSI #8).

2.7.1.1 Indicators from the Schneider Sustainability Impact

SSI #1: Grow Schneider Impact revenues to 80%

Schneider Impact revenues are defined as offers that bring energy, climate, or resource efficiency to our customers. Schneider Impact revenues are split into four categories described thereafter. Activities included are:

1. **Energy efficiency architectures bringing energy and/or resource efficiency to customers.** Offers include building management systems, power management systems, lighting and room control, thermal control, variable speed drives, Sustainability Business (SB), and industry automation. Neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

2. **Grid reinforcement and smart grid architectures contributing to electrification and decarbonization.** This includes all technologies and architectures contributing to a "New Electric World", helping grid and electrification come to life: smart grid and microgrid technologies, electric vehicles charging infrastructure, medium voltage systems to upgrade electricity distribution networks, low voltage connectable offers enabling smart grid management and energy efficiency, secure power and switches that enable security, and security of supply.

2.7 Methodology and audit of indicators

3. **Products with differentiating green performance, flagged thanks to our Green Premium™ program.** Green Premium™ products offer environmental transparency (with digital lifecycle analysis and circular end-of-life instructions), superior compliance to stringent environmental regulations, and differentiating environmental performance through specific environmental attributes (note: double-accounting with categories 1 or 2 is removed).

4. **Services that bring benefits for circularity** (prolonged asset lifetime and uptime, optimized maintenance operations, repair, and refurbish) **and energy efficiency** (maintenance to maintain the operational performance of equipment and avoid a decrease of energy efficiency over time).

Additionally, revenues derived from activities with fossil sectors and others are systematically excluded, including Oil & Gas, coal mining, and fossil-power generation, in line with prevailing corporate responsibility reporting and sustainable finance practices, even though Schneider Electric's technologies deliver resource and carbon efficiency in such sectors as well. In line with Schneider Electric's strategy to phase down SF_6 from offers by 2025, SF_6-containing switchgear for medium voltage applications are also excluded. In addition, neutral technologies such as signaling, racks and enclosures, access control, or emergency lighting are excluded.

All revenues consolidated in financial accounts are taken into account. Calculation is based on revenues per line of business. Exclusion of fossil revenues is based on orders per customers' end-segment, with extrapolation to estimate destination of transactional sales.

This indicator was audited by PricewaterhouseCoopers.

SSI #2: Deliver 800 million tonnes of saved and avoided CO_2 emissions to our customers

This indicator measures CO_2 savings and avoidances delivered by Schneider Electric offers to customers.

CO_2 savings and avoidances are calculated for global sales of the reporting year and cumulated over the offers' lifetime. Net emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation. The ambition for this indicator has been increased in 2021 with the definition of the new sustainability strategy: Schneider is committed to save and avoid 800 million metric tonnes of CO_2 thanks to EcoStruxure™ for its customers.

The difference between "saved" and "avoided" emissions is key: saved CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, and avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emissions.

- **Brownfield sales** correspond to the situation where the offer sold replaces or upgrades an existing system, leading to a change of GHG emissions of installed infrastructure vs. the previous year. For "saved" emissions, the "brownfield reference situation" is defined as the situation before the new solution is sold and installed at the customer's site.
- **Greenfield sales** correspond to the situation where the solution is installed into a new system, allowing a better performance with respect to the market alternative.

The calculation of CO_2 impact of offers over their lifetime is based on sales data per product range. The electricity emission factors are forward looking, integrating the decarbonization of the global energy mix as per scenario of the International Energy Agency (IEA). Market data and expert assumptions are used to determine the use-case scenario of offers and the associated CO_2 impact. This methodology is associated to typical uncertainties of CO_2 corporate accounting methodologies, and conservative assumptions are preferred.

More methodological details can be found on our website that has been made public in 2019.

This indicator was audited by PricewaterhouseCoopers.

SSI #3: Reduce CO_2 emissions from top 1,000 suppliers' operations by 50%

Under this program, also called The Zero Carbon Project, the Group partners with 1,000 of its suppliers, who commit to reduce their company's CO_2 emissions (mandatory Scope 1 and 2; Scope 3 is optional) and not just on the proportion of sales to Schneider Electric. The active participation of upstream supply chain is critical because it represents multiple times GHG emission compared to Schneider Electric's own operations. The top 1,000 suppliers come from 64 categories across direct material, indirect material, and project procurement, and have been nominated by the respective procurement teams.

To ensure suppliers get adequate handholding during the implementation, several capacity building and engagement modules have been deployed. These initiatives sensitize the suppliers on various approaches and technical levers for decarbonization, including training on basic requirements and calculations. Moreover, Schneider attempts to support and drive collaborations with suppliers through services and EcoStruxure™ solutions.

As a first step in the long-term journey to decarbonize, the top 1,000 suppliers are required to quantify their carbon emissions and take ambitious reduction targets and deploy roadmap to achieve them. Suppliers are required to share the carbon emission performance via the dedicated Schneider Supplier Portal - Supplier Relationship Management (SSPSRM). To measure the carbon emission reduction achieved, Schneider calculates the average carbon intensity reduction achieved by responding suppliers, multiplied by the percentage of suppliers reporting carbon emission data. Carbon intensity is calculated as Scope 1 and 2 CO_2 emissions divided by financial turnover.

This indicator was audited by PricewaterhouseCoopers.

SSI #4: Increase green material content in our products to 50%

A green material is defined as either of the following:

- a material with a lower environment footprint; or
- a material that is the output of an industrial technology which is a key enabler for a 1.5°C climate scenario and/or a more circular economy.

For 2021, the scope of this KPI covers commodities identified as relevant in terms of volume (circa 29% of total products volume in 2019), environmental impact (carbon footprint and biodiversity assessment), and industry readiness, meaning:

- steel and aluminum direct purchases;
- thermoplastic direct and indirect purchases.

Overall, the materials in scope represent approximatively 400,000 metric tonnes.

Cross-functional experts at Schneider Electric (Procurement, R&D, Environment) have worked in close relationship with suppliers to define the Green attributes for each commodity in scope, based on existing international schemes and standards.

Thermoplastics are qualified as "green" when the supplier is bringing evidence of a minimum recycled content, biobased content (minimum threshold depends on whether the compound is halogenated or not), or is using a green flame retardant.

Steel is qualified as "green" when the supplier is bringing evidence that the mill of origin is an electric arc furnace (EAF) or has a green certificate such as the ones delivered by Responsible Steel.

Aluminum is qualified as "green" when the supplier is bringing evidence that the product carbon footprint is below 8 tonnes of CO_2 per ton of aluminum, is using a minimum of 90% of recycled content in its product, or that the mill of origin has a green certificate such as the ones delivered by the Aluminium Stewardship Initiative.

The scope will be reassessed annually as the program matures and the transparency of supply chains improve.

To consolidate the KPI, several sources of data are used. The volumes of green materials are identified using Prism extract for metals and Puma extract for thermoplastic, with both tools providing budgeted volumes. The total volume in scope (the denominator of the KPI) is determined using RMI extracts for thermoplastic, steel and aluminum providing purchased volumes in metric tons. For silicon steel there is no consolidation in RMI since silicon steel is not a market index, thus the volume is estimated based on a negotiation file RCM. Schneider Electric decided to identify reported and tracked green materials using "budgeted" volume since the precision of the reporting tool is better compared to RMI extract. Prism and Puma enables the two levers mentioned above by allowing Schneider Electric to track suppliers and material grade.

This indicator was audited by PricewaterhouseCoopers.

SSI #5: 100% of our primary and secondary packaging is free from single-use plastic and uses recycled cardboard

This program has been designed to:

- Ensure legal compliance through the selection of our packaging materials and the availability of adequate take-back, collection, and sustainable options for our customers.
- Support the achievement of our 2025 green packaging commitment:
  - 100% of our primary and secondary packaging uses recycled cardboard.
  - 100% of our primary and secondary packaging is free from single-use plastic.
  - Define the best practices to offer differentiating green packaging solutions to our customers.

The scope includes tier-one strategic suppliers with a direct purchase of cardboard and plastics in the Schneider Electric procurement system. Geographically, all regions under the global supply chain will be covered, as well as Equipment & Transformers.

Cardboard is considered as recycled when it includes at least 70% of recycled fiber by weight. Temporary exemption is made for North America, where an average of 50% of recycled fiber by weight is required to be considered recycled.

Every reporting period, the spend on cardboard and plastics is extracted from the system and each element is classified as sustainable or not based on criteria mentioned above. Verification is done for sustainable declarations on the definitions already provided as well as certificates and other documentary evidence from suppliers. The list of eligible certificates/documents is continually updated to make it exhaustive and to cover countries' specificities.

A global campaign is being run in all global supply chain regions to progressively move the spend to sustainable sources and remove single-use plastic usage with sponsorship from top management.

This indicator was audited by PricewaterhouseCoopers.

SSI #6: 100% of our strategic suppliers provide decent work to their employees

Schneider Electric has deployed a series of engagement on the topic of working conditions to correct malpractices, but also proactively work to implement measures which will prevent such violations in future. This philosophy is the foundation of the Decent Work program.

Taking inspiration from the pioneering work of the International Labour Organization (ILO), Schneider has defined **10 pillars of Decent Work**:

1. Employment opportunities;
2. Adequate earnings and productive work;
3. Decent working hours;
4. Stability and security of work;
5. Social dialogue and workplace relations;
6. Fair treatment in employment;
7. Safe work;
8. Social protection;
9. Purchasing practices; and
10. Balancing work and family life.

2.7 Methodology and audit of indicators

The program requires strategic suppliers to develop a proactive policy and provide a safe, attractive, inclusive workplace to their employees, and treat all workers as the Group treat its own workforce. Criteria defined for each Decent Work pillar may overlap with ISO 26000 standard and are validated by the Global Procurement, Human Resources, Supply Chain, and Sustainability teams.

The suppliers will be assessed through remote questionnaires supported by relevant documentation, as well as on-site visits and spot audits, and their performance will be monitored by experts. All questions have a minimum acceptable answer defined. Suppliers responses will be evaluated against the minimum acceptable criteria to qualify as Decent Work compliant. Program deployment is ensured by Global Procurement Services to onboard, train, and assess suppliers.

Through Decent Work standard setting and compliance, Schneider employment aims to enhance social integration, equity, security, dignity, satisfaction, and overall improvement in the quality of life for the workers, and their family. For each Decent Work issue identified, the Global Procurement team will ask for corrective actions to be undertaken and supported by documentation. If the supplier effectively deploys corrective actions, it can be counted in the KPI calculation. Otherwise, it is still counted as non-compliant regarding the requirements of the program.

A pilot for this indicator was launched in 2022, and its was integrated to the SSI score computation in the same year.

This indicator was audited by PricewaterhouseCoopers.

SSI #7: Measure the level of confidence of our employees to report behaviors against our principles of Trust

Our "Speak Up" mindset helps to maintain high standards, a strong reputation, and a healthy and productive working environment, and protects Schneider Electric and its employees from multiple risks. Misconduct situations will be less likely to occur if people, employees, and stakeholders feel safe to speak up about concerns, dilemmas, or issues in good faith, respectfully, and without fear of retaliation.

Our Trust Charter and Ethics & Compliance program participate to transform this belief into practical actions, notably offering multiple fair, neutral, and confidential reporting channels to our employees to make them feel confident to report unethical conduct.

In order to assess this KPI, the question "I can report an instance of unethical conduct without fear" is annually asked to all Schneider Electric employees in the OneVoice survey. The percentage of "Agree" and "Strongly Agree" amongst the answers determines the level of confidence of Schneider Employees to report unethical conduct. Responses are anonymized and aggregated for compliance purposes.

This indicator was calculated for the first time in 2021 and reached an 81/100 performance. This KPI is integrated to the SSI score computation since 2022.

This indicator was audited by PricewaterhouseCoopers.

SSI #8: Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%)

Schneider Electric is strongly committed to building a diverse organization at every level, with a workforce that reflects the diverse markets in which Schneider operates. This indicator measures female representation within Schneider, at the hiring, front-line manager, and leadership levels.

It covers all new hires within the Company, including both non-direct variable costs (NDVC, i.e., white-collar) and direct variable costs (DVC, i.e., blue-collar) positions; managers who are in NDVC positions, at the junior and mid-management level and whose direct reports are individual contributors only; and all leaders in Senior Vice-President and Vice-President positions.

This is a composite indicator: the progress of each metric (new hires, front-line managers, leaders) is being evenly weighted (1/3) to calculate the achievement of this commitment.

At the end of each quarter:

- **Percentage of female new hires:** count of new hires that are women divided by total new hires in the current year x 100%.
- **Percentage of female frontline managers:** count of front-line managers that are women divided by total front-line manager population x 100%.
- **Percentage of female leaders:** count of women leaders divided by count total leaders x 100%.
- **Blended achievement percentage:** weighted 1/3, based on annual percent progression from base year to total five-year achievement.
  - 50% new hires progression: subtract current period percent of women who are new hires from 2020 baseline and divide by targeted 5-year progression target (9%).
  - 40% front-line managers progression: subtract current period percent of women who are front-line managers from 2020 baseline and divide by targeted five-year progression target (15%).
  - 30% leaders progression: subtract current period percent of women who are leaders from 2020 baseline and divide by targeted five-year progression target (6%).
  - Calculate blended progression achievement percent: 1/3 of each KPI current period progression.

This indicator was audited by PricewaterhouseCoopers.

SSI #9: Provide access to green electricity to 50 million people

Schneider aims to provide access to electricity from renewable sources to 50 million people, thanks to the products and solutions that are developed and/or commercialized under the Access to Energy (A2E) program, from 2009 to end-2025.

Geographical scope are countries where the A2E program is operating, in Asia-Pacific, Africa, Middle East, and South America. Within these A2E countries, the impact is calculated based on:

- **Individual and domestic electrification:** the number of units sold is counted out of the defined list of references providing access to green electricity, and a coefficient is applied to translate into an estimated number of people impacted.
- **Collective electrification:** the total power sold is counted out of the defined list of references giving access to green electricity; it is translated into a number of people impacted from an average energy consumption of a household in the targeted areas, estimated from external databases and studies.
- **Large A2E projects or electrification of public services:** as an alternative to the above method, actual or statistical number of people connected can be taken into account. In this case, the technologies sold by Schneider can go beyond the strict A2E references, but their value must be at least equal to the estimated price of the project's inverters.
- **Impact funds** (SEEA, SEEA Asia, EAV and GEIF II): 100% of the impact of companies that contribute directly to the Schneider A2E mission of providing green and reliable electricity in Africa and in Asia are taken into account, as well as 50% of the impact of companies that contribute indirectly. To this result, Schneider applies the percentage of its participation in the fund.

An exhaustive list of products and solutions considered with reference codes is available and maintained. Considered products and solutions are those already available at the end of 2020, and the forthcoming products and solutions providing access to electricity. Products and solutions that are out of scope: A2E products and solutions that are sold out of A2E countries; other A2E products and solutions, not directly providing access to electricity (such as MPPT, EcoStruxure™ for Energy Access, batteries, etc.).

This indicator was audited by PricewaterhouseCoopers. The methodology and 2021 performance was audited, not values cumulated before 2021.

SSI #10: Create 2x opportunities for the next generation

The purpose of this initiative is to ensure Schneider Electric has a sustainable talent strategy to develop a Next Generation (Next Gen) pipeline of talent through full-time, temporary, and self-paced opportunities. Its goal is to provide access to professional opportunities for young adults, educating them about sustainability and how Schneider Electric plays a part in this endeavor.

To achieve this ambition to double opportunities, the Group accounts for the various ways it interacts with talent considered to be part of the next generation pipeline, including student opportunities and recent graduate hires:

- **Student opportunities** are defined as the workforce on the cusp of entering the job market, engaged in a temporary relationship with Schneider Electric with a defined start and end date at the onset (i.e., interns, learning event about Schneider and sustainability).
- **Recent graduate hires** are recent graduates or early career professional hires from a formal education program whose relationship with Schneider has a defined start date but open-ended end date (i.e., open ended contract, fixed term contract).

Calculations are based on actual external requisition positions filled in the Global Applicant Tracking System and opportunities tracked via connect Candidate Relationship Management.

This indicator was audited by PricewaterhouseCoopers.

SSI #11: Train 1 million people in energy management

The deployment of professional training programs in energy management enable people to acquire skills to pursue a career that offers them, as well as their families, the means for a decent standard of living. These courses must benefit to disadvantaged people. They are defined according to a local reference and justifiable by the partner who must be able to justify the BoP nature of the people trained, related to the defined local benchmark.

In partnership with local and international NGOs and local authorities, the Schneider Electric Foundation and the Company's local entities provide direct and indirect contributions to professional training centers. The objective is to help them improve the level of vocational training courses with diploma or certification in energy management. As a technical partner, Schneider Electric does not pay operating expenses.

The minimum duration of these courses is three months (or totaling 100 hours). Schneider's contributions may include (cumulative possible):

- funding of electrical and didactic equipment, donation of requested first generation equipment for practical work;
- knowledge transfer through trainer training, and support for future entrepreneur training.

The KPI score is calculated with the number of students enrolled in trainings courses, supported by Schneider Electric through partnership agreement (supporting documents (list of young people) required)."

This indicator was audited by PricewaterhouseCoopers.

SSI #+1: 100% of Country and Zone Presidents define 3 local commitments that impact their communities in line with our sustainability transformation

Since its creation in 2005, the former Planet & Society barometer (now the SSI), has focused on measuring progress against key sustainability performance indicators at worldwide level.

In SSI 2021–2025 Schneider Electric introduces a new component to measure local impact because:

- There is a high internal demand for local communication on progress, as well as to locally empower collaborators to contribute to our meaningful purpose.
- Sustainability priorities are highly dependent on local context therefore it makes sense to not only deploy worldwide programs, but also local actions close to local context and needs.

In order to boost local impact towards communities close to Schneider Electric, countries with at least 100 employees have set 3 commitments aligned with the Group's sustainability strategy, on different pillars: Climate, Resources, Trust, Equal, Generations, and Local.

2.7 Methodology and audit of indicators

Progress against these commitments is measured by precise KPIs. The assessment of this objective goes as follows: KPIs are validated by Zone/Country Presidents, and a local SSI lead is designated and communicated to the Sustainability team. This local SSI lead is in charge of consolidating KPI performance on an annual basis.

This indicator was not audited by PricewaterhouseCoopers and is not included in the SSI score.

2.7.1.2 Indicators from the Schneider Sustainability Essentials

SSE #1: 150 Zero-CO_2 sites

A site achieves Zero-CO_2 site status if it emits zero GHG emissions related to energy consumption and has in place Digital Energy Monitoring. Additionally, the site must have no SF_6 leaks. Exclusions for energy-related GHG emissions are considered for small sources (<3%) of a site's total energy where no feasible fossil-free solution exists today. Digital Energy Monitoring is defined as having energy data connected to a Schneider Electric solution (such as Power Monitoring Expert, EcoStruxure™ Building Operation, EcoStruxure™ Resource Advisor, etc.). For larger sites, this requires a significant proportion of the site's energy to be measured and monitored through real-time connected meters. For smaller sites, this requires energy invoices to be available in Schneider Electric's EcoStruxure™ Resource Advisor solution. This indicator relates to all sites within the Group's full real estate footprint.

This indicator was audited by PricewaterhouseCoopers.

SSE #2: 100% substitution with SF_6-Free medium voltage technologies

This indicator measures the ability of Schneider Electric to offer to the market (i.e. SELL gate of our Offer Creation Process) industrialized SF_6-free solutions for all geographies.

The range considered for the calculation of this KPI are primary and secondary switchgears up to 40.5 kV, indoor only:

- **A** SF_6-free ranges ready in 2020: Vacuum components, Premset, primary AIS with vacuum CB, HVL, Masterclad…
- **B** SF_6 ranges in 2020: RM6, FBX, Ringmaster, DVCAS, Flusarc, SM6, RN2C, GMA, GMAe GHA, WS, WSG, CGBS-0, CGBS-1, HVL-CC, Mcset, F400
- **C** SF_6 free offers to be launched from 2021–2025: SM AirSeT, Air PacT, RM AirSeT, RingmasterX, GM AirSeT, HVLCCX,….

Products above 40.5 kV (WI, CBGS-2, Kite), outdoor equipment such as pole mounted, reclosers, sectionalizers, and instrument transformers, as well as ranges manufactured by JVs and local offers adaptation are excluded.

The performance is measured as the percentage of the quantity of SF_6-free offer ranges available for order (A+C above) compared to the total quantity of the current ranges sold in the 2019 reference base (for both medium voltage switchgears and components). The current range for 2019 reference base is defined as the sum of the current SF_6 and non-SF_6 (Air, Vacuum) ranges sold in quantities (A+B above).

For the calculation, as an example, 1 RM AirSet = 1 RM6.

Calculation: KPI % = (A + C) / (A + B). Reference base: total quantities by range sold in 2019.

This indicator was audited by PricewaterhouseCoopers.

SSE #3: 90% of electricity sourced from renewables

This program measures the share of renewable electricity in Schneider Electric electricity supply, on the scope of environmental reporting (industrial sites >50 employees and tertiary sites >500 employees certified ISO 14001).

Four different types of renewable sourcing are taken into account:

- Renewable electricity produced on-site and consumed on-site;
- Renewable power purchase agreements (PPAs);
- Green tariffs; and
- Renewable certificates (depending on the country: REC, IREC, GO, EAC, etc.).

Electricity purchased with no specific renewable electricity claim is not taken into account, even if the electricity mix of the supplier includes a share of renewable power.

This indicator was audited by PricewaterhouseCoopers.

SSE #4: 15% CO_2 efficiency in transportation

Transport within Schneider Electric is a significant generator of CO_2 due to dependence on fossil-fuels. To achieve its net-zero target, the Group must engage with its transport providers on both efficiency opportunities as well as technical advancements in transport assets.

This KPI measures the Group progress against an annual 3% CO_2 emissions for its paid transportation footprint for each of the next 5 years, or 15% total reduction from 2020 to 2025. The scope of the program covers all shipments globally with all transportation providers and modes where the freight is paid by the Group. This equates to approximately two-thirds of the total freight CO_2 impact to the Group. The base calculation for CO_2 efficiency uses an activity-based method of weight multiplied by distance and by mode/equipment CO_2 factors. Progress is measured using CO_2 emissions per tonne shipped as unit.

This indicator was audited by PricewaterhouseCoopers.

SSE #5: 15% energy efficiency in our sites

This program measures the normalized energy reduction of the Group's largest energy-consuming sites against a baseline. The objective is to reduce energy consumption by ~3% each year, for a total reduction of 15% over the whole duration of the program (2021–2025) using Schneider Electric solutions and services. The program focuses on Schneider sites within the scope of environmental reporting that consume >3 GWh of total energy, along with other sites the Group considers strategic (213 sites in 2021).

Energy savings are calculated vs. a baseline year (2019) for the whole duration of the program. In order to ensure a fair calculation of the savings, the actual consumption of a site is normalized vs. the baseline year. This normalization is based upon a site-specific linear regression model enabling climate and changes in production levels to be taken into account. All energy consumption that can be modeled is taken into account and converted into MWh.

This indicator was audited by PricewaterhouseCoopers.

SSE #6: 80% of product revenues covered by Green Premium™

Schneider Electric provides environmentally conscious products to customers that support their sustainability goals and ambitions. The 2025 target is a transformation of the existing program, for products focused on green materials, low CO_2, circularity, and digitization of data.

Green Premium™ products provide detailed information on their regulatory compliance, material content, environmental impact, and circularity attributes. They deliver market-driven value propositions through third-party labels, such a Green Building and product certifications, that support our customers' sustainability ambitions. All globally sold products are within the scope of Green Premium™. The product must be identifiable by an individual commercial reference number sold under a recognized brand of Schneider Electric. The Group provides resource-efficient products (energy at usage, low CO_2, material efficiency) whose footprints are fully available through the "Product Environmental Profile" relying on lifecycle assessment; Green Premium™ offers also come with "circularity profiles", providing information on a product's circularity through product end-of-life instructions and take-back services. Green Premium™ offers are regulatory compliant. Schneider Electric is going beyond regulatory compliance with step-by-step substitution of certain materials and substances from our products. All this information is provided digitally to our customers.

This indicator was audited by PricewaterhouseCoopers.

SSE #7: One-third of corporate vehicle fleet comprised of electric vehicles

Schneider Electric has joined the EV100 initiative of the Climate Group to reduce its carbon emissions by committing to electrify 100% of its fleet by 2030. The fleet reporting structures the fleet carbon emissions calculations, the calculation of EVs share in the fleet, and allows support of countries in the transition. As a mid-term objective, by 2025, Schneider commits to switch a third (1/3) of its fleet to EVs.

Schneider Electric uses the definition by the Climate Group for EVs, including:

- Battery Electric Vehicle (BEV);
- Plug-in hybrids (PHEV); Extended Range Vehicle (EREV) and Fuel Cell Electric Vehicle (FCEV) - with at least 50 km of electrical autonomy.

Vehicles' spot count is taken on 31st December. The share of EVs in fleet is calculated by dividing EV count by total vehicle count.

Fleet leasers are the source of information; global leasers operate the largest share of Schneider Electric's fleet and provide data on multiple countries by region. A detailed reporting is asked of all countries to eventually correct, complete, or complement the information (considering for instance vehicles under local leasers).

This indicator was audited by PricewaterhouseCoopers.

SSE #8: 100% of sites with local biodiversity conservation and restoration programs

This program measures, for each site in scope, the percentage completion of a set of biodiversity-related actions. The scope is Schneider Electric sites within full real estate footprint that have >50 people.

Initiatives are defined as "eliminate single-use plastic", and "local biodiversity action" (two required for large ISO 14001 sites, one for small sites).

Each site reports initiatives at completion. At Group level, performance is calculated by dividing completed initiatives by total required initiatives.

This indicator is audited annually by PricewaterhouseCoopers.

SSE #9: 200 "Waste-to-Resource" sites

A site achieves "Waste-to-Resource" status if it recovers more than 99% (by weight) of its non-hazardous waste while leveraging waste-to-energy solutions for less than 10% of its non-hazardous waste. Additionally, if a site generates hazardous waste, it must ensure 100% proper handling and treatment of that waste. Proper handling and treatment of hazardous waste means that hazardous waste shall be handled as per Schneider Electric's requirements and local regulations, whichever is the most restrictive. Waste is considered as recovered if it is reduced, reused, or sent to a waste provider for recycling or disposal in any manner except landfill and incineration without energy recovery. Waste composting and energy recovery systems qualify as recovered. This indicator relates to all sites within the Group's full real estate footprint.

This indicator was audited by PricewaterhouseCoopers.

SSE #10: 420,000 metric tonnes of avoided primary resource consumption through 'take-back at end-of-use' since 2017

The aim of this KPI is to measure Schneider Electric's Circular Economy efforts, meaning all the industrial activities that contribute to the Circular Economy model, such as repair, reuse, refurbish, and recycling, thus avoiding waste, material and energy consumption, CO_2 emissions, and/or water depletion.

Activities in this KPI will enrich on the basis of Schneider Electric's increasing focus on circularity business models, and are currently constituted of:

- Batteries take back and recycling;
- Volume of devices refurbished and repaired in our repair centers (e.g., UPS, drives);
- Volume of MV, LV, and Transformers refurbished or recycled in our ECOFIT Centers.

This indicator was audited by PricewaterhouseCoopers.

2.7 Methodology and audit of indicators

SSE #11: 100% of sites in water-stressed areas have a water conservation strategy and related action plan

This program measures the percentage completion of a set of water conservation actions that sites in water-stressed areas must complete. The scope is Schneider Electric sites within the scope of environmental reporting that are classified as "high" or "extremely high" baseline water stress, as defined by the World Resources Institute (WRI) Aqueduct Water Risk Atlas. Actions are defined based on the amount of water that a site consumes along with the application(s) that the site uses water for. At the Group level, performance is calculated by totaling all completed site actions and dividing by the total required actions.

This indicator was audited by PricewaterhouseCoopers.

SSE #12: Deploy a "Social Excellence" program through multiple tiers of suppliers

This indicator has not yet been deployed by Schneider Electric.

SSE #13: 100% of employees trained every year on Cybersecurity and Ethics

As per our Ethics & Compliance and Cybersecurity programs, training of employees on ethics, corruption risks (for eligible employees), and cybersecurity is mandatory. To ensure this, Schneider Electric launched 3 new trainings as part of the Global Schneider Essentials training campaign, reconducted every year with new content:

- Since 2018: Training on the Principles of Responsibility (replaced in September 2021 by the Trust Charter, Schneider's Electric Code of Conduct) and Anti-corruption.
- Since 2020: Training on Cybersecurity.

The scope of this KPI is all employees registered in TalentLink (legal entities integrated in Talent Link, core HR data system) as of November 15:

- **Principle of Responsibility and Cybersecurity e-learnings:** all active employees with open ended contracts (OEC) (exception: Chinese and Bulgarian fixed-term contracts (FTC) are included), present in the Group on December 31st and hired before December 1st.
- **Anti-corruption e-learning:** exposed employees identified based on the job description (Schneider Electric System of Reference – description of functions), active, with connectivity type online-corporate credentials, with OEC (exception: Chinese and Bulgarian FTC) present in the Group on December 31st and hired before December 1st.

This KPI is calculated as followed: the number of employees who completed all required e-learnings assigned based on defined criteria (2 or 3) divided by the number of employees x 100.

This indicator was audited by PricewaterhouseCoopers.

SSE #14: 0.38 or below Medical Incident Rate

Safety is one of the five pillars of Schneider Electric's Trust Charter, which emphasizes the importance Schneider Electric is placing on its employees, customers, and contractors. Schneider works with many VIP global customers, and they demand the highest standards of Health and Safety management and performance before they engage and continue to do business with Schneider Electric.

Moreover, at Schneider Electric our mission is to ensure the occupational health and safety of employees, customers, contractors, and visitors to our locations. The Group also strives to provide employees safe, pleasant, and efficient workplaces for enhanced well-being and effectiveness. As such, we aim to reduce the Medical Incident Rate (MIR) to 0.38 by 2025.

The MIR is the number of work incidents requiring medical treatment per million hours worked (i.e., average hours of 500 employees working for one calendar year). Work-related injuries and occupational illnesses requiring medical treatment are included. Work incidents may or may not have resulted in time off work.

All work-related incidents reported on Schneider Electric sites are counted (including therefore incidents affecting Schneider employees and other employees working under the supervision of Schneider, i.e., temporary workers). All Schneider sites within scope are considered. Medical incidents do not include: visits to a physician or other licensed healthcare professional solely for observation or counseling; the conduct of diagnostic procedures, such as x-rays and blood tests, including the administration of prescription medications used solely for diagnostic purposes (e.g., eye drops to dilate pupils); or first aid.

This indicator was audited by PricewaterhouseCoopers.

SSE #15: Reduce total number of safety recalls issued to 0

When sustainability supports customer satisfaction, it translates into new processes and policies to allow returns of adapted products for reuse, remanufacture, and refurbishment. The benefits can be seen at a customer satisfaction level: by producing and delivering back orders impacted by component shortages, by serving new customer orders, and on Sustainability level by anticipating upcoming regulation compliance (anti-waste laws), reducing carbon footprint of our supply chain, and reducing the cost of poor quality due to product recalls.

Schneider Electric has an Offer Safety Alert (OSA) process to alert the relevant line of business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects.

The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in our customers' best interest. As part of the Trust pillar of SSE 2021–2025, Schneider is committed to reducing the total number of safety recalls issued to 0.

This KPI covers customer notification and containment actions from any suspected condition in Schneider Electric's offer that may cause customer bodily injury or property damage with OSAC Go decision.

This indicator was audited by PricewaterhouseCoopers.

SSE #16: In the Top 25% in external ratings for Cybersecurity performance

Schneider Electric is continuously and consistently monitoring the security of its digital footprint with the support of cyber scoring agencies and this discipline is applied across the extended ecosystem* (e.g., integrated and non-integrated entities).

Our primary scoring agency is BitSight which rates company security maturity between 300 to 820. This rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data:

- configuration information, which represents how diligent a company is in implementing best practices to mitigate risk,
- observed security events, which are evidences of cyber events like system compromises or data breaches, etc.

Security incidents or identified vulnerabilities can negatively impact the Company's rating. They are addressed in a timely manner and the Group strives to maintain the score above 800.

* Bitsight scores for non-integrated entities (e.g. AVLVA) are not included and are monitored separately.

This indicator was audited by PricewaterhouseCoopers.

SSE #17: 4,000 suppliers assessed under our "Vigilance Program"

Schneider Electric seeks to be a role model in its interactions with customers, partners, suppliers, and communities, when it comes to ethics and the respect and promotion of human rights. The Group's Vigilance Plan reflects this ambition. It also complies with the provisions of 2017 French law on Corporate Duty of Vigilance: the Duty of Vigilance introduced a new legal framework by which French authorities could hold corporations accountable.

Risks within our supply chain are multiple: potential violations of human rights and fundamental freedoms, serious bodily injury, environmental damage, health and safety risks, etc. Impacts are therefore quite varied: reputational impacts, legal impacts, people health and safety, environmental pollution, etc.

To mitigate these risks with suppliers, the 2021–2025 plan is to deploy on site and remote audits for 4,000 suppliers:

- 1,000 identified in "high risk" level (by a third-party methodology, RBA, or other) with on-site audits; and
- 3,000 others through remote self-declarative assessment. Suppliers answering are counted, removing, if any, suppliers that have been audited in the current or past years.

The KPI adds the total number of audits performed. The baseline takes into account on-site audits performed between 2018 and 2020 (i.e., 374 audits); this value has been audited and validated by PricewaterhouseCoopers in the previous years.

This indicator was audited by PricewaterhouseCoopers.

SSE #18: <1% pay gap for both females and males

Over the last five years, Schneider Electric has proactively worked to identify and address female pay gaps with appropriate corrective actions through a country-driven approach. Given the progress made on pay equity and to support its inclusion philosophy, starting in 2021, Schneider Electric has engaged in best practices to maintain a pay gap below 1% by 2025 for both females and males.

Measurement of the individual pay gap is achieved by comparing each employee to a universal median total target salary "TTC" (base salary + target short-term incentive) for all genders. In other words, an individual's TTC is assessed against the median TTC of their comparator group (individual TTC / median of comparator group TTC – 1). The comparator group is defined by the drivers of job level (grade) and salary structure within a country.

This indicator was audited by PricewaterhouseCoopers.

SSE #19: 60% subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)

The World Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions. Schneider Electric commits to achieve a 60% subscription rate among eligible employees in the yearly WESOP by 2025.

The scope concerns 29 recurring participating countries, representing 91% of the eligible headcount, which are all long-term employees of countries participating in WESOP with seniority of 3 months in the Company. The KPI is calculated by collecting the number of subscribers from the subscription tool, divided by the number of eligible employees in the 29 countries as per data from our global HRIS system.

This indicator was audited by PricewaterhouseCoopers.

SSE #20: 100% of employees paid at least a living wage

In line with its Human Rights Policy and Trust Charter, Schneider Electric believes earning a living wage is a basic human right. Schneider Electric is committed to paying 100% of employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers basic household expenditures (food, housing, clothing, sanitation, education, healthcare, transport), plus discretionary income for a given local standard of living.

There is no universal benchmark or methodology on how to calculate a living wage, which is why Schneider Electric has been working with an external consultant since 2018 to calculate living wages for all its locations worldwide. To calculate a living wage, the external consultant estimates the basic household expenditures of employees, as well as the number of persons earning a wage in a "typical" household based on various sources of cost of living and macroeconomic data (national statistics, Organisation for Economic Co-operation and Development (OECD), United Nations agencies, etc.).

2.7 Methodology and audit of indicators

To measure compliance with the living wage, a gap analysis is conducted every year post salary review for all our Schneider Electric employees treated as permanent workforce. The Reward team centrally compiles and analyses total employee remuneration data (base salary, bonus, and allowances) to compare it with the agreed living wage. Employees are benchmarked to their work location living wage. To calculate employee remuneration, the Reward team uses data available in its global HRIS system, as well as local payroll. For final reporting of the year-end results, Schneider Electric can disclose a final score that considers living wage gaps closed by countries until the end of the year after they have been identified.

This indicator was audited by PricewaterhouseCoopers.

SSE #21: 4x the number of employee-driven development interactions on the Open Talent Market

The purpose of this initiative is to create an integrated and digital Open Talent Market (OTM) that enables employees to drive their own career development. The platform is borderless, neutral, and uses AI to help achieve best matches. The ambition is to multiply the number of employee-driven interactions within OTM by four in the next five years.

Interactions are tracked in the tool for each feature of OTM. At the start of 2021, current features available to employees are:

- positions;
- projects; and
- mentorships.

These three features work best when employee profiles are robust and rate a 3/4 for completeness. The scope of this initiative extends to the connected population of Schneider Electric as defined in January 2021, thus excluding non-connected workers (i.e., plant), contractors, and interns/apprentices.

This indicator was audited by PricewaterhouseCoopers.

SSE #22: >90% of employees undergo digital upskilling

The Group is committed to growing employee digital citizenship and aims to achieve digital upskilling for >90% of employees by 2025. The progress combines white collar and worker populations' KPIs.

- **For white collars,** the Group aims to achieve >90% eligible employees reaching Intermediate, Advanced, or Expert Digital Citizenship level by 2025. The Digital Citizenship level of all employees will be assessed by their managers each year. Eligible employees in 2021 are active employees hired before January 31st 2021, open-ended and fixed-term contracts, and excludes employees in non-integrated entities and further exclusions defined by country.
- **For workers,** the Group aims to achieve >90% of workers complete 2 hours of training per year offered by the GSC Academy on digital transformation, such as the Smart Factory program, Cybersecurity, and Digital knowledge. The scope covers active workers populations and plant team leaders defined by specific job codes and hired before January 31st 2021, Open-ended and fixed-term contracts (China only) in relevant operating units, and excludes workers on extended leave of more than six months during the year and factories which planned to be closed before Q2 of the following year.

The scope and exclusions of this indicator will be reviewed at the beginning of each year.

The KPI is an aggregated percentage based on the percent of employees meeting the target defined for white collars and workers to the total employee population in scope (white collars and workers).

This indicator was audited by PricewaterhouseCoopers.

SSE #23: 90% of employees have access to a program that supports meaningful development in the later stages of their professional career

This indicator aims to support and recognize talent who are near or at the later stages of their professional career through a robust career plan and development options, in order to strengthen key skills, leverage expertise, and ensure knowledge exchange.

In 2021, the strategy and approach were defined. Pilot programs were launched fully in 2022. As such, the baseline year for this indicator is 2022.

The indicator is calculated as the total headcount in the countries which meet the global minimum standard for a program, compared with overall Schneider Electric headcount. All countries with >250 employees are in scope. The minimum standards for a program include:

- **Training, coaching, or one-to-one** support available for employees (and their managers) in the later stages of their professional career enabling them to have a career check-in/ next-step conversation that results in a meaningful career development plan.
- **A selection of support options** available in the employees' country that may include flexible work, upskilling and career growth options, career pivot options, personal planning options, or workplace adjustments.

The methodology for this indicator was reviewed by PricewaterhouseCoopers.

SSE #24: 75% employee engagement score

A high Employee Engagement Index is linked to higher sales growth, higher operating income, and ultimately higher customer satisfaction and loyalty toward the Company. This index is calculated once a year through a survey called OneVoice, sent to 100% of the Group employees, and serves a starting point to adapt its people strategy and action plans.

The computation of this KPI includes all Schneider employees treated as permanent workforce (i.e., open-ended and fixed-term contracts over 3 months), thus excluding interns or third-party contractors.

The Kincentric employee engagement model is used, composed of 6 questions, 2 per item (SAY, STAY, STRIVE), scored on a 6-point scale by employees:

- Employee Engagement Index: is the percentage of people for which the average of the 6 questions is equal or higher than 4.5
- Employee Disengagement: percentage of people for which the average of the 6 questions is equal or lower than 3.5
- Neutral: is the percentage of people for which the average of the 6 questions is scored between 3.5 and 4.5

This indicator was audited by PricewaterhouseCoopers.

SSE #25: 50,000 volunteering days since 2017

Schneider Electric employees' volunteering activities mainly take place in vocational or educational NGOs (vocational and technical training, schools, universities, etc.), and companies supported by the Schneider Electric Access to Energy Fund, and more globally in all organizations referenced by the Schneider Electric Foundation delegates in their countries. They principally fall into actions benefiting young people, underprivileged families, and the environment, and are organized depending on the personal or professional skills of the volunteers as well as the needs identified by the supported organizations (specialized or non-specialized needs). Missions are posted on a dedicated digital and multilingual platform called VolunteerIn enabling Group employees to apply for volunteer missions among the Foundation's partners. Local and spontaneous initiatives organized by the Schneider Electric Foundation delegates and their partners in which employees engage are also taken into account.

In 2021, the Schneider Electric Foundation and partner NGOs increased the number of digital missions offered to employees, enabling employees to continue on engaging even under restrictions due to the pandemic. One day of volunteering is counted when a staff member dedicates five hours of his or her time to one of these partner organizations. The indicator also includes the training missions organized abroad for a period of five days minimum. However, due to the pandemic this type of mission was not organized in 2021 for safety reasons. Only missions lasting a minimum of 0.5 days are considered.

This indicator was audited by PricewaterhouseCoopers.

2.7.2 Methodology elements on EU Taxonomy indicators

Regarding the calculation of the proportion of activities considered eligible and aligned in accordance with the Disclosure Delegated Act in revenue, capital expenditure (CapEx), and operating expenditures (OpEx), Schneider Electric provides the following additional details:

Calculation of Taxonomy-eligible and -aligned revenue

This calculation is using two combined approaches, including an offer-based approach (i.e., by nature of technology), whereby each line of business' offers are reviewed against the definition of economic activities of the EU Climate and Environmental Delegated Acts, and an end-segment approach, whereby the amount of revenues generated from offers fitting with the economic activities description sold to Taxonomy-eligible end-segments (Green Transport and Renewables) is reviewed. There is no double-counting between the two approaches as the revenues from the offers assessed under the end-segment approach are not included in the revenues assessed under the offer-based approach.

As detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy-eligible revenue is equal to the net revenue recognized pursuant to IAS 1.82(a) after removal of intra-group transactions. At Schneider Electric, this represents EUR 35,902 million, as disclosed in the first line of the consolidated statement of income in this Universal Registration Document (page 452).

For 81% of revenues (excluding entities having their own reporting framework), eligibility calculation combines two approaches:

- For 80% of revenues, eligibility and alignment calculation is using an offer-based approach (by nature of technology), whereby workshops are conducted with sustainability, marketing, and offer management teams for each line of business to define whether products are in line with the definition of economic activities included in the Delegated Acts. The analysis is performed at the level of each product category, which enables a granular segmentation between Taxonomy-eligible and Taxonomy-non-eligible revenues. Compliance with the technical screening criteria is assessed along with the eligibility by the offer technical experts at product category level. For example, building management systems (BMS) generally include energy efficiency systems, which are Taxonomy-eligible, and fire safety and access control systems, which are not. In this example, the analysis enables accounting for only energy efficiency systems installed as part of a BMS. An eligibility ratio is then consolidated for each product line (which includes multiple product categories).
- For 1% of revenues, eligibility and alignment calculation is using an end-segment-based approach, whereby commercial teams indicate for each product line if it matches with the economic activity's as described in the Delegated Acts and provide with the related amount of revenues generated from Taxonomy-eligible end-segments (Green Transport and Renewables). Potential double-counting between the two approaches is avoided in applying the end-segment-based approach to only 1% of revenues issued from eligible businesses sold to end segments supporting climate change mitigation, and the offer-based approach to the remaining 80% of revenues (excluding entities having their own reporting framework).

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For the remaining 19% of revenues (related to entities having their own reporting frameworks), an offer-based analysis is conducted separately following a review of each entity's product line reporting.

In order to determine the amount of eligible and aligned revenue (numerator), the following assumptions are made:

- At the granularity level of product categories, data is based on net sales before rebate instead of net sales after rebate. Therefore, the eligibility and alignment ratios are calculated by dividing respectively the amount of eligible net sales before rebate by the total amount of net sales before rebate, and then applied to the net sales after rebate.
- At the granularity level of product categories, a non-significant share of revenues is not allocated per product category. The ratio of eligibility and alignment used for the rest of the product line is applied to those revenues, contributing to less than 5% of the total eligible revenues.
- End-segment sales data is based on net sales before rebate. A correction factor is applied to assess the value of net sales after rebate per end-segment.

A rigorous assessment of the compliance with the technical screening criteria is performed for each activity.

- Activity CCM 3.5 (manufacture of energy efficiency equipment for buildings): Schneider's eligible revenues are split across eight technical screening criteria such that only the most efficient cooling systems qualify under CCM 3.5.i (cooling and ventilation systems rated in the highest two populated classes of energy efficiency) and only UPS with power chute capability qualify under CCM 3.5.m (energy-efficient building automation and control systems).
- Activity CCM 3.6 (manufacture of low carbon technologies): GHG emission savings are calculated using Schneider's saved and avoided emissions methodology. This calculation method was audited by an independent third-party in accordance with ISO 14067:2018 standard.
- Activity CCM 3.20 (manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation): revenues from medium voltage switchgears with SF_6 gas, as well as revenues from fossil power generation and the fossil fuel value chain are eligible but not aligned.
- Activity CE 1.2 (manufacture electrical and electronic equipment): challenges in assessing the alignment of economic activities with the technical screening criteria led to a conservative disclosure whereby all revenues eligible under this activity have been declared as non-aligned. Schneider Electric is continuously reviewing and improving its circular practices via its EcoDesign Way™ process and Green Premium™ program to further reduce the environmental impact of its products. See more details in section 2.4 on page 184.
- Activity CE 4.1 (provision of IT/OT data-driven solutions and software): revenues from predictive maintenance systems and software are eligible but not aligned due to the impossibility to assess if those systems and software are used to monitor any type of fossil fuel engine.

See detailed proportion of turnover from Taxonomy-eligible and -aligned activities in the template required by EU Taxonomy Delegated Act on Article 8 on page 284.

Calculation of Taxonomy-eligible and -aligned capital expenditure (CapEx)

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, the denominator of Taxonomy-eligible CapEx KPI is equal to additions to tangible and intangible assets of the financial year 2023 (including IFRS 16 rights of use), considered before depreciation, amortization, and any remeasurement, including those resulting from revaluations and impairments for the financial year 2023 and excluding fair value changes. The denominator also covers additions to tangible and intangible assets resulting from business combinations that occurred during the financial year 2023.

At Schneider Electric, total tangible assets resulting from the above definition represents EUR 912 million over 2023, including EUR 910 million from additions, as disclosed in note 11 of the Group financial statements, and EUR 2 million from business combinations.

The total covered IFRS 16 rights of use over 2023 represents EUR 305 million, as disclosed in note 11 of the Group financial statements (page 480).

The total intangible assets resulting from the above definition represents EUR 457 million over 2023. This amount is split as follows: EUR 451 million from additions, as disclosed in the note 10 of the Group financial statements (page 478) – this includes EUR 328 million of capitalized Research and Development (R&D) projects, as disclosed in the note 10 of the Group financial statements, and EUR 6 million from business combinations.

As per specification of CapEx as detailed in Annex 1 of the Delegated Act on Article 8, all CapEx based on IFRS 16 related to long-term leasing of buildings are considered eligible. None of these are aligned since the Group rental real estate portfolio does not meet all Taxonomy-alignment criteria described in activity CCM 7.7 (acquisition and ownership of buildings). CapEx related to assets, processes, and business combinations associated with Taxonomy-eligible and -aligned activities were calculated with a high level of granularity using allocation keys of eligible, and respectively aligned, revenue per business and operations, except for R&D and IFRS 16 CapEx. The allocation keys methodology is considered as a conservative approach as it is based on the current activity of each product line, which does not consider the transformations driven by the product lines' investments in the calculation of Taxonomy-eligible and -aligned CapEx KPIs.

As described more exhaustively in section 2.3.4 on page 166, product-related R&D projects of the Group aim at and demonstrate a substantial carbon footprint saving through more efficient products and systems. Those improvements are measured with a life cycle assessment shared publicly in the Product Environmental Profile, aligned with ISO 14067 and verified by an independent third party. Thus, 2023 R&D capitalized expenditures directly linked to capitalized product-related R&D projects are considered both eligible and aligned according to activity CCM 3.6 (manufacture of other low carbon technologies).

See detailed proportion of CapEx from Taxonomy-eligible and -aligned activities on page 288.

Calculation of Taxonomy-eligible and -aligned operating expenditure (OpEx)

To determine the Group's EU Taxonomy-eligible and -aligned operating expenditure, only non-capitalized costs related to R&D are analyzed for the establishment of the numerator of the OpEx KPIs.

The denominator of Taxonomy-eligible and -aligned OpEx KPI represents EUR 1,758 million over 2023, corresponding mainly to non-capitalized R&D costs of the Group for EUR 1,688 million presented before offsetting with the R&D Tax Credit for EUR 58 million, as disclosed in note 4 of the Group financial statements (page 474). This includes non-capitalized costs relative to product-related R&D projects but also, among others, costs incurred in relation with support and platforming, and costs of IT global applications dedicated to R&D, costs relative to continuous engineering costs for quality, productivity, and obsolescence. The rest of the denominator corresponds to OpEx related to building renovation measures, short-term leases, maintenance and repair and other expenditures relating to the day-to-day servicing of assets. The total of these categories represents less than EUR 71 million and is therefore considered non-material for Schneider Electric's business, and thus excluded from the OpEx analysis and OpEx KPIs numerators.

As described more exhaustively in section 2.3.4 on page 166 and mentioned for CapEx, product-related R&D projects of the Group aim at and demonstrate substantial carbon footprint savings. Taxonomy-eligible and -aligned OpEx KPIs numerator corresponds to operating expenditure directly associated with the Group's product-related R&D projects; these OpEx are therefore both Taxonomy-eligible and -aligned under activity CCM 3.6 (manufacture of other low carbon technologies).

See detailed proportion of OpEx from Taxonomy-eligible and -aligned activities is available on page 292.

Does Not Significantly Harm (DNSH)

As defined in Article 3 of the Taxonomy regulation, an activity shall qualify as environmentally sustainable only if it does not significantly harm any of the other Taxonomy environmental objectives.

Schneider Electric's activities are subject to the specified DNSH requirements where the objective it belongs to is shown:

- Climate change mitigation (CCM)
- Protection of water and marine resources (WTR)
- Transition to a circular economy (CE)

As the Group's activities are linked to only 3 of the 6 environmental objectives, icons for the 3 remaining objectives are not shown.

For activities belonging to environmental objectives as shown by the icons below, this means that they must not do significant harm to:

Climate change mitigation:
Schneider Electric has developed strategies to account for and reduce the GHG emissions of its activities along the value chain.

Read more about Schneider Electric's strategies and actions for GHG emissions reduction in section 2.3 on page 154, section 2.4 on page 184, as well as the Group's GHG footprint in section 2.8.1 on page 310.

This applies to activities belonging to objectives:

Climate change adaptation:
Schneider has assessed physical climate risks that are material to its activity. The Group has put dependencies analysis at the heart of its risk management and performed a forward-looking climate risk and vulnerability assessment to identify and price the materiality of physical climate risks that may affect Schneider Electric sites, extended supply chain and economic activities under different IPCC scenarios and different timelines (short-, medium- and long-terms). In line with these assessments, the Group has implemented adaptation solutions consisting of several resilience initiatives.

Read more about the Group climate risk management and adaptation measures in the section 2.3.1 on page 156.

This applies to activities belonging to objectives:

The sustainable use and protection of water and marine resources:
Schneider Electric regularly assesses water-related risks. In 2022, the Group conducted a water footprint analysis along the value chain, covering water consumption, scarcity, eutrophication, ecotoxicity, and acidification. Due to the nature of most of its industrial processes (manual and automatic assembly), water withdrawal of the Group's operations is considered limited.

The Group has implemented initiatives to preserve water quality and avoid water stress – read more about the Group's water management in the section 2.4.5.4 on page 203.

This applies to activities belonging to objectives:

Transition to a circular economy:
Schneider Electric assesses the availability of and, where feasible, adopts techniques that maximize the value of its resources, considering waste as a resource and ensuring its waste stays within a circular system. Beyond avoiding landfill and looking at traditional recycling solutions, Schneider strives to move up the waste hierarchy and find "reduce and reuse" solutions for its resources.

Requirements related to construction and demolition waste management in low carbon mobility infrastructures are not applicable to Schneider as the Group only operates as an electrical and automation solution provider in those projects.

Read more about the Group's transition to a circular economy in section 2.4.3, page 190.

This applies to activities belonging to objectives:

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Pollution prevention and control:
On the manufacture, placing on the market or use of chemicals, Schneider Electric provides the following precisions:

- Regarding regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury and repealing is not applicable to Schneider Electric as the Group do not use mercury in its products nor in its manufacturing activities.
- Regarding the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS) and the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), 9% of Schneider Electric's revenues are coming from products with substances either listed in either the Annex II to RoHS or the list of restricted substances (Annex XVII) to REACH. The Group has deployed significant efforts to measure and further comply, even outside of the European Union (i.e. beyond the scope of the regulation).
- Regarding substances laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, and except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions, Schneider declared as non-aligned all revenues coming from such products, amounting to 13% of eligible revenues.
- Regarding substances laid down in Article 57 of Regulation (EC) 1907/2006, and not identified in accordance with Article 59(1) of that Regulation, the Group notes that obtaining material declarations and data from suppliers beyond tier 1 is particularly challenging and is not in a position to quantify the impact of excluding products using substances that may be included in the list of substances subject to authorization but not currently identified in the candidate list. The Group plans to gradually improve the traceability of the components of each products beyond tier 1, and to make this information digitally available to its customers.
- RoHS application scope in the EU Taxonomy can be seen as ambiguous. As such, RoHS exemptions, which are granted when there is no alternative solution available and no exposure for humans and the environment, were used as a proxy for exemptions to criteria (f) of the generic criteria for DNSH on pollution and prevention and control.

Other requirements are met and included in Schneider Electric Global Environmental Directives and all restrictions are applied globally.

Requirements related to pollution prevention and control on overground high voltage lines and noise, vibration, dust, and pollutant emissions reduction during construction and maintenance of low-carbon mobility infrastructures are not applicable to Schneider as the Group only operates as an electrical and automation solutions provider in those projects.

This applies to activities belonging to objectives:

The protection and restoration of biodiversity and ecosystems:
As Schneider Electric is not a project developer as defined in the Environmental Impact Assessment Directive (2011/92/EU) but only operates as a contractor of projects listed in Annex 1 and 2 of this Directive, the Group is not subject to completing an Environmental Impact Assessment or screening. For the same reason the requirements related to the biodiversity risk mitigation on low carbon mobility infrastructures are not applicable to Schneider.

In cases where Schneider Electric intends to build a new site, the Group may need to complete an EIA. However, due to the nature of the activities performed on Schneider Electric's sites, those projects are not likely to have significant effects on the environment and are not listed in the Annex I nor in the Annex II of the Directive 2011/92/EU, for which an EIA is needed.

Schneider Electric has defined a process to conduct Environmental Site Assessments (ESA) as part of its due diligence phase of new mergers and acquisitions, primarily to detect contamination of soil, ground water surface, water sediment, and soil vapor from known or unknown releases of chemicals, petroleum, or related wastes.

The VP Safety Environment & Real Estate accountable for the EHS compliance of the entity under due diligence has established an assessment framework and conducts the necessary check in all due diligence process as part of the due diligence team.

Schneider Electric requires a Phase I ESA to be performed on all global real estate transactions involving manufacturing properties and, other potentially higher risk sites including factories, distribution centers, or properties with prior industrial activity. The ESA is performed by an independent environmental consultant.

Schneider's assessments and actions on biodiversity are detailed in section 2.4.2 on page 187.

This applies to activities belonging to objectives:

Minimum safeguards

As defined in Article 3 of the Taxonomy regulation, an activity shall qualify as environmentally sustainable only if it is carried out in compliance with the specific minimum safeguards detailed in the regulation. Schneider Electric takes reference from the Final Report on Minimum Safeguards by the Platform on Sustainable Finance as a guidance to report against minimum safeguards, which looks at four key areas: Human Rights, Corruption, Taxation, and Fair Competition.

Human rights

The Company has established an adequate human rights due diligence process as outlined in the UNGPs and OECD Guidelines for MNEs. For details, please see Schneider Electric's Vigilance Plan as well as section 2.2.2 on page 115.

Corruption

The Company has anti-corruption processes in place. For details, see section 2.2.7 on page 130.

Taxation

The Company treats tax governance and compliance as important elements of oversight, and there are adequate tax risk management strategies and processes in place. For more details, see section 2.2.9 on page 134.

Fair competition

The Company promotes employee awareness of the importance of compliance with all applicable competition laws and regulations. For details, see section 2.2.8 on page 133.

2.7 Methodology and audit of indicators

The Group provides below a mapping of Schneider activities eligible under the current EU Taxonomy in order to provide a better understanding for its stakeholders. In 2023, a number of activities have been added (activity 3.20 supporting climate change mitigation, activities 1.2, 4.1, 5.1, 5.2, and 5.5 supporting the transition to circular economy, and activities 1.1 and 4.1 supporting the protection of water and marine resources) compared with 2022. Revenues related to the manufacture, installation, and servicing of high, medium, and low voltage electrical equipment for electrical transmission and distribution in support of climate change mitigation, previously classified under activity 4.9, have been transferred under activity 3.20.

Activity name and code as specified in the EU Climate, Environmental and Disclosure Delegated Acts		Activity definition as specified in the EU Climate and Environmental Delegated Acts	Corresponding business activities of Schneider Electric
CCM 3.1	Manufacture of renewable energy technologies	Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001.	• Manufacture of technologies that are essential parts of the systems producing electricity from renewable energy sources: inverters, mounting frames, solar panels, other solar equipment, wind farm microgrid, and others
CCM 3.5	Manufacture of energy efficiency equipment for buildings	Manufacture of energy efficiency equipment for buildings.	• Building management systems (except fire safety and access control) • Power metering systems for buildings • Smart monitoring and regulation of electricity or heat in buildings, such as thermostats and controls for lighting systems • Cooling systems • Insulating products
CCM 3.6	Manufacture of low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in activities 3.1 to 3.5 of the Annex.	• UPS with an audited methodology to calculate GHG emission reductions
CCM 3.20	Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	Manufacture, installation, maintenance, or service of electrical products, equipment, or systems, or software aimed at substantial GHG emission reductions in high, medium, and low voltage electrical transmission and distribution systems through electrification, energy efficiency, integration of renewable energy, or efficient power conversion.	• Transmission and distribution wiring devices for wiring electrical circuits • Low voltage electrical products, equipment, and systems • SF_6-free medium voltage switchgears and control gears that increase the controllability of the electricity system • Demand response and load shifting equipment, systems, and services • Communication, software and control equipment, products, systems, and services for energy efficiency • Manufacture of variable speed drives
CCM 6.14	Infrastructure for rail transport	Construction, modernization, operation, and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services, and surveying and mapping services and the like as well as the performance of physical, chemical and other analytical testing of all types of materials and products.	• Equipment, projects, as well as modernization and maintenance services for rail transport infrastructure
CCM 6.15	Infrastructure enabling low-carbon road transport and public transport	Construction, modernization, maintenance, and operation of infrastructure that is required for zero tailpipe CO operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport.	• Equipment, projects, as well as modernization and maintenance services for zero-emissions road transport, as well as infrastructure required for operating urban transport
CCM 6.16	Infrastructure enabling low-carbon water transport	Construction, modernization, operation, and maintenance of infrastructure that is required for zero tailpipe CO_2 operation of vessels or the port's own operations, as well as infrastructure dedicated to transshipment and modal shift and service facilities, safety and traffic management systems.	• Equipment, projects, as well as modernization and maintenance services for low-carbon port infrastructure • Equipment, projects, as well as modernization and maintenance services for electrification and efficiency of ports' operations
CCM 6.17	Low carbon airport infrastructure	Construction, modernization, maintenance, and operation of infrastructure that is required for zero tailpipe CO_2 operation of aircraft or the airport's own operations, and for provision of fixed electrical ground power and preconditioned air to stationary aircraft as well as infrastructure dedicated to transshipment with rail and water transport.	• Energy management equipment, projects, as well as modernization and maintenance services for low-carbon airport infrastructure

Activity name and code as specified in the EU Climate, Environmental and Disclosure Delegated Acts		Activity definition as specified in the EU Climate and Environmental Delegated Acts	Corresponding business activities of Schneider Electric
CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings.	• Service plans related to building management and power metering systems in buildings
CCM 8.2	Data-driven solutions for GHG emissions reductions	Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modeling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions.	• Software and data-driven solutions aiming at improving efficiency in building design, planning, and construction
CCM 9.3	Professional services related to energy performance of buildings	Professional services related to energy performance of buildings.	• Technical consultations such as energy audits, simulations, and trainings • Energy management services • Energy performance contracts
WTR 1.1	Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	Manufacture, installation, or provision of associated services for leakage control technologies that enable leakage reduction and prevention in water supply systems.	• Leakage control technologies for water supply systems
WTR 4.1	Provision of IT/OT data-driven solutions for leakage reduction	Manufacture, development, installation, deployment, maintenance, repair, or provision of professional services for IT or OT data driven solutions to control, manage, reduce, and mitigate leakage in water supply systems.	• Real-time network modeling and optimization • Leakage calculation, control, and reporting
CE 1.2	Manufacture of electrical and electronic equipment	Manufacture of electrical and electronic equipment for industrial, professional, and consumer use.	• Electrical and electronic equipment
CE 4.1	Provision of IT/OT data-driven solutions	Manufacture, development, installation, deployment, maintenance, repair, or provision of professional services for design or monitoring of software and/or IT/OT systems, built for: remote monitoring and predictive maintenance; providing identification, tracking, and tracing of materials, products, and assets to support circularity of material flows or other objectives of the Taxonomy; lifecycle performance management software supporting the monitoring and assessment of circularity performance.	• Remote monitoring and predictive maintenance systems • Lifecycle performance management software
CE 5.1	Repair, refurbishment, and remanufacturing	Repair, refurbishment, and remanufacturing of goods that have been used for their intended purpose before by a customer.	• Repairing, refurbishing, or remanufacturing products that have already been used
CE 5.2	Sale of spare parts	Sale of spare parts beyond legal obligations.	• Sale of spare parts
CE 5.5	Product-as-a-service and other circular use- and result-oriented service models	Providing customers with access to products through service models, which are either use-oriented or result-oriented services.	• Software as a Service offers

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Proportion of turnover from Taxonomy-aligned activities

Economic Activities	Codes(s)	Absolute Turnover, year N	Proportion of Turnover, year N	Substantial contribution criteria	DNSH criteria ('Does Not Significantly Harm')				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent						
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of renewable energy technologies	CCM 3.1	129	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	1,035	**3%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of other low carbon technologies	CCM 3.6	121	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	6,703	**19%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	**-**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	52	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon road transport and public transport	CCM 6.15	183	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	50	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	32	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	494	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	1,157	**3%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	2	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	9	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	1,003	**3%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	51	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Sale of spare parts	CE 5.2	215	**1%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	3	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**11,240**	**31%**	**28%**	**-**	**0%**	**-**	**4%**	**-**
Of which enabling		10,970	31%	28%	-	0%	-	3%	-
Of which transitional		-	-	-					

= not relevant, N/A = not applicable.

Does not harm ("DNSH") criteria									
Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of economy activities aligned with (A.1) or eligible (A.2) taxonomy, year t+1	Category enabling activity	Category transitional activity
(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	2%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	12%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	3%	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	Y	Y	Y	Y	Y	Y	N/A		
Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**20%**		
Y	Y	Y	Y	Y	Y	Y	20%	E	
Y	Y	Y	Y	Y	Y	Y	-		T

Continued on next page

(1) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
(2) This figure is less than EUR 0.5 million

2.7 Methodology and audit of indicators

Proportion of turnover from Taxonomy-aligned activities continued

Economic Activities	Codes	Turnover	Proportion of Turnover, year N	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million EUR	Percent	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of renewable energy technologies	CCM 3.1	33	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	409	**1%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of low carbon technologies	CCM 3.6	441	**1%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	5,484	**15%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	-	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	1	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon road transport and public transport	CCM 6.15	31	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	8	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data-driven solution for GHG emission reductions	CCM 8.2	88	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	4	**0%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	293	**1%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	13,825	**39%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	161	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	21	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Sale of spare parts	CE 5.2	59	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**20,860**	**58%**	**18%**	**-**	**1%**	**-**	**39%**	**-**
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**32,099**	**89%**	**46%**	**-**	**1%**	**-**	**43%**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		**3,803**	**11%**						
Total (A+B)		**35,903**	**100%**						

- = not relevant; N/A = not applicable.

(1)	(2)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover, year N-1	Category enabling activity	Category transitional activity
Economic activities (1)	Code(s)	Absolute turnover	Proportion of turnover, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity and ecosystems
				DNSH criteria ('Does Not Significantly Harm')					
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0%						
Of which enabling			2%						
Of which transitional			2%						
A.2 Taxonomy-eligible but not environmentally sustainable activities									
			N/A						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (A.2)			4%						
A. Turnover of Taxonomy-eligible activities (A.1+A.2)									
			-						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
			-						
Turnover of Taxonomy-non-eligible activities			N/A						
			N/A						
			N/A						
			N/A						
			N/A						
			N/A						
			N/A						
			8%						
			29%						

(2) This figure is less than EUR 0.5 million.
(3) EL – Eligible, taxonomy-eligible activity for the relevant environmental objective;
N/EL – Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

2.7 Methodology and audit of indicators

Proportion of CapEx from Taxonomy-aligned activities

Economic Activities	Codes(2)	Absolute CapEx(3)	Proportion of CapEx, year N	Substantial contribution criteria	DNSH criteria	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) CapEx, year N-1	Category enabling activity	Category transitional activity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Percent	Yes; No; N/EL	Yes; No; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of renewable energy technologies	CCM 3.1	2	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	64	**4%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of other low carbon technologies	CCM 3.6	264	**16%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	200	**12%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	**-**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	1	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon road transport and public transport	CCM 6.15	16	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	1	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	1	**0%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	12	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	9	**1%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	0[2]	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	0[2]	**0%**	N/EL	N/EL	Y	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	18	**1%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	1	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Sale of spare parts	CE 5.2	3	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	Y	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**592**	**35%**	**34%**	**-**	**0%**	**-**	**1%**	**-**
Of which enabling		588	35%	34%	-	0%	-	1%	-
Of which transitional		-	-	-					

= not relevant, N/A = not applicable.

Drivers of turnover/Capex/OpEx alignment (narrative)									
Does not engage in fossil gas activities	Does not engage in nuclear activities	Taxonomy	Fossil gas	Nuclear energy	Enabling activities	Transitional activities	Category (enabling activity)	Category (transitional activity)	
(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Turnover		
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	1%	E	
Y	Y	Y	Y	Y	Y	Y	15%	E	
Y	Y	Y	Y	Y	Y	Y	N/A	E	
Y	Y	Y	Y	Y	Y	Y	6%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	4%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	0%	E	
Y	Y	Y	Y	Y	Y	Y	N/A

2.7 Methodology and audit of indicators

Proportion of CapEx from Taxonomy-aligned activities continued

Economic Activities	Code(s)	Million Euros	Proportion of CapEx, year N	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			Percent	Y; N; N/EL; N/A	Y; N; N/EL; N/A	Y; N; N/EL; N/A	Y; N; N/EL; N/A	Y; N; N/EL; N/A	Y; N; N/EL; N/A
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of renewable energy technologies	CCM 3.1	1	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of energy efficiency equipment for buildings	CCM 3.5	47	**3%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of low carbon technologies	CCM 3.6	5	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of HV, MV and LV electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	141	**8%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	-	-	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon water transport	CCM 6.16	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	305	**18%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data-driven solutions for GHG emissions reductions	CCM 8.2	3	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	0[2]	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	0[2]	**0%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	8	**0%**	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	334	**20%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	7	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Sale of spare parts	CE 5.2	1	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0[2]	**0%**	N/EL	N/EL	N/EL	N/EL	EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**852**	**51%**	**30%**	**-**	**0%**	**-**	**20%**	**-**
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**1,444**	**86%**	**64%**	**-**	**1%**	**-**	**22%**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities (B)		**231**	**14%**						
Total (A+B)		**1,675**	**100%**						

= not relevant, N/A = not applicable.

Economic activities (1)	Code(s)	Absolute turnover	Proportion of turnover, year N	Proportion of turnover, year N-1	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Enabling activity	Transitional activity
		EUR million	%	%	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	Y; N; N/EL; EL	E	T
Forestry			0%															
Forestry activities			1%															
Forestry activities			1%															
Forestry activities			N/A															
Forestry activities			2%															
Forestry activities			-															
Forestry activities			0%															
Forestry activities			-															
Forestry activities			23%															
Forestry activities			1%															
Forestry activities			-															
Forestry activities			N/A															
Forestry activities			N/A															
Forestry activities			N/A															
Forestry activities			N/A															
Forestry activities			N/A															
Forestry activities			N/A															
Forestry activities			**28%**															
Forestry activities			**54%**															

(2) This figure is less than EUR 0.5 million.
(3) EL – Eligible, taxonomy-eligible activity for the relevant environmental objective;
N/EL – Not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

2.7 Methodology and audit of indicators

Proportion of OpEx from Taxonomy-aligned activities

Economic Activities	Codes	Year	Proportion of OpEx, year N	Substantial contribution criteria					
				Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Million Euros	Percent	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of other low carbon technologies	CCM 3.6	844	**48%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**844**	**48%**	**48%**	-	-	-	-	-
Of which enabling		844	48%	48%	-	-	-	-	-
Of which transitional		-	-	-					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-						
Total (A.1 + A.2)		**844**	**48%**	**48%**	-	-	-	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities (B)		**914**	**52%**						
Total (A+B)		**1,758**	**100%**						

not relevant

Whenever an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall report under the most relevant environmental objective while avoiding double counting. In 2023, non-financial undertakings such as Schneider Electric must now also declare their turnover, CapEx and OpEx that are eligible and aligned with multiple environmental objectives (i.e. without removing double counting when an activity contributes substantially to several objectives) to facilitate financial undertakings' reporting needs, by using the templates below:

Proportion of turnover from activities eligible and aligned with multiple environmental objectives

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	Percent	Percent
Climate change mitigation (CCM)	28%	46%
Climate change adaptation (CCA)	-	-
Protection of water and marine resources (WTR)	0%[1]	1%
Transition to a circular economy (CE)	4%	80%
Pollution prevention and control (PPC)	-	-
Biodiversity and ecosystems protection (BIO)	-	-

Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Pollution prevention and control (PPC)	Biodiversity and ecosystems protection (BIO)	Category (enabling activity)	Category (transitional activity)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Y	Y	Y	Y	Y	Y	Y	50%	E				
Y	Y	Y	Y	Y	Y	Y	50%					
Y	Y	Y	Y	Y	Y	Y	50%	E				
Y	Y	Y	Y	Y	Y	Y	-				T	
							-					
							50%					

(1) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of CapEx from activities eligible and aligned with multiple environmental objectives

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	Percent	Percent
Climate change mitigation (CCM)	34%	64%
Climate change adaptation (CCA)	-	-
Protection of water and marine resources (WTR)	0%(1)	1%
Transition to a circular economy (CE)	1%	50%
Pollution prevention and control (PPC)	-	-
Biodiversity and ecosystems protection (BIO)	-	-

Proportion of OpEx from activities eligible and aligned with multiple environmental objectives

	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	Percent	Percent
Climate change mitigation (CCM)	48%	48%
Climate change adaptation (CCA)	-	-
Protection of water and marine resources (WTR)	-	-
Transition to a circular economy (CE)	-	-
Pollution prevention and control (PPC)	-	-
Biodiversity and ecosystems protection (BIO)	-	-

(1) This figure is rounded and represents a percentage less than 0.5%.

2.7.3 Sustainability Accounting Standard (SASB) Correspondence table

Topic	Accounting metric	Category	Unit of measure	Code
Energy Management	(1) Total energy consumed	Quantitative	Gigajoules (GJ)	RT-EE-130a.1
	(2) percentage grid electricity		Percentage (%)	
	(3) percentage renewable			
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Tonnes (t), Percentage (%)	RT-EE-150a.1
	Number and aggregate quantity of reportable spills, quantity recovered		Number, Kilograms (kg)	RT-EE-150a.2
Product Safety	Number of recalls issued, total units recalled	Quantitative	Number	RT-EE-250a.1
	Total amount of monetary losses as a result of legal proceedings associated with product safety		Reporting currency	RT-EE-250a.2
Product Life cycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%) by revenue	RT-EE-410a.1
	Percentage of eligible products, by revenue, certified to an energy efficiency certification			RT-EE-410a.2
	Revenue from renewable energy-related and energy efficiency-related products		Reporting currency	RT-EE-410a.3
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-EE-440a.1
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	n/a	RT-EE-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	RT-EE-510a.2
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative		RT-EE-510a.3
Activity metrics	Number of units produced by product category	Quantitative	Number	RT-EE-000.A
	Number of employees			RT-EE-000.B

Qualitative Data Points	Topic
The following KPIs covers our measured energy consumption (about 83% of Group energy consumption): (1) 3,365,298 GJ (934,805 MWh) (2) 30.3% (282,838 MWh) (3) 67.9% (634,401 MWh)	Energy Management
Hazardous waste generated: 7,573 tonnes. Hazardous waste channeled according to legal requirements and Schneider Electric expectations: 7,573 tonnes.	Hazardous Waste Management
Zero reportable spills in 2023, therefore no recovered quantity to report.	
23 product recalls have been issued in 2023, amounting to approximately 30,000 units recalled or reworked. Schneider Electric has an Offer Safety Alert (OSA) process to alert the relevant Line of Business and other interested parties as soon as it is suspected that customers' health or property safety may be put at risk by Schneider products, solutions, or projects. The Offer Safety Alert Committee (OSAC) is a permanent corporate committee that oversees and regulates the management of OSA. Its mission is to ensure all OSA are managed with the due diligence and urgency to minimize safety risks to customers. Its independent, multi-discipline nature allows the OSAC to make decisions in our customers' best interest.	Product Safety
No material loss at the Group level.	
Around 80% of Schneider's products are assessed on the presence or absence of IEC 62474 DSL (Declarable Substance List, which covers 37 worldwide regulations and about 160 substances or substance groups). With the current information collected from our supply chain, we manage to cover nearly all substances and regulations. Information disclosed for our Green Premium products covers these substances. More details on Green Premium can be found in section 2.4.3.5 page 193.	Product Life cycle Management
Revenues derived from products certified to energy efficiency certifications, such as ENERGY STAR, are included in our Impact revenues measure (see below).	
Schneider Electric measures "Impact revenues", i.e., revenues coming from offers that bring energy, climate, or resource efficiency to our customers, while not generating any significant harmful impact to the environment. In 2023, 74% of Group revenues qualify as Impact revenues. The Group aims to grow its Impact revenues to 80% by 2025 (SSI #1).	
Details regarding our sustainable procurement practices are provided in section 2.2.12 on page 138, in particular our Conflict Minerals and Extended Minerals programs. Schneider Electric is actively working with its suppliers and closely monitors its supply chain to comply with the Conflict Minerals regulations and meet customers' expectations as much as possible. Based on our current knowledge, the Group has no reason to believe that any conflict minerals the Group sourced, have directly or indirectly financed or benefited armed conflict in the covered countries, nor supported illegally operating or sanctioned entities. Critical materials supply risks related to potential scarcity in the market has been fully assessed and is acknowledged in our design roadmap. Top strategic partnerships with key suppliers have been reinforced through long-term agreements and C-Level connections, with a particular focus on electronic semiconductor players. A procurement and planning hub is implemented and is being ramped-up in 2024 to establish a direct connection to critical material sources and manage strategic stocks, demand, and supply. For example, a Manual Pilot of a copper tolling model is planned in 2024.	Materials Sourcing
As stated in its Trust Charter, Anti-Corruption Policy, Competition Law Policy, and various other policies, Schneider Electric is committed to complying with all applicable laws and regulations, such as the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, the French Sapin II law, and the various antitrust laws and competition rules globally.	
Schneider Electric has a zero tolerance policy with regard to corruption and breaches of competition laws and considers that "doing the right thing" is a key value-creation driver for all its stakeholders. This commitment materialized through strong and continuously developing programs such as its Anti-Corruption Compliance program (part of its Trust program, see section 2.2.7 on page 131), and its Competition Law Compliance program (see section 2.2.8 on page 133).	Business Ethics
No material losses.	
No material losses.	
A breakdown of revenues by activity is provided page 3 and page 518.	Activity metrics
137,855 (spot 2023 year-end headcount, excluding supplementary workforce). More workforce statistics in section 2.8.2 on page 312.	

2.7.4 Task Force on Climate-related Financial Disclosures (TCFD) correspondence table

Climate change has been clearly identified as crucial to both Schneider Electric's internal and external stakeholders during the various materiality assessments that took place in 2014, 2017, and 2020. Overall, transformations linked to climate change are a source of opportunities for Schneider Electric, the main risk being to fail leading by example and thereby lose traction with customers, investors, new talents, and collaborators in the Company. Concrete climate-related programs to either grab opportunities or mitigate risks are deployed every 3 to 5 years in the Schneider Sustainability Impact (SSI) program and complement the Group's Climate Pledge – our short-term (2025), mid-term (2030), and long-term (2040, 2050) objectives, aligned with a 1.5°C trajectory. Schneider Electric presents below its main climate-related disclosures in line with TCFD recommendations.

Recommended Disclosure	2023 Climate Change CDP & URD 2023 references	Schneider's progress report with the 2023 Climate Change response and other sections of this Universal Registration Document for further details
1. Governance: Disclose the organization's governance around climate-related risks and opportunities.		
1. a) Describe the board's oversight of climate-related risks and opportunities.	CDP – C1.1a, C1.1b URD – Chapter 2 (2.1.7; 2.3.1); Chapter 3 (3.2.2)	Several governance bodies are involved in the process of designing and continuously monitoring the SSI program, which includes a sustainability risks and opportunities assessment (including climate) and leads to the design of concrete transformation initiatives to align the Company on the challenges identified: • The Board of Directors has oversight of climate-related issues notably through its Governance, Nominations & Sustainability Committee (which replaces the Human Resources & CSR Committee, as of May 2023). This Committee has six Director members who report to the Board of Directors, and reviews Schneider's CSR strategy, follows up on progress made, and ensures implementation of the Group's long-term sustainability commitments. • The Executive Committee has a dedicated Function Committee, which meets quarterly. It decides on the sustainability strategy and validates the SSI and carbon pledge. • The SSI Steering Committee was formed in 2020 to propose precise and measurable transformation programs for the 2021 – 2025 SSI, which were then submitted to the Group Sustainability Committee for approval. • The Sustainability Department coordinates the overall sustainability strategy of the Group and the rollout of action plans. • Three Committees involving Group Executive Vice-Presidents and Senior Vice-Presidents are dedicated to overseeing the implementation of the Group's decarbonization roadmap, respectively focusing on the supply chain, low-carbon product design, and the decarbonization of Schneider's operational emissions. Additionally, environmental transformations are driven by a network of leading experts in various environmental fields such as ecodesign, energy efficiency, circular economy, or CO_2. Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design, and marketing.
1. b) Describe management's role in assessing and managing climate-related risks and opportunities.	CDP – C1.2 URD – Chapter 2 (2.1.7; 2.3.1)	

Recommended Disclosure	CDP Climate Change 2023 Questionnaire	Brief description (please refer to CDP Climate Change response and other sections of the Universal Registration Document for further details)
2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities in the organization's businesses, strategy and financial planning where such information is material.		
2. a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	CDP – C2.1a, C2.1b, C2.2a, C2.3, C2.3a, C2.4, C2.4a URD – Chapter 2 (2.1.6, 2.3.1)	To identify and price the materiality of climate-related risks and opportunities, the Group mandated an external consultant to perform a scenario-based risk and materiality analysis. Five emissions pathways and three time horizons have been considered: SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6, and SSP1-1.9 by 2025, 2030, and 2050. Significant climate-related risks and opportunities identified for Schneider Electric include: • Transition risks and opportunities, relating to market, policy, reputation, and technology; • Physical risks and opportunities, relating to damage to property and assets, and supply chain disruption. **Market:** The growing demand for low-carbon products and services generally presents significant business opportunity for Schneider Electric. The Group is already exploring ways to enhance the efficiency and emissions profile of existing products through innovations, such as SF_6-free medium voltage switchgears. The low-carbon transition can present risks with potential financial impacts for companies delaying the change, as well as opportunities for sustainability leaders. For example, consumer preferences may change and further veer toward environmentally sustainable alternatives. In 2023, 74% of the Group revenues qualify as Schneider Impact revenues, defined as revenues from offers that bring energy, climate, or resource efficiency to customers, while not generating any significant harmful impacts to the environment. The Group aims to grow its Impact revenues to 80% by 2025. Additionally, maintaining industry-leading offers on the market for more efficient, low-emission products and services that support the transition to a low-carbon economy needs adapted investments in research and development (R&D). Schneider Electric invests about 5% of its annual revenues in R&D each year. This also includes a sharp focus on product quality and performance to prevent potential trade-offs associated with our products' enhanced sustainability profile. Schneider Electric has defined short- and medium-term financial investments priorities in order to set the course towards its SBTi validated Net-Zero commitment, and more broadly to meet its long-term commitments for climate, and to preserve natural resources. Read more in section 2.3.4 on page 166. **Policy:** A number of governments have introduced or are contemplating regulatory changes to address climate change. For example, Emissions Trading Systems and carbon taxes are now implemented or scheduled in many countries and markets. Given the relatively low level of the Group's Scope 1 and 2 carbon emissions, carbon pricing mechanisms primarily present the potential for indirect rather than direct impacts, namely by higher raw materials and manufactured components costs, and increasing costs incurred by consumers during use of sold products. Schneider Electric supports the shaping of climate policies that can move the industries and world forward. In 2023, 89% of the Group's revenues came from economic activities listed as eligible in the EU Taxonomy for sustainable activities, demonstrating the prominence of Schneider Electric's markets in the transition towards a sustainable economy. The Group is committed to keeping its position as sustainability leader to capture associated opportunities through various strategies, including decarbonization, incorporation of a shadow carbon price, and policy advocacy. Read more on climate policy advocacy in section 2.3.7.2 on page 180.
2. b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	CDP – C2.3a, C2.4a, C3.1, C3.2, C3.2a, C3.3, C3.4, C3.4a URD – Chapter 2 (2.3)	

2.7 Methodology and audit of indicators

Recommended Disclosure	CDP Climate Change 2023 Questionnaire	Brief description (please refer to CDP Climate Change response and other sections of the Universal Registration Document for further details)
2. a) and 2. b) (continued)		**Reputation:** As Schneider Electric has been working to reduce its own GHG emissions for over 15 years and has a proven track record of success with its past commitments related to reducing its own emissions, the Group does not anticipate significant reputational risk. Yet, there is a risk that the Group's actual or perceived failure to achieve its environmental sustainability targets or commitments could negatively impact its reputation or otherwise materially harm its business. In addition, the Group remains diligent in protecting brand reputation through accurate and transparent communications and marketing. In 2023, as litigation and legislative developments surrounding green claims rose, and public focus on greenwashing heightened, Schneider Electric sharpened its focus on environmental claims and language used regarding sustainability. **Technology:** As the global economy transitions towards a low-carbon future, technological innovation will accelerate the impairment of fossil-fuel intensive assets. Schneider Electric has launched several transformations as part of its commitment to be "Net-Zero ready" in its operations by 2030. Read more in section 2.3.3 on page 164. **Damage to property and assets:** Physical risks resulting from climate change can have financial implications for the Group, such as direct damage to property and assets. As a result, climate and weather-related risks are part of the Group's Business Continuity & Risk Management program, leading to preventive investment to secure assets and adapt to material climate and weather risks. Both exogenous threats and endogenous risks were measured and weighed for industrial and logistics sites worldwide. The cost of management can be approximated by that of insurance plans. The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around EUR 28 million in 2023. **Supply chain disruption:** Schneider Electric has over 300 industrial and logistics sites globally and is exposed to the physical effects of climate change in the form of more frequent and severe acute weather events. Climate-related damages to assets, human consequences, and supply chain disruptions in the upstream and downstream supply chain can translate directly into revenue losses, higher costs, and increased working capital requirements. Delays in production and delivery can impact customer experiences. Read more on the methodology and results of scenario analysis in section 2.3.1 on page 156, and in Chapter 3 on page 348. To further tie climate-related issues to financial planning, Schneider Electric successfully launched in 2020 the first-ever sustainability-linked convertible bonds, linked to three SSI targets including the objective to save and avoid 800 million tonnes of CO_2 on customers' end by 2025, since 2018.

Recommended Disclosure	CDP Climate Change 2023 Questions	Brief description (please refer to 2024 Climate Change report for other sections of the Universal Registration Document for further details)
2. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP – C3.2, C3.2a URD – Chapter 2 (2.3)	Several scenarios to 2050 were developed in 2019, which included critical reviews of the geopolitical landscape, commodity and resource availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways and technology developments, among others, with consequences quantified, looking at ten regions and a number of sectors individually, framing the business landscape in which Schneider operates. In 2022, Schneider Electric published a set of scenarios exploring the feasibility of a 1.5°C trajectory in a report called "Back to 2050", demonstrating that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible, and the Group is uniquely positioned to embark its ecosystem onto an inclusive, zero-carbon transition. Key findings are regularly cross-checked with new publications, particularly the ones from the IEA, BNEF, the IRENA, among others. Governance is well in place, under the leadership of the Chief Sustainability, Customer Satisfaction & Quality Officer, and both short- and long-term analyses are shared internally and used to inform strategic priorities across business and operations. As part of the analysis, the Group identified that a growing demand for greener, low-carbon products and services creates a strong business opportunity for Schneider Electric. Key takeaways from the analysis is the dominant role of: • Electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050; • Digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity, notably around efficiency in energy and resource use and circularity, as well as increased resiliency and security. All these findings, and their potential financial impact on its business, have helped the Group to fine-tune key development areas that will allow its active contribution to the low-carbon transition, enabling notably the development of its sustainability portfolio of offers. Read more in section 2.3.1.3 on page 160.
3. Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.		
3. a) Describe the organization's processes for identifying and assessing climate-related risks.	CDP – C2.1, C2.1a, C2.1b, C2.2, C2.2a URD – Chapter 2 (2.1, 2.3)	Environment and climate-related risks are included in Schneider's Enterprise Risk Management framework and risk taxonomy (more details in section 2.3.1.1 on page 156). In addition to the risk identification processes described above, risks are identified and assessed at Group level through interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department each year. In addition, a materiality analysis is conducted by the Sustainability Department every 3-4 years to identify and prioritize material environmental, social, and governance (ESG) issues through engagement with various stakeholders. The Group is currently working with all stakeholders to update its materiality assessment in alignment with the latest guidance for double materiality.
3. b) Describe the organization's processes for managing climate-related risks.	CDP – C2.1, C2.2 URD – Chapter 2 (2.1, 2.3), Chapter 3 (3.3)	
3. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	CDP – C2.1, C2.2 URD – Chapter 2 (2.1, 2.3)	

2.7 Methodology and audit of indicators

Recommended Disclosure	CDP Climate Change 2023 Questionnaire	Brief description (please refer to CDP Climate Change response and other sections of the Universal Registration Document for further details)
3. a), 3. b) and 3. c) (continued)		Schneider places dependency analysis at the heart of its risk management and has performed a forward-looking climate risk and vulnerability assessment with an independent third party to identify and price the materiality of physical and transition climate risks that may affect its own operations and sites, its extended value chain (upstream and downstream), and overall economic activities in the short, medium, and long term, using scenario analysis. This assessment covers acute and chronic climate physical risks, legal and regulatory risks and opportunities linked to current and emerging climate regulations, as well as market, technology, and reputational risks and opportunities linked to changes in customer behaviors. The Group has developed a scenario-based analysis of climate physical and transition risks, applying climate-related risk scenarios entailing different emission pathways between 1.5°C and >4°C temperature rise by 2100, with a digital-twin of the Company including financial projection, market breakdown, supply chain, and carbon footprint to quantify financially the physical and transition risks for the Group. Climate adaptation risks are also studied and mitigated at site level for the Group's industrial and key logistic sites. Our Property Damage and Business Interruption program, aligned with ISO 22301 standard, maps substantive risks of financial impact on the business, including asset destruction (buildings, equipment, inventories) and profit loss due to business interruption, and ensures crisis management from the initial phase following an incident all the way to the recovery of critical activities. Typically, all critical industrial sites are externally audited on-site at least every two years. Schneider Electric then deploys protection measures to mitigate or avoid risks identified. The cost of response is based on surveyors' opinion on the cost of the work required to mitigate and adapt to the event. For its supply chain operations, the Group also works with a third-party company providing predictive analytics to obtain intelligence and risk analytics. Risks are assessed on a continuous basis covering sustainability, quality, and financial risks, among others. The different governance bodies involved in the definition and monitoring of Schneider Electric's sustainability roadmap and programs (SSI), and in particular the Carbon committee, are in charge of defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at Group level are then cascaded into business divisions down to the sites for implementation and are monitored through our digital platform EcoStruxure® Resource Advisor. Performance against those programs is tracked and published quarterly in the Schneider Sustainability Impact (SSI), and annually in the Schneider Sustainability Essentials (SSE) and Universal Registration Document. Each program of the SSI has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice President and Executive Committee level to ensure management control and oversight. In addition, an Integrated Management System covers the Group's main plants, distribution centers, and large offices, and hosts ISO 14001, ISO 50001, ISO 9001, and OHSAS 18000/ISO 45001 management systems. Each site is audited periodically, either externally by Bureau Veritas (every three years), or internally. With suppliers, sustainability risks (including natural and climate-related hazards), are embedded into the Supplier Risk Assessment. This process enables the Group to define risk mitigation action plans with suppliers, as well as prioritize double sourcing strategies. Leveraging external data providers, the Group monitors events across 10,000 logistics nodes (such as ports and critical supplier locations) to shorten reaction time when events occur and minimize business impact. Read more on Schneider Electric's climate-related risk management in section 2.3.1 on page 156.

Recommended Disclosure	CDP Climate Change 2023 Questions	Brief description (please refer to CDP Climate Change response and other sections of the Universal Registration Document for further details)
4. Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
4. a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	CDP – C4.2, C4.2a, C4.2b, C9.1 URD – Chapter 2 (2.1, 2.3, 2.7, 2.8)	Each year, Schneider Electric measures and transparently discloses its end-to-end carbon footprint (Scope 1, 2, and 3) and obtained in 2023 a "reasonable" assurance from an independent third- party verifier on Scope 1 and 2 emissions, and a "limited" assurance on Scope 3. The carbon footprint of the Group helps to pinpoint and understand the magnitude of climate-related risks and opportunities, and is also used to monitor progress. Scope 3 emissions represent more than 99% of the Group's carbon footprint, of which 86% are due to the use phase and the products' end of life, and around 12% comes from the purchase of raw materials, equipment, and services. Emissions induced, saved, and avoided by Schneider's products and services during their use phase and end-of-life are also quantified. Key metrics over the last four years (from publication year) on GHG emissions are published in section 2.3.2 on page 161 of this document.
4. b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	CDP – C6.1, C6.2, C6.3, C6.5 URD – Chapter 2 (2.3, 2.7, 2.8)	
4. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	CDP – C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b URD – Chapter 2 (2.1, 2.3, 2.6, 2.7)	Emissions calculations are done using the Greenhouse Gas Protocol methodology. The carbon footprint methodology is compliant with ISO 14069 principles. The results are calculated in tonnes of CO_2 equivalent, taking into account all GHGs included in the Kyoto Protocol. The Group has launched several concrete programs aiming at either directly or indirectly reducing GHG emissions, under the Climate and Resources pillars of its 2025 strategy. These programs are presented under the SSI and SSE 2021 – 2025 programs on pages 71 to 75. These programs cover the performance of the Group's operations (such as energy efficiency, renewable electricity procurement, fleet electrification), suppliers (such as The Zero Carbon Project, green materials or sustainable packaging) and customers (Green Premium™ offers, SF_6-free alternative offers, CO_2 savings and avoidance quantification on customers' end thanks to EcoStruxure™). The overall performance of the SSI represents 20% of the short-term incentives for more than 64,000 employees worldwide (collective share). The Schneider Sustainability External and Relative Index (SSERI), which measures Schneider's performance in four major ESG external ratings (CDP Climate Change, Vigeo Eiris, DJSI and EcoVadis), also impacts 25% of the long-term incentives (LTI) for 2,300+ top leaders. In addition, Schneider is committed to embed a carbon pricing of EUR 50-130 per metric tonne (depending on time horizons) in strategic supply chain and R&D decisions, to assess the performance and resiliency of operations as well as to assess whether the investment and reduction efforts are in line with the cost of CO_2 externalities. Schneider Electric is a signatory of the Business Ambition for 1.5°C initiative aimed at setting GHG emissions reduction targets in line with the global effort to limit warming to 1.5°C. In August 2022, Schneider Electric was one of the first companies to see its GHG reduction targets validated by the SBTi, in alignment with its "Corporate Net-Zero Standard" published in October 2021. As part of its Net-Zero commitment, the Group has defined mid- and long-term targets. Ultimately, the Group is committed to be Net-Zero across its entire value chain by 2050, which means that the Group aims to reduce its 2021 footprint by an absolute 90% by 2050 and neutralize residual emissions with high-quality and durable carbon removal credits. The Group aims to: • By 2030, reduce value chain emissions by 25% and be "Net-Zero ready" in operations. • By 2050, reach Net-Zero CO_2 emissions across the entire value chain. • Reach carbon-neutral operations and a carbon-neutral value chain in 2025 and 2040 respectively.

2.7.5 Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement

(Year ended December 31st, 2023)

This is a free translation into English of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

SCHNEIDER ELECTRIC SE
35 rue Joseph Monier
92500 RUEIL MALMAISON (FRANCE)

In our capacity as Statutory Auditor of your company SCHNEIDER ELECTRIC SE (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited Cofrac Inspection Accreditation n°3-1862, scope available at www.cofrac.fr), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2023 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

Conclusion
Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Emphasis of Matter
Without modifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comment:

We draw attention to Paragraph 2.7.1 of the URD 2023 to the Identified Sustainability Information which specifies that the scope of published indicators excludes certain Schneider Electric's entities. Our opinion is not qualified in respect of this matter.

Preparation of the non-financial performance statement
The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement available on request.

Inherent Limitations in preparing the Information
As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Entity
Management of SCHNEIDER ELECTRIC SE is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been endorsed by the Board of directors.

Responsibility of the Statutory Auditor appointed as independent third party
Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy)
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance
We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l'OTI – déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised)[1].

Independence and quality control
Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Means and resources
Our work engaged the skills of 11 people between September 2023 and February 2024 and took a total of 24 weeks.

(1) Assurance engagements other than audits or reviews of historical financial information

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 63 interviews with people responsible for preparing the Statement, representing in particular the following Directions: CSR, Risk Management, Compliance, Human Resources, Health and Safety, Environment and Procurement.

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation and includes, where applicable, an explanation of the reasons for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks;
- verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;
- referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix; concerning certain risks (competition and corruption risks, cybersecurity and personal data, product quality, well-being in the workplace, human rights, value chain resilience and governance), our work was carried out on the consolidating entity, for others social and environment risks, our work was carried out on the consolidating entity and on a selection of sites and countries;
- verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information. To accomplish this, we conducted the following:
  - Interviews regarding internal control mechanisms for environmental and health and safety risks. These assessments were carried out with a selection of contributing regions and clusters, namely: China, Europe, Global ETO, North America (Energy only), India (Health and Safety only), as well as a selection of countries: China, France, Italy, Mexico, and the USA.
  - Interviews regarding internal control mechanisms for social risks. These assessments were conducted with a selection of countries: India, Italy, Mexico, the USA, the Philippines, China, and France.
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities, Schneider Electric France (Angoulême Agriers, Espagnac S.E.F.); Schneider Electric Mexico (Monterrey P2 - Monterrey P3); Schneider Electric USA (El Paso 1); Schneider Electric Italy (SEII SPA Napoli); Schneider Electric China (SWD, WPF); Schneider Electric India (Chennai Plant) and covers between 28% and 52% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities;

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 21, 2024
One of the Statutory Auditors
PricewaterhouseCoopers Audit

Jean-Christophe Georghiou	**Nicolas Brément**
Partner	Partner, Sustainable Performance

Appendix: List of information we concidered most important

Key performance indicators and other quantitative results	Qualitative information (actions and results)
• Schneider Sustainability Impact Indicators (SSI) except SSI #+1 • Schneider Sustainability Essentials Indicators (SSE) except SSE #12 • Workforce (including by gender), hires and terminations • Number of training hours • Lost-Time Injury Rate (LTIR) • Lost-Time Day Rate (LTDR) • Occupational Illness Frequency Rate (OIFR) • Tonnages of waste generated and recovered, by type of waste • Water consumption • Energy consumption measured by energy source • Sulfur hexafluoride consumption (SF_6) and associated leaks • Complete carbon footprint according to GHG Protocol guidelines (Scope 1, Scope 2 market-based, Scope 2 location-based, all categories of Scope 3) • Emissions of Volatile Organic Compounds (VOCs)	• Actions and results of policies on occupational health and safety, equity, diversity and inclusion, well-being in the workplace, and talent attraction and retention • Actions and results of policies on the environment, greenhouse gas emissions, natural resource management and supply chain resilience • Actions and results of policies on governance, cybersecurity and data protection, and product safety • Actions and results in favor of human rights and fundamental freedoms • Actions and results in the area of business ethics and prevention of corruption

2.7.6 Reasonable assurance report from one of the Statutory Auditors on a selection of Schneider Electric's non-financial performance indicators as for the year ended December 31, 2023

To the Board of Directors of Schneider Electric,

In our capacity as Statutory Auditor of Schneider Electric (hereinafter the "Company") and in accordance with your request, we have undertaken a reasonable assurance engagement on the selected key sustainability performance indicators as for the year ended December 31st, 2023 (the "Identified Sustainability Information") presented below and included in the consolidated non-financial statement presented in the Universal Registration Document 2023 (hereinafter "URD 2023"):

- KPI 1: SSE #14 – 0.38 or below Medical Incident Rate for a value of 0.51;
- KPI 2: Number of hours worked for a value of 301,436,421 hours, of which (1) Schneider Electric employees for a value of de 256,505,806 hours and (2) temporary workers for a value of 44,930,615 hours;
- KPI 3: Lost-Time Injury Rate (LTIR) for a value of 0.28;
- KPI 4: Lost-Time Day Rate (LTDR) for a value of 7.78;
- KPI 5: Occupational Illness Frequency Rate (OIFR) for a value of 0.010;
- KPI 6: SSI #8 – Increase gender diversity, from hiring (50%) to front-line managers (40%) and leadership teams (30%) for a value of 40.94%, 28.20% et 28.98%;
- KPI 7 : SSE #3 – Electricity sourced from renewables for a value of 88%;
- KPI 8: SSE #5 – Energy efficiency in our sites for a value of 13%;
- KPI 9: Measured energy consumption by source for a value of 934,805 MWh, of which (1) grid electricity for a value of 82,590 MWh, (2) purchased renewable electricity for a value of 610,614 MWh, (3) self generated renewable electricity for a value of 23,194 MWh, (4) district heating for a value of 14,736 MWh, (5) fuel oil for a value of 12,991 MW, (6) gas for a value of 190,088 MWh, (7) coal for a value of 0 MWh, and (8) renewable energies (heat and fuel) for a value of 593 MWh;
- KPI 10: Estimated Total Scopes 1 and 2 GHG emissions (market-based) for a value of 112,792 tCO_2eq (Scope 1) and 89,440 tCO_2eq (Scope 2).

Our assurance does not extend to information in respect of earlier periods or to any other information included in the URD 2023.

Our Reasonable Assurance Opinion

In our opinion, the Identified Sustainability Information set out in the URD 2023 for the yar ended December 31st, 2023 is prepared, in all material respects, in accordance with the reporting framework defined by the Company (KPI 1 to 5: GHSD017 (version updated in May 2023) ; KPI 6 : SSI #08 - Gender Diversity - Reporting Protocol (9037_-1) (version updated in November 2023) and KPI 7 à 10 : GED 001 (version updated in September 2023) and Carbon footprint SE - Reporting Protocol (version updated in 2023)) and the basis of preparation set out in the section 2.7.1 of the URD 2023 as for the year ended December 31st, 2023.

Emphasis of Matter

We draw attention to Paragraph 2.7.1 of the URD 2023 to the Identified Sustainability Information which specifies that the scope of published indicators excludes certain Schneider Electric's entities. Our opinion is not qualified in respect of this matter.

Understanding how Schneider Electric has Prepared the Identified Sustainability Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure Identified Sustainability Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Identified Sustainability Information needs to be read and understood together with the reporting framework defined by the Company in internal methodological guidelines (KPI 1 to 5: GHSD017 (version updated in May 2023) ; KPI 6: SSI #08 - Gender Diversity - Reporting Protocol (9037_-1) (version updated in November 2023) and KPI 7 to 10: GED 001 (version updated in September 2023) and Carbon footprint SE - Reporting Protocol (version updated in 2023)), available upon request from the sustainable performance team of the entity, and the basis of preparation set out in the section 2.7.1 – "Methodology of published indicators" of URD 2023 as for the year ended December 31st, 2023 (together "the Reporting Criteria"), which Schneider Electric has used to prepare the Identified Sustainability Information.

Inherent Limitations in Preparing the Identified Sustainability Information

The Identified Sustainability Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Moreover, some information is sensitive to the choice of methodology and the assumptions and/or estimates used for its preparation and presented in Schneider Electric's URD 2023.

In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Schneider Electric's Responsibilities
Management of the Company is responsible for:

- selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account, if any, applicable law and regulations related to reporting the Identified Sustainability Information;
- the preparation of the Identified Sustainability Information in accordance with the Reporting Criteria;
- designing, implementing and maintaining internal control over information relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities
We are responsible for:

- planning and performing the engagement to obtain reasonable assurance about whether the Identified Sustainability Information is free from material misstatement, whether due to fraud or error;
- forming an independent opinion, based on the evidence we have obtained; and
- reporting our opinion to the Board of Directors of the Company.

As we are engaged to form an independent opinion on the Identified Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Identified Sustainability Information as doing so may compromise our independence.

Professional Standards Applied
We performed our reasonable assurance engagement in accordance with the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement and the International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and, in respect of greenhouse gas emissions included in the Identified sustainability information, in accordance with the International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the French Code of Ethics for Statutory Auditors *(Code de Déontologie)* as well as the provisions set forth in Article L.821-28 of the French Commercial Code *(Code de Commerce)* and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team with experience in sustainability reporting and assurance.

Summary of the Work we Performed as the Basis for our Assurance Opinion
A reasonable assurance engagement involves performing procedures to obtain evidence about the Identified Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error, in the Identified Sustainability Information. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Identified Sustainability Information. A reasonable assurance engagement also includes:

- evaluating the suitability in the circumstances of the Company's use of the Reporting Criteria;
- evaluating the appropriateness of measurement and evaluation methods, reporting policies used and the reasonableness of estimates made by the Company; and
- evaluating the disclosures in, and overall presentation of, the Identified Sustainability Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Neuilly-sur-Seine, March 21, 2024
One of the Statutory Auditors
PricewaterhouseCoopers Audit

Jean-Christophe Georghiou
Partner

Nicolas Brément
Partner, Sustainable Performance

2.8 Indicators

In this section

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2.8.1 Environmental and climate indicators

2.8.1.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability	#	2021-2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	1.	Grow Schneider Impact revenues[3]	2019: 70%	74%	80%
	2.	Help our customers save and avoid millions of tonnes of CO_2 emissions	2020: 263M	553M	800M
	3.	Reduce CO_2 emissions from top 1,000 suppliers' operations	2020: 0%	27%	50%
	4.	Increase green material content in our products	2020: 7%	29%	50%
	5.	Primary and secondary packaging free from single-use plastic, using recycled cardboard	2020: 13%	63%	100%
Essentials (SSE)	1.	Decarbonize our operations with Zero-CO_2 sites	2020: 30	101	150
	2.	Substitute relevant offers with SF_6-Free medium voltage technologies	2020: 26%	60%	100%
	3.	Source electricity from renewables	2020: 80%	88%	90%
	4.	Improve CO_2 efficiency in transportation	2020: 0%	1.6%	15%
	5.	Improve energy efficiency in our sites	2019: 0%	13%	15%
	6.	Grow our product revenues covered with Green Premium™	2020: 77%	81%	80%
	7.	Switch our corporate vehicle fleet to electric vehicles	2020: 1%	24%	33%
	8.	Deploy local biodiversity conservation and restoration programs in our sites	2020: 0%	66%	100%
	9.	Give a second life to waste in 'Waste-to-Resource' sites	2020: 120	137	200
	10.	Avoid primary resource consumption through 'take-back at end-of-use' since 2017 (metric tons)	2020: 157,588	311,229	420,000
	11.	Deploy a water conservation strategy and action plan for sites in water-stressed areas	2020: 0%	73%	100%

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 302). In addition, SSI #8, SSE #3, SSE #5 and SSE #14 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) Per Schneider Electric definition and methodology.

The indicators below concern all entities where Schneider Electric has operational control, and integrated in the Group for more than 2 years.

Within the Group perimeter, given the complexity to obtain robust and meaningful data, in particular for small leased offices, estimated coverage indicators are provided for each reporting table. All Group industrial and logistics sites, in addition to certain major tertiary sites are covered. As per the Group' s Environmental Policy, all industrial and logistics sites with more than 50 people and tertiary sites with more than 500 people must be ISO 14001 certified within 2 years after their acquisition or creation. A difference can, therefore, be noted with respect to the scope of financial consolidation.

2.8.1.2 Perimeter and Environmental Management Systems (ISO 14001)

Indicators	Units	2023	2022	2021	2020
ISO 14001 certified sites[1]	#	**234**	243	244	232
Industrial and logistics sites	#	**196**	204	211	212
Tertiary sites	#	**38**	39	33	20
% of sites certified ISO 14001[2]	%	**87%**	86%	87%	90%

(1) ISO 14001 certification is systematic for all large industrial, logistics and tertiary sites within two years of acquisition. A reduction in the number of ISO 14001 certified sites usually results from sites closing during the year.
(2) The percentage of sites certified ISO 14001 is calculated based on waste generation from certified sites vs total sites, as the majority of sites - in number - are small leased offices where certification is not relevant.

2.8.1.3 Group site consumption, emissions and waste

Materials

GRI	Indicators	Units	2023	2022	2021	2020
301-2	SSI #4 – Green material content in our products[1]	%	**29%** ●	18%	11%	7%
301-2	SSI #5 – Primary and secondary packaging free from single-use plastic using recycled cardboard[2]	%	**63%** ●	45%	21%	13%
	SSE #6 – Product revenues covered by Green Premium™	%	**81%** ●	80%	78%	77%
301-3, 306-4	SSE #10 – Metric tons of avoided primary resource consumption through "take-back at end-of-use"[3]	metric tons	**50,101** ●	57,052	46,488	60,149
	SSE #15 – Reduce total number of safety recalls issued to 0[4]	# recalls	**23** ●	24	14	25

● 2023 audited indicators. UP = Unpublished

(1) SSI #4 coverage is about 30% of purchased materials volume for our products.
(2) SSI #5 coverage is about 87% of total packaging purchases.
(3) SSI. #10 figures provided in the table are annual results. Cumulative performance since the start of the program in 2017 is 311,299 avoided metric tons.
(4) SSF #15, originally "Reduce scrap from safety units recalled", has been upgraded in 2022 in line with the Quality ambition of the Group.

2.8 Indicators

Waste

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% waste generation)	%	**87%**	86%	87%	90%
306-3	Total waste generated	metric tons	**124,139**	131,402	136,816	125,292
	Total waste generated/Turnover	metric tons/ million €	**3.46**	3.84	4.73	4.98
306-3, 306-4, 306-5	Non-hazardous waste generated	metric tons	**116,566** ●	123,311	128,267	117,607
	of which reused or recycled	metric tons	**105,593** ●	111,567	115,550	113,211
	of which incinerated with energy recovery	metric tons	**6,871** ●	6,719	6,964	
306-5	of which landfilled or incinerated without energy recovery	metric tons	**4,102** ●	5,025	5,753	4,396
	Non-hazardous waste reduction[1]	metric tons	**21,098** ●	11,941	13,667	7,729
306-2	Share of non-hazardous waste recovered or reduced[2]	%	**97.0%** ●	96.3%	95.9%	96.5%
306-3	Hazardous waste generated	metric tons	**7,573** ●	8,091	8,549	7,685
306-5	Hazardous waste channeled according to Schneider Electric expectations[3]	metric tons	**7,573** ●	8,091	8,549	7,667
	Hazardous waste generated/Turnover	metric tons/ million €	**0.21**	0.24	0.30	0.30
	Hazardous waste intensity reduction against 2017[4]	%	**-50%**	-44%	-30%	-27%
	SSE #9 - Number of 'Waste-to-Resource' sites	#	**137** ●	127	126	120
2-27, 306-3	# and aggregate quantity of reportable spills	kg	**0**	0	0	0
306-3	Quantity of spills recovered	kg	**NA**	NA	NA	NA
2-27, 306-3	Number of significant fines (> EUR 10,000) related to environmental or ecological issues	#	**0**	0	0	0

● 2023 audited indicators. UP = Unpublished. NA = Not applicable

(1) Waste reduction measures specific, targeted projects which reduce/avoid waste. Examples of waste reduction projects include creating a closed-loop system for pallets between the site and the supplier, or reducing packaging waste from incoming shipments. Normal operational decreases of waste due to reduced activity do not count as waste reduction.

(2) Non-hazardous waste recovered or reduced is calculated as the ratio between waste reused/recycled, incinerated with energy recovery and reduced, divided by the total non-hazardous waste generated and waste reduced. The Group's waste recovery percentage without waste reduction is: 96.5%, 95.9%, 96.5%, and 96.3% for 2023, 2022, 2021, and 2020, respectively.

(3) 'Schneider Electric expectations' for hazardous waste means: 1) Waste meets/exceeds all local legal requirements for handling/treatment, and either 2a) waste is neutralized of its hazardous nature, or b) waste is handled/treated using the feasibly best available technique which provides the most environmentally beneficial impact.

(4) 2017 hazardous waste intensity was 0.42 metric tons per million euros of revenues.

Biodiversity

GRI	Indicators	Units	2023	2022	2021	2020
304-1	Number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA)[1]	#	**260**	260	260	UP
	of which industrial sites or distribution centres	#	**107**	107	107	UP
	of which office buildings	#	**153**	153	153	UP

● 2023 audited indicators. UP = Unpublished.

(1) Within 1 kilometre radius, 21% of our sites are in proximity of a protected area as defined by the IUCN and 3% of our sites are in proximity of a key biodiversity area (defined by IBAT as either "Alliance for Zero Extinction (AZE)" or "Important Bird and Biodiversity Areas (IBAs)).

Atmospheric pollutions

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% VOC emissions)	%	**90%**	90%	90%	90%
305-7	VOC emissions (estimates)	kg	**304,975** ●	308,520	342,228	440,442
305-7	VOC/Turnover (estimates)	kg/million €	**8.5**	9.0	11.8	17.5

● 2023 audited indicators.

Water

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% water withdrawal)	%	**84%**	83%	86%	88%
303-3	Total water withdrawals (other than for cooling)	m³	**1,899,190** ●	1,921,569	2,072,263	1,928,032
	of which surface water	m³	**17,699** ●	14,514	19,156	17,461
	of which groundwater	m³	**472,199** ●	492,308	513,631	452,602
	of which third party sources	m³	**1,377,377** ●	1,388,474	1,507,606	1,446,391
	of which other sources[1]	m³	**31,916** ●	26,273	31,870	11,578
303-3	Water withdrawn for cooling and restituted w/o impact[2]	m³	**813,411** ●	622,951	879,602	760,201
303-3	Water withdrawal/Turnover[3]	m³/million €	**52.9**	56.2	71.7	76.5
	Water withdrawal intensity reduction vs 2017[3]	%	**-51.0%**	-48.0%	-33.6%	-29.1%
303-3	Total water withdrawals from areas with water stress[4]	m³	**874,114**	842,216	930,603	UP
303-1	SSE #11 – Sites in water-stressed areas with a water conservation strategy and related action plan[4]	%	**73.0%** ●	48.0%	8.5%	UP

● 2023 audited indicators. UP = Unpublished.

Due to the impact of rounding on individual elements within this disclosure table, numbers may not exactly sum to the Group total.
(1) Other water sources include sources such as grey water and rainwater
(2) Water withdrawn for cooling and restituted without impact (i.e. returned back to the source with only a very small temperature change) are measured separate from total water withdrawals and excluded from performance calculations.
(3) Excluding water withdrawn for cooling restituted without impact. The 2017 baseline value is 198.0 m³/million €
(4) Scottish Electric's ISO 14001 sites are designated as water stress sites based on the World Resources Institute's Aqueduct Water Risk Atlas. Using Baseline Water Stress criteria, a site is designated as water stressed if it is located in an area classified as 'high' or 'extremely high' stress.

Energy

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% energy consumption)[1]	%	**95%**	95%	95%	96%
	ISO 50001 certified sites	#	**128**	132	140	150
302-1, 302-4	Estimated total energy consumption	MWh	**1,124,327**	1,201,276	1,325,491	1,216,845
	of which measured energy consumption	MWh	**934,805** ●	979,497	1,080,366	1,034,003
	of which estimated energy consumption for sites out of reporting perimeter[2]	MWh	**189,522**	221,779	245,125	182,842
302-1, 302-4	Estimated total energy consumption/turnover	MWh/million €	**31.3**	35.1	45.9	48.3
	Estimated total energy productivity	€/MWh	**31,932**	28,450	21,803	20,709
	Estimated total improvement in energy productivity vs 2005[3]	%	**157.3%**	129.3%	75.7%	66.9%
	Estimated total energy consumption from renewable sources	MWh	**707,033**	688,474	670,287	UP
	Estimated total percentage of renewable energy	%	**62.9%**	57.3%	50.6%	UP
	Estimated total energy consumption from non-renewable sources	MWh	**417,294**	512,802	655,204	UP
	Estimated total percentage of non renewable energy	%	**37.1%**	42.7%	49.4%	UP
	Measured energy consumption by source					
	grid electricity	MWh	**82,590** ●	108,263	132,771	148,969
	purchased renewable electricity[4]	MWh	**610,614** ●	588,851	612,752	585,495
	self generated renewable electricity	MWh	**23,194** ●	20,719	15,861	12,464
	district heating	MWh	**14,736** ●	24,519	33,830	27,602
	fuel oil	MWh	**12,991** ●	6,520	6,967	6,941
	gas	MWh	**190,088** ●	229,552	276,954	251,377
	coal	MWh	**0** ●	0	0	0
	renewable fuel and heat	MWh	**593** ●	1,073	1,231	1,155

2.8 Indicators

Energy (continued)

GRI	Indicators	Units	2023	2022	2021	2020
	Measured renewable electricity generated on site and sold back to the grid	MWh	**2,960** ●	2,263	2,558	2,734
	SSE #3 – Measured electricity sourced from renewables	%	**88%** ●	85%	82%	80%
	Estimated energy consumption by source[2]					
	grid electricity	MWh	**92,379**	107,019	148,720	UP
	purchased renewable electricity[4]	MWh	**72,632**	77,831	40,443	UP
	self generated renewable electricity	MWh	**0**	0	0	UP
	district heating	MWh	**2,490**	2,829	5,491	UP
	fuel oil	MWh	**1,013**	855	797	UP
	gas	MWh	**21,008**	33,245	49,674	UP
	coal	MWh	**0**	0	0	UP
	renewable fuel and heat	MWh	**0**	0	0	UP

● 2023 audited indicators. UP = Unpublished.

Due to the impact of rounding on individual elements within this disclosure table, numbers may not exactly sum to the Group total.

(1) Out of scope energy consumption concerns mainly AVEVA, RIB Software and Larsen & Toubro and to a limited extent other small non-integrated entities.

(2) For sites below size thresholds for mandatory environmental reporting, energy consumption by source is estimated by multiplying site surface (m^2) with energy intensity ratios (kWh/m^2) measured in larger sites. For sites located in countries with country level renewable electricity contracts, 100% of the estimated electricity consumption of the site is counted as renewable, as such supply contracts cover all sites within a country. 2023 includes 48,100 MWh of Energy Attribute Certificates (EACs) applied to sites in the estimated energy scope.

(3) 2005 estimated energy productivity is 12,408 € per MWh.

(4) Renewable electricity reported here includes renewable electricity purchased through Power Purchasing Agreements (PPA) or green tariffs, and electricity covered by Energy Attributes Certificates (EAC). The 2023 EAC account for 32.8% of total measured purchased renewable electricity reported.

Greenhouse gas (GHG)

GRI	Indicators	Units	2023	2022	2021	2020
	Estimated coverage (% total GHG emissions)	%	**99%**	99%	99%	99%
305-1, 305-2	Estimated Total Scopes 1 and 2 GHG emissions (market-based)[1][2]	TCO_2e	**202,232** ●	229,177	293,832	287,595
305-5	Absolute reduction vs base year (2021)[3]	%	**-31.2%**	-22.0%	0.0%	NA
305-4	Total Scopes 1 and 2 per euro turnover	TCO_2e/ million €	**5.6**	6.7	10.2	11.4
305-1	Direct (Scope 1) GHG emissions[2]	TCO_2e	**112,792** ●	119,447	140,718	142,388
	of which fuel oil	TCO_2e	**3,116** ●	4,414	4,520	4,451
	of which gas	TCO_2e	**38,968** ●	47,271	56,776	52,197
	of which coal	TCO_2e	**0** ●	0	0	0
	of which vehicle fleet	TCO_2e	**61,492** ●	55,598	62,683	73,229
	of which SF_6 emissions[5]	TCO_2e	**4,054** ●	4,606	5,886	7,287
	SF_6 leakage rate[6]	%	**0.08%**	0.08%	0.10%	0.14%
	Target SF_6 leakage rate[7]	%	**0.11%**	0.11%	0.19%	0.25%
	of which estimated Scope 1 GHG emissions of sites out of reporting perimeter[8]	TCO_2e	**5,162** ●	7,557	10,853	5,224
305-2	Energy indirect (Scope 2) GHG emissions[1]	TCO_2e	**89,440** ●	109,730	153,115	145,207
	of which grid electricity (market-based)[2]	TCO_2e	**39,476** ●	49,674	66,692	70,145
	of which renewable electricity (market-based)[2]	TCO_2e	**0** ●	703	701	694
	of which district heating	TCO_2e	**4,853** ●	8,358	14,714	11,550
	of which estimated Scope 2 GHG emissions of sites out of reporting perimeter (market-based)[2,4]	TCO_2e	**42,961** ●	50,995	71,008	62,818
305-3	Other relevant indirect (Scope 3) GHG emissions[2]	TCO_2e	**56,777,964** ●	60,788,549	68,737,485	65,770,721
305-5	Absolute variation vs base year (2021)[2]	%	**-17.4%**	-11.6%	0.0%	NA

Greenhouse gas (GHG) (continued)

GRI	Indicators	Units	2023	2022	2021	2020
305-4	Total Scope 3 per euro turnover	TCO_2e/ million €	**1,581**	1,779	2,378	2,614
305-3	Other relevant indirect (Scope 3 upstream) GHG emissions	TCO_2e	**7,766,994** ●	8,613,192	8,237,192	6,966,062
	1. Purchased goods and services	TCO_2e	**6,829,733** ●	7,572,974	7,278,733	6,137,388
	2. Capital goods	TCO_2e	**55,361** ●	57,986	62,876	63,863
	3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	TCO_2e	**40,652** ●	43,544	53,167	55,151
	4. Transportation of goods paid by the Group	TCO_2e	**563,643** ●	670,840	616,519	497,761
	5. Waste generated in operations	TCO_2e	**34,927** ●	37,415	42,760	31,872
	6. Business travel	TCO_2e	**60,702** ●	56,501	30,778	33,304
	7. Employee commuting	TCO_2e	**181,977** ●	173,932	152,359	146,723
305-3	Other relevant indirect (Scope 3 downstream) GHG emissions[1]	TCO_2e	**49,010,970** ●	52,175,356	60,500,294	58,804,659
	9. Transportation of goods not paid by the Group	TCO_2e	**481,039** ●	427,872	485,877	371,159
	11. Use of sold products[2][3]	TCO_2e	**44,223,749** ●	47,281,888	55,338,592	54,103,061
	12. End-of-life treatment of sold products[4]	TCO_2e	**4,306,182** ●	4,465,596	4,675,824	4,330,439
	SSE #1 – Number of Zero-CO_2 sites	#	**101** ●	77	51	30
	Saved GHG emissions thanks to sold products and services[5]	TCO_2e	**52,434,385** ●	51,325,544	49,708,425	46,964,497
	Avoided GHG emissions thanks to sold products and services[5]	TCO_2e	**60,163,742** ●	41,674,416	33,930,803	28,605,883
	SSI #2 – Cumulative CO_2 saved and avoided thanks to sold products and services since 2018[5]	TCO_2e	**552,559,056** ●	439,960,929	346,960,969	263,321,741

● 2023 audited indicators. NA = Not applicable.

Due to the impact of rounding on individual elements within this disclosure table, numbers may not exactly sum to the Group total.

(1) Scope 2 emissions are quantified with the market-based methodology and the location-based methodology, following GHG Protocol Scope 2 guidance, and the results from both approaches are disclosed. Values calculated with market-based and location-based methodologies should not be added. Market-based electricity emissions are calculated using residual electricity emissions factors (source AIB, 2020) for European countries, and average country emission factors for other countries (IEA, 2020). Location-based Scope 2 electricity emissions on energy reporting perimeter are equal to 391,718 TCO_2e (audited value), and 378,840 TCO_2e on total estimated perimeter (audited value). Total Scope 2 (location-based) emissions is 386,781 TCO_2e (audited value). Total Scope 1 and 2 (location-based) CO_2 emissions (energy, vehicles, and SF_6 emissions in TCO_2e) on full perimeter are equal to 499,573 TCO_2e (audited value).

(2) The historical values of this indicator have been updated to be in line with the latest Global Warming Potential (GWP) value of SF_6, as published by the IPCC in its 6th Assessment Report available in January 2021. Previous GWP value of 23,500 (AR5) has been updated to 24,300 (AR6) for 2023 and historical emissions. This change impacts Scope 1 and Scope 3 CO_2 equivalent emissions.

(3) SF_6 emissions are generated in a limited number of manufacturing sites that are the ones which are handling SF_6 for the relevant products. It corresponds to 12 sites in 2023, 13 sites in 2022 and in 2021, and 14 sites in 2020 and 2019.

(4) The CO_2 emissions linked to energy consumption for sites outside the energy reporting perimeter are considered estimates for two reasons: on the one hand, energy consumption and corresponding CO_2 emissions of these sites are estimated (instead of being collected from meters and invoices, energy consumption are based on site surface and average energy intensity of sites per region from the energy reporting perimeter); on the other hand, the indirect emissions are calculated on the conversion factors per country and not with supplier-specific data.

(5) Prior to 2023, this category was meant to capture greenhouse gas emissions (CH_4 and N_2O emissions) generated from renewable electricity produced with biomass.

(6) Those emissions correspond to products sold by Schneider Electric during the year of reporting and cumulated over their lifetime. These emissions are attributable to electricity consumption of products, either due to internal consumption or due to heat dissipation (Joule effect). The GHG emissions from electricity considered are forward looking during the lifetime of products, based on a scenario from the International Energy Agency (IEA) that factors in the future decarbonization of the grids. For 2022 carbon footprint, the GHG emissions from electricity have been updated with the most recent scenario, to better reflect the current commitments of countries: this scenario is the Stated Policies Scenario from the "World Energy Outlook 2022" (IEA, 2022), which is based on current policies, as well as policies announced by governments at the time of publication. The 2023 carbon footprint is based on this same scenario. The update introduced in 2022 in terms of energy scenario is the main driver for the reduction of the emissions by 14% year on year on this category. Using the same energy scenario for the emissions with sales of 2021 would have led to a decrease of 2.5% year-on-year.

(7) Avoided CO_2 emissions are calculated for sales of the reporting year and cumulated over the offers' lifetime. Emissions are calculated as the difference between emissions with Schneider Electric's offer and emissions in the reference situation. The methodology distinguishes "saved" and "avoided" emissions: saved CO_2 emissions correspond to brownfield sales that enable reduction of global CO_2 emissions compared to previous years, while avoided CO_2 emissions correspond to greenfield sales that enable a limitation of the increase of global emission. When new methodologies are developed during the reporting year, CO_2 saved and avoided from those offers is quantified for sales that occurred since 2018 and counted fully in the performance of the reporting year. In addition, methodologies are continuously improved, leading potentially to some adjustments with retroactive impact. In 2023, there has been no update to methodology, nor any retroactive impact due to methodological adjustments.

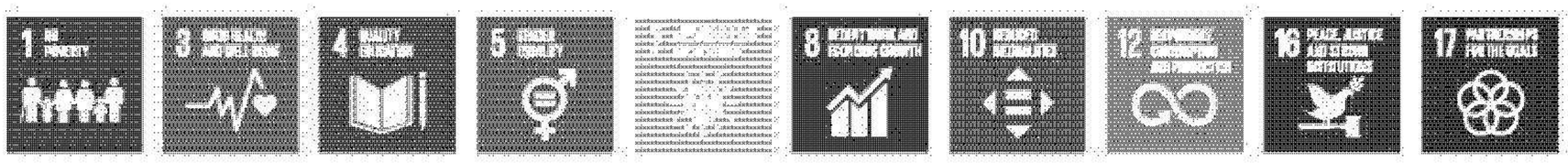
2.8 Indicators

2.8.2 Social indicators

2.8.2.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability	#	2021-2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	6.	Strategic suppliers who provide decent work to their employees	2022: 1%	21%	100%
	7.	Level of confidence of our employees to report unethical conduct	2021: 81%	+1pt	+10pts
	8.	Increase gender diversity in hiring (50%), front-line management (40%) and leadership teams (30%)	2020: 41/23/24	41/28/29	50/40/30
	10.	Double hiring opportunities for interns, apprentices and fresh graduates	2019: 4,939	x1.52	x2.00
Essentials (SSE)	12.	Deploy a 'Social Excellence' program through multiple tiers of suppliers[3]	--	In progress	--
	13.	Train our employees on Cybersecurity and Ethics every year	2020: 90%	97.3%	100%
	14.	Decrease the Medical Incident rate	2019: 0.79	0.51	0.38
	15.	Reduce total number of safety recalls issued to 0	2020: 25	23	0
	16.	Be in the top 25% in external ratings for Cybersecurity performance	2020: Top 25%	Top 25%	Top 25%
	17.	Assess our suppliers under our 'Vigilance Program'	2020: 374	3,248	4,000
	18.	Reduce pay gap for both females and males	2020: F: -1.73% 2020: M: 1.00%	-1.00% 0.67%	<1% <1%
	19.	Increase subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)	2019: 53%	61%	60%
	20.	Pay our employees at least a living wage[4]	2019: 99%	100%	100%
	21.	Multiply the number of employee-driven development interactions on the Open Talent Market	2020: 5,019	x1.5	x4
	22.	Support the digital upskilling of our employees	2020: 41%	78%	90%
	23.	Provide access to meaningful career development programs for employees during later stages of their career	2022: 43%	67%	90%
	24.	Increase our employee engagement level	2020: 69%	73%	75%

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #1.1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (see independent verifier's report on page 302). In addition, SSI #8, SSE #3, SSE #5 and SSE #14 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.
(3) SSE #12 'Social Excellence' program currently under development.

Indicators below have a Group scope as described in section 2.7, page 242.

HR statistics presented below cover about 90% of the 153,121 employees from consolidated companies where HR IT systems have been deployed. About 14,800 employees are excluded, including approximately 6,400 AVEVA employees, 3,000 LUMINOUS employees and 2,900 RIB Software employees. SSI #8 is calculated on constant scope and also excludes employees from L&T and Proleit, as they were acquired during 2020, which is the baseline year for this program. SSI #8 coverage is about 87% of Group employees in 2023. Total Group workforce, i.e. employees and non-employee interim workers, is 167,104 people in 2023.

The calculation methodology of the absenteeism rate varies from one country to another, in this domain Schneider Electric communicates at Group level the number of lost days and the number of hours worked (Safety data). The precisions on the variations of scope are contributed at the end of the tables below and indicated by footnotes.

2.8.2.2 General disclosure

Spot workforce at year-end

GRI	Indicators	Unit	2023	2022	2021	2020
	Spot workforce at year-end including supplementary employees*	year-end HC	**153,121**	149,812	147,468	147,349
	Spot workforce at year-end excluding supplementary employees*(1)	year-end HC	**137,855** ●	134,931	128,384	128,770
	Open-ended contract	%	**89.8%**	88.8%	87.2%	87.3%
	Fixed-term contract	%	**10.2%**	11.2%	12.8%	12.7%
	Spot supplementary employees* at year-end	year-end HC	**15,266**	14,881	19,084	18,548
2-7	Share of temporary personnel (fixed-term contracts and supplementary personnel*)	%	**19.2%**	22.3%	24.0%	23.7%

● 2023 audited indicators.

*: Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.
(1): Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (137,855 employees, i.e. around 90% of employees excluding supplementary employees).

Workforce composition(1)

GRI	Indicators	Unit	2023	2022	2021	2020
	Coverage (of total employees)		**90%**	90%	93%	97%
2-7	Organization of working time					
	Full-time	%	**98%**	98%	98%	97%
	Part-time	%	**2%**	2%	2%	3%
401-1	Hires(2)	HC	**24,608** ●	28,214	27,189	19,536
401-1	Departures(3)	HC	**19,738** ●	22,005	22,877	20,840
	Layoffs	HC	**5,246** ●	5,970	7,114	5,626
	Resignations	HC	**10,878** ●	12,757	11,944	8,729
	Other (retirement, end of contract, etc.)	HC	**3,614** ●	3,278	3,819	6,485
401-1	Total employee turnover	%	**14.6%**	16.6%	18.1%	16.1%
	Turnover by gender					
	Men	%	**14%**	15%	17%	16%
	Women	%	**16%**	19%	21%	18%
	Turnover by generation					
	Gen Z	%	**36%**	47%	60%	64%
	Millenials	%	**14%**	17%	19%	18%
	Gen X	%	**8%**	8%	8%	9%
	Boomer	%	**18%**	18%	18%	18%
	Silent	%	**18%**	0%	39%	69%
401-1	Voluntary turnover	%	**8.0%** ●	9.6%	9.5%	6.9%
2-7	Breakdown of workforce by region					
	Asia-Pacific	%	**33%**	34%	31%	32%
	Western Europe	%	**27%**	27%	27%	27%
	North America	%	**27%**	26%	26%	24%
	Rest of the world	%	**13%**	13%	16%	17%

2.8 Indicators

Workforce composition (continued)

GRI	Indicators	Unit	2023	2022	2021	2020
2-7	Breakdown of workforce by top 10 countries					
	United States	%	**14%**	14%	14%	13%
	China	%	**12%**	12%	11%	11%
	Mexico	%	**11%**	11%	10%	10%
	India	%	**11%**	11%	8%	7%
	France	%	**11%**	11%	11%	11%
	Germany	%	**4%**	4%	4%	3%
	Spain	%	**3%**	3%	3%	3%
	United Kingdom	%	**3%**	2%	3%	3%
	Italy	%	**2%**	2%	2%	2%
	Philippines	%	**2%**	2%	2%	2%
2-7	Annual change in workforce in top 10 countries					
	United States	%	**6%**	5%	5%	-5%
	China	%	**3%**	6%	-2%	-3%
	Mexico	%	**8%**	7%	8%	36%
	India	%	**5%**	46%	8%	-3%
	France	%	**-1%**	2%	7%	-4%
	Germany	%	**6%**	2%	9%	-9%
	Spain	%	**12%**	8%	0%	-5%
	United Kingdom	%	**7%**	-1%	-3%	-6%
	Italy	%	**7%**	0%	4%	-4%
	Philippines	%	**3%**	10%	-9%	-2%
2-7	Women in our workforce					
	Overall workforce	%	**34%** ●	33%	34%	33%
	Board of Directors	%	**46%**	42%	42%	42%
	Executive Committee	%	**41%**	41%	44%	38%
	All management (junior, middle, leadership)	%	**34%**	33%	33%	23%
	Leadership teams	%	**29%** ●	28%	26%	24%
	Front-line management	%	**27%** ●	27%	27%	25%
	Middle management	%	**25%**	24%	23%	23%
	Junior management	%	**40%**	37%	37%	34%
	Management positions in revenue-generating functions	%	**19%**	21%	16%	UP
	Sales	%	**23%**	22%	21%	19%
	STEM	%	**22%**	21%	19%	21%
2-7	White collar	%	**53%**	52%	51%	50%
	of which men	%	**65%**	66%	66%	67%
	of which women	%	**35%**	34%	34%	33%
	Blue collar	%	**47%**	48%	49%	50%
	of which men	%	**67%**	67%	66%	67%
	of which women	%	**33%**	33%	34%	33%

Workforce composition (continued)

GRI	Indicators	Units	2023	2022	2021	2020
2-7	Breakdown of workforce by age[3]					
	< 30 years	%	**24%**	24%	23%	23%
	30-50 years	%	**59%**	59%	59%	59%
	> 50 years	%	**17%**	17%	18%	18%
2-7	Breakdown of workforce by seniority					
	< 5 years	%	**42%**	43%	40%	46%
	5/14 years	%	**31%**	31%	34%	33%
	15/24 years	%	**18%**	17%	16%	13%
	25/34 years	%	**7%**	7%	7%	6%
	> 34 years	%	**2%**	2%	3%	2%
2-7	Breakdown of workforce by function					
	Marketing	%	**4%**	4%	4%	4%
	Sales	%	**13%**	13%	13%	13%
	Services and projects	%	**20%**	19%	19%	19%
	Support	%	**27%**	24%	24%	29%
	Technical	%	**8%**	11%	10%	7%
	Industrial	%	**28%**	29%	31%	28%

● 2023 audited indicators. UP Unpublished.

* Supplementary employees are employees under short term contracts to supplement short term activities and work peaks.
(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (137,866 employees, i.e. around 90% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non disclosure of birth data of employees.

Hires[1][2]

GRI	Indicators	Units	2023	2022	2021	2020
401-1	Breakdown by type of contract					
	Permanent contract	%	**77%**	69%	64%	62%
	Fixed-term contract	%	**23%**	31%	36%	38%
401-1	Breakdown by category					
	White collar	%	**38%**	39%	34%	19%
	Blue collar	%	**62%**	61%	66%	81%
401-1	Breakdown by gender					
	Men	%	**59%** ●	59%	59%	59%
	Women	%	**41%** ●	41%	41%	41%
401-1	Breakdown by age[3]					
	< 30 years	%	**58%**	61%	64%	UP
	30-50 years	%	**40%**	37%	34%	UP
	> 50 years	%	**2%**	2%	2%	UP
401-1	Breakdown by region					
	Asia-Pacific	%	**31%**	36%	34%	26%
	Western Europe	%	**17%**	16%	13%	9%
	North America	%	**42%**	37%	42%	55%
	Rest of the world	%	**10%**	11%	12%	10%

● 2023 audited indicators. UP Unpublished.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (137,866 employees, i.e. around 90% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation;
(3) Excluding data for the US and Canada due to local regulation of non-disclosure of birth data of employees.

2.8 Indicators

Layoffs [1][2]

GRI	Indicators	Units	2023	2022	2021	2020
401-1	Breakdown by type of contract					
	Open-ended contract	%	**81%**	69%	70%	72%
	Fixed-term contract	%	**19%**	31%	30%	28%
401-1	Breakdown by category					
	White collar	%	**26%**	21%	22%	20%
	Blue collar	%	**74%**	79%	78%	80%
401-1	Breakdown by region					
	Asia-Pacific	%	**22%**	35%	33%	28%
	Western Europe	%	**8%**	10%	9%	8%
	North America	%	**61%**	48%	47%	50%
	Rest of the world	%	**9%**	7%	10%	14%
	Breakdown by gender					
	Men	%	**61%**	60%	62%	63%
	Women	%	**39%**	40%	38%	37%
	Breakdown by generation					
	Gen Z	%	**27%**	34%	30%	UP
	Millenials	%	**47%**	44%	44%	UP
	Gen X	%	**21%**	16%	19%	UP
	Boomer	%	**5%**	6%	7%	UP
	Silent	%	**0%**	0%	0%	UP

"UP" = Unpublished.

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (137,855 employees, i.e. around 90% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

Resignations [1][2]

GRI	Indicators	Units	2023	2022	2021	2020
401-1	Breakdown by seniority					
	< 1 year	%	**35%**	36%	41%	41%
	1/4 years	%	**42%**	40%	36%	39%
	5/14 years	%	**18%**	19%	19%	16%
	15/24 years	%	**4%**	4%	4%	3%
	25/34 years	%	**1%**	1%	1%	1%
	> 34 years	%	**0%**	0%	0%	0%

(1) Based on data tracked in our global TalentLink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (137,855 employees, i.e. around 90% of employees excluding supplementary employees);
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.

Departures[1][2]

GRI	Indicators	Units	2023	2022	2021	2020
401-1	Breakdown by gender					
	Men	%	**62%**	62%	62%	63%
	Women	%	**38%**	38%	38%	37%
401-1	Breakdown by age[3]					
	< 30 years	%	**46%**	50%	50%	UP
	30-50 years	%	**41%**	39%	38%	UP
	> 50 years	%	**13%**	11%	12%	UP
401-1	Breakdown by region					
	Asia-Pacific	%	**31%**	33%	31%	30%
	Western Europe	%	**16%**	15%	15%	17%
	North America	%	**42%**	42%	41%	39%
	Rest of the world	%	**11%**	10%	13%	14%

UP = Unpublished.

(1) Based on data tracked in our global Talentlink tool, excluding supplementary employees, recent acquisitions, entities not integrated to the Group's information system tools and interns (137,856 employees, i.e. around 90% of employees excluding supplementary employees).
(2) Acquisitions/disposals and supplementary employees not taken into account in the calculation.
(3) Excluding data for the US and Canada due to local regulation of non disclosure of birth data of employees.

Average supplementary employees*

GRI	Indicators	Units	2023	2022	2021	2020
2-7	Breakdown by category					
	White collar	%	**11%**	10%	8%	10%
	Blue collar	%	**89%**	90%	92%	90%
2-7	Breakdown by region					
	Asia-Pacific	%	**62%**	54%	67%	64%
	Western Europe	%	**19%**	24%	16%	15%
	North America	%	**12%**	10%	6%	7%
	Rest of the world	%	**7%**	12%	11%	14%

* Supplementary employees are employees under short-term contracts to supplement short-term activities and work peaks.

2.8.2.3 Dialog and social relations

GRI	Indicators	Units	2023	2022	2021	2020
	Coverage[1]	%	**95%**	94%	92%	85%
2-30	Employees represented by					
	Unions	%	**79%**	60%	80%	66%
	Works Council	%	**53%**	55%	63%	70%
403-4	Health and Safety Committee	%	**80%**	76%	81%	89%
2-30	Number of collective agreements	#	**205**	202	150	78
2-30	Employees covered by collective bargaining agreements	%	**77%**	70%	72%	69%

(1) Compared to employees recorded in our global Talentlink tool.

2.8 Indicators

2.8.2.4 Health and safety of employees and subcontractors

GRI	Indicator	Units	2023	2022	2021	2020
403-8	Number of ISO 45001 sites	#	**172**	211	180	184
	Percentage of operational facilities that are ISO 45001 certified	%	**83%**	87%	77%	80%
403-9	Number of medical incidents[1]	#	**154** ●	171	186	154
	of which Schneider Electric employees	#	**119** ●	143	152	133
	of which temporary workers	#	**35** ●	28	34	21
403-9	Number of lost-time accidents[2]	#	**83** ●	95	96	85
	of which Schneider Electric employees	#	**63** ●	80	76	74
	of which temporary workers	#	**20** ●	15	20	11
403-9	Number of fatal accidents	#	**0**	0	2	1
	of which Schneider Electric employees	#	**0**	0	2	1
	of which temporary workers	#	**0**	0	0	0
403-9	SSE #14 Medical Incident Rate[2]	per million hours worked	**0.51** ●	0.58	0.65	0.58
	of which Schneider Electric employees	per million hours worked	**0.46** ●	0.57	0.63	0.58
	of which temporary workers	per million hours worked	**0.78** ●	0.64	0.73	0.55
403-9	Lost-Time Injury Rate (LTIR)[2]	per million hours worked	**0.28** ●	0.32	0.33	0.32
	of which Schneider Electric employees	per million hours worked	**0.25** ●	0.32	0.32	0.32
	of which temporary workers	per million hours worked	**0.44** ●	0.34	0.43	0.29
403-9	Lost-Time Day Rate (LTDR)[2]	per million hours worked	**7.78** ●	14.23	15.58	13.74
	of which Schneider Electric employees	per million hours worked	**7.80** ●	15.22	16.47	14.92
	of which temporary workers	per million hours worked	**7.66** ●	8.54	11.00	6.61
403-9	Number of lost days	#	**2,345** ●	4,195	4,477	3,662
	of which Schneider Electric employees	#	**2,001** ●	3,822	3,963	3,412
	of which temporary workers	#	**344** ●	373	514	250
403-9	Number of hours worked	#	**301,436,421** ●	294,742,174	287,369,013	266,582,055
	of which Schneider Electric employees	#	**256,505,806** ●	251,075,834	240,649,594	228,742,624
	of which temporary workers	#	**44,930,615** ●	43,666,340	46,719,419	37,839,431
403-10	Occupational Illness Frequency Rate (OIFR)[2]	per million hours worked	**0.010** ●	0.003	0.017	0.019
	of which Schneider Electric employees	per million hours worked	**0.012** ●	0.004	0.021	0.022
	of which temporary workers	per million hours worked	**0.000** ●	0.000	0.000	0.000

● 2023 audited indicators. UP Unpublished.

(1) Includes business travel, excludes home/workplace travel.
(2) LTIR = Number of incidents with lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident frequency rate.
LTDR Number of lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident severity rate (the latter, however, is calculated per thousand hours worked). MIR Number of accidents requiring medical treatment x 1,000,000/number of hours worked.
Occupational Illness Frequency Rate (OIFR) is based on 1 million hours worked (the number of Occupational Illnesses X 1,000,000 Hours/Total Hours Worked).
Note that the Medical Incident Rate (MIR) consists of both medical incidents + Occupational Illnesses and is based on 1 million hours worked.

2.8.2.5 Talent development and training

GRI	Indicator	Units	2023	2022	2021	2020
	Coverage	%	**95%**	92%	91%	90%
404-1	Number of training hours	#	**3,126,358** ●	2,988,795	2,881,627	2,869,111
404-1	Average hours of training per person	#	**24.1**	24.1	24.5	24.5
	of which white collar	#	**25.4**	25.3	25.1	24.9
	of which blue collar	#	**22.5**	22.4	24.0	24.0
	of which men	#	**24.5**	24.7	24.9	25.1
	of which women	#	**23.2**	22.9	23.7	23.2
404-1	Breakdown of hours by category					
	White collar	%	**57%**	57%	53%	52%
	Blue collar	%	**43%**	43%	47%	48%
404-2	Employees taking one day training (7 hours or more)	%	**81%**	81%	83%	81%
2-24	Percentage of employees trained on the Trust Charter, Schneider's Code of Conduct		**99%**	98%	96%	93%
2-24	Percentage of the eligible workforce who received training on anti-corruption practices	%	**98%**	97%	97%	94%
2-24	SSE #13 – Employees trained every year on Cybersecurity and Ethics	%	**97%** ●	95%	96%	90%
2-24, 404-2	Breakdown of hours by training type					
	Data & AI / Analytics[1]	%	**0%**	UP	UP	UP
	Digital / IT	%	**9%**	6%	6%	8%
	Functional	%	**23%**	22%	25%	24%
	Sustainability[2]	%	**18%**	17%	17%	20%
	Management and Leadership	%	**7%**	8%	6%	4%
	Mandatory / Compliance	%	**5%**	8%	9%	4%
	Offer Excellence[3]	%	**6%**	7%	6%	6%
	Personal Development	%	**6%**	7%	7%	11%
	Products, Solutions and Services	%	**13%**	14%	12%	12%
	Supply Chain	%	**9%**	9%	12%	9%
	Well-being	%	**1%**	2%	1%	2%
	Other	%	**4%**	-	-	-
Total Learning & Development spend[4]		million €	**91.1**	75.6	56.8	44.2
Learning & Development cost per employee		€/employee	**660.8**	560.8	425.8	356.1

2.8 Indicators

GRI	Indicator	Units	2023	2022	2021	2020
404-3	Employees having had a performance review(5)	%	**97%**	98%	98%	98%
	Breakdown by category					
	White collar	%	**75%**	76%	76%	75%
	Blue collar	%	**25%**	24%	26%	25%
	Breakdown by gender					
	Men	%	**69%**	70%	71%	72%
	Women	%	**31%**	30%	29%	28%
	Breakdown of promotions by gender(6)					
	Men	%	**67%**	67%	UP	UP
	Women	%	**33%**	33%	UP	UP
	Breakdown of promotions by generation	%				
	Gen Z	%	**11%**	17%	UP	UP
	Millenials	%	**62%**	61%	UP	UP
	Gen X	%	**24%**	20%	UP	UP
	Boomer	%	**3%**	2%	UP	UP

● 2023 audited indicators. UP Unpublished.

Due to the impact of rounding on individual elements within this disclosure table, numbers may not exactly sum to the Group total.
(1) This figure is rounded and represents a percentage less than 0.5%.
(2) Includes Sustainability, Environment and Health and Safety trainings.
(3) Prior to 2023, this was reported under "Technical" and "Agile" categories.
(4) Includes Learning and development teams, travel and expenses as well as vendors costs - Sources: Schneider Electric TalentLink Employee data and Procurement tracking system Excludes training sold to customers.
(5) The data relates to the eligible workforce for Performance interview at 12/31/2023 (TalentLink).
(6) Based on a change in grade level.

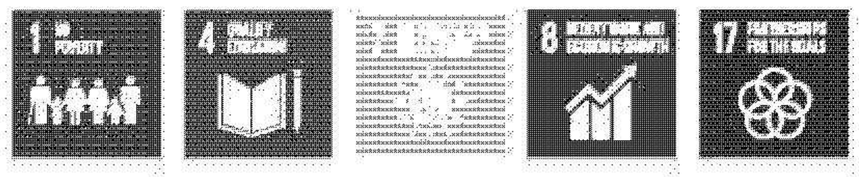
2.8.3 Societal indicators

Indicators are published on the basis of declarative information submitted by Foundation delegates. It covers about 90% of Schneider Electric Group employees and highlights the importance of company and employee participation in the Foundation's approach to involvement towards local communities. With EUR 25.3 million in 2023, the amount of budget for the Foundation's actions includes the Foundation's intervention budget, the amount of the donations from entities, employees and partners, and the amount of donations in kind.

2.8.3.1 Key performance indicators from the Schneider Sustainability Impact and Schneider Sustainability Essentials

Schneider Sustainability	#	2021-2025 programs	Baseline[1]	2023 progress[2]	2025 Target
Impact (SSI)	9.	Provide access to green electricity to 50M people	2020: 30M	+16.6M	50M
	11.	Train people in energy management	2020: 281,737	578,709	1M
Essentials (SSE)	25.	Increase the number of volunteering days since 2017	2020: 18,469	53,177	50,000

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #1 and SSE #12 in 2023), in accordance with ISAE 3000 assurance standard (see Independent verifier's report on page 302). In addition, SSI #8, SSE #3, SSE #5 and SSE #14 received a "reasonable" assurance level in 2023. Please refer to page 266 for the methodological presentation of each indicator. The 2023 performance is also discussed in more details in each section of this report.

2.8.3.2 Breakdown of the Foundation's financial commitments

Indicator	Units	2023	2022	2021
Foundation's intervention budget	€	**4,000,000**	4,000,000	4,000,000
Breakdown by program				
Training and entrepreneurship	%	**83%**	81%	75%
Raising awareness about sustainable development	%	**5%**	12%	17%
Employees' volunteering/skills-based sponsorship	%	**1%**	2%	1%
Emergency	%	**7%**	3%	4%
Other	%	**4%**	2%	3%
Breakdown by region				
Africa & Middle East	%	**16%**	15%	8%
America	%	**38%**	6%	10%
Asia & Pacific	%	**19%**	31%	48%
Europe	%	**22%**	35%	18%
Cross countries	%	**5%**	13%	16%

2.8 Indicators

2.8.3.3 Breakdown of contributions from employees and Schneider Electric entities to the Foundation's actions

Indicator	Units	2023	2022	2021
Total financial contribution	€	**10,490,937**	12,461,007	7,045,158
From employees	€	**1,227,005**	1,520,324	1,121,092
From the Schneider Electric entities and partners[1]	€	**9,263,932**	10,940,683	5,924,066
Total in-kind contribution (products or services)	€	**10,800,121**	7,267,507	8,444,800

(1) In 2023, data from Schneider Electric entities and partners are grouped together. Data from past years have been restated accordingly.

2.8.3.4 Breakdown of total contributions (Employees, Schneider Electric entities and Schneider Electric Foundation) to the Foundation's actions

Indicator	Units	2023	2022	2021
Breakdown by region				
Africa & Middle East	%	**10%**	5%	3%
America	%	**39%**	35%	34%
Asia & Pacific	%	**17%**	25%	29%
Europe	%	**33%**	31%	31%
Cross countries	%	**1%**	4%	3%

2.8.3.5 Total budget for the Foundation's actions

Indicator	Units	2023	2022	2021
Foundation budget, financial contributions and donations in kind	€	**25,291,058**	23,728,514	19,489,958

To access all Schneider Electric ESG data, please download the disclosure dashboard Schneider Electric Sustainability Disclosure Dashboard from the Sustainability Reports page on **www.se.com**

How we manage risk at Schneider Electric

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An introduction by Chief Governance Officer & Secretary General, Hervé Coureil

Dear Stakeholders

In an ever-evolving world filled with uncertainties, we find ourselves navigating through a multitude of risks. The landscape is continuously shaped by technological advancements, social movements, and political shifts, making it increasingly challenging for companies to anticipate and prepare for the diverse range of threats that can impact operations. However, it is within our ability to adapt and respond to these risks and truly demonstrate our resilience.

To do so, we remain committed to strengthening our Enterprise Risk Management (ERM) framework, continuing to take a comprehensive approach to risk management. We remain focused on safeguarding the value, assets, and reputation of the Group, identifying and assessing major risks, anticipating changes in the risk landscape, implementing preventive measures, and building crisis response capabilities.

As a vital component of this framework, our internal control procedures are designed to ensure compliance with laws and regulations, adherence to policies and guidelines, effective internal processes, timely remediation of deficiencies, and the reliability of financial reporting.

Above all, our daily pursuit is to cultivate and uphold trust with our valued customers, partners, and employees by acting with unwavering integrity, fostering transparency, and demonstrating resilience.

Thank you for your support,

Hervé Coureil
Chief Governance Officer & Secretary General

3.1 Risk management scope

The Enterprise Risk Management (ERM) framework is designed to cover the Group, defined as the Schneider Electric SE parent company and the subsidiaries over which it exercises exclusive control.

Acquired companies are integrated progressively into the Group internal control and risk management systems.

3.2 Organization and management

3.2.1 Group values

Resilience as a top value

Schneider Electric has placed significant importance on resilience within the values and principles which guide and inspire its actions and, in particular, its business practice. Indeed, resilience is one of the fundamental elements of sustainable growth and belongs directly to the Group's Sustainability value. All Group entities, along the three lines of defense described hereafter, are encouraged to:

- Develop a culture promoting resilience for the Group;
- Raise resilience awareness and best practices, within their scope of work; and
- Implement initiatives aimed at increasing the Group's resilience, by decreasing the risk exposure and/or increasing its level of preparedness.

Hybrid risk management model

Schneider Electric uses a hybrid risk management model. It means that while there is a Group Risk Management function and experts in charge of setting risk management mechanisms, establishing policies, and other activities, ownership of the risks belongs to the Business Units, Operating Divisions, or Global Functions who are responsible for deploying the central framework to manage their risks.

These are organized in three lines of defense:

- 1st line of defense: Business and Risk Owners
  Operating Divisions and Business Units take ownership of how the risks specific to their local market or function are managed on the ground, following the procedures set by the second line of defense.

- 2nd line of defense: Group Risk Management, Internal Control, Risk Overseers
  Set risk management mechanisms, advise and monitor the first line of defense, helps them build action plans to improve identification, mitigation, and control of risks.

- 3rd line of defense: Internal Audit
  Independent body, not dedicated to a specific risk area or region. Assesses if the first line of defense is managing risks properly and if the second line of defense is setting mechanisms and supporting the first line adequately.

The section hereafter (3.2.2) goes over the three lines of defense and gives more detail about the hybrid risk management model and the governing bodies.

3.2.2 Internal control and risk management roles and responsibilities

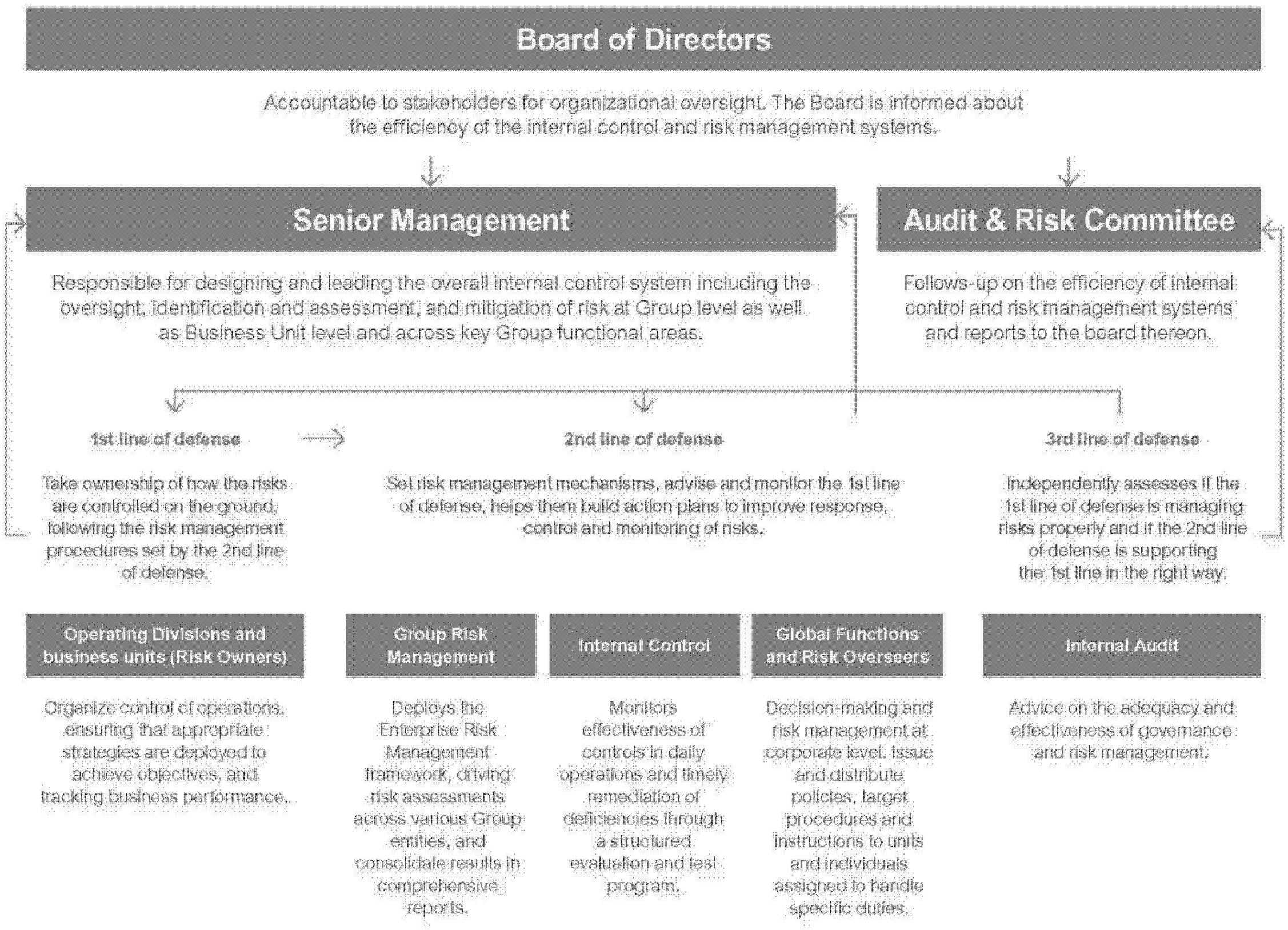


Figure 1: The three lines model

The Group's corporate governance bodies supervise the development of internal control and risk management systems. The Audit & Risks Committee has particular responsibility for following up on the efficiency of internal control and risk management systems and reports to the Board of Directors.

Senior Management

Senior Management is responsible for designing and leading the overall internal control system, with support from all key participants, in particular the Group Internal Audit and Internal Control departments.

It also monitors the Group's performance during business reviews with the Operating Divisions and Global Functions. These reviews cover business trends, action plans, current results, and forecasts for the quarters ahead.

Similar reviews are carried out at different levels of the Group prior to Senior Management's review.

Audit & Risks Committee

The Audit & Risk Committee is responsible for overseeing the Group's internal controls and risk management systems.

The Committee is presented with the conclusions and key actions from a selected number of audit missions throughout the year and works with management and external auditors to ensure that risks are identified and addressed in a timely and effective manner.

The Head of Internal Audit has direct access to the Chairperson of the Audit & Risks Committee and meets with her on a regular basis throughout the year.

1st line of defense: Business and risk owners

Among other responsibilities, Operating Divisions and Business Units have a duty to preserve good faith and trust. As business and risk owners, they must:

- Embed risk management into first line processes;
- Execute risk strategy in line with risk appetite and standards;
- Complete risk assessments and provide supporting data;
- Identify and control risks relating to their own environment, in compliance with the rules and procedures implemented and communicated by the Group functional department; and
- Design and implement remediation actions.

More specifically, Operating Division and Business Unit management supplement and adapt the Enterprise Risk Management framework drafted by Group management, by drawing up detailed policies and internal control procedures which comply with the relevant laws, regulations, and customer practices in the country they operate, to exercise control more effectively over risks specific to their local market and culture.

2nd line of defense: Group Risk Management, Internal Control, Risk Overseers

Group Risk Management

In the current context of an acceleration towards a more complex and fragmented world, the Group has engaged in a restructuring of its Enterprise Risk Management team, with the help of experts. It started in 2021, with most of the deployment having taken place in 2022 and 2023 and continuing in 2024. The objective is to strengthen the overall risk management at Schneider Electric, with a more robust Enterprise Risk Management team to implement and deploy advanced mechanisms, support the first and second lines of defense, and consolidate and report to Senior Management and the Audit & Risks Committee. It will ensure that the maturity level and effectiveness of the governance and organization, management systems, processes and controls, and communication and training will all increase.

Engaging in this journey until 2024, the Group expects to reach optimized maturity level in the way it develops and maintains a Group risk appetite framework. 2022 was a year of deployment with standardized risk reviews engaged for most of the Group's risk categories and geographical zones. It resulted in an increased risk management maturity, and a consolidation of the risk exposure at the corporate level. The deployment continued in 2023, with risk reviews carried out in a more robust and systematic way, with subsidiaries included. Recognizing the importance of equipping key stakeholders with the necessary skills and knowledge, in 2023 the Group focused on further empowering teams to contribute to the optimization of our risk management practices through several communication efforts and continuous learning and engagement. Looking ahead to 2024, the Group remains committed to advancing its risk management practices. Building upon the foundation laid in previous years, efforts will continue to refine the risk management framework, leveraging the insights gained.

The Enterprise Risk Management framework is deployed by the Group Risk Management department, which reports to Senior Management and sits within the Governance function. The Group Risk Management department is responsible for:

- The creation, deployment, and maintenance of the Enterprise Risk Management framework;
- The planning and execution of risk reviews across various Group entities; and
- The consolidation, in comprehensive reports, of the risks identified and assessed, the Group's level of mitigation, and the roadmaps in place to reduce the risk exposure and increase preparedness.

This framework relies on a network of Risk Overseers (in charge of supervising a specific risk category) and risk owners (in charge of managing risks efficiently with the support of all assets provided). The Group Risk Management team engages with these stakeholders and supports them to increase their risk management maturity by driving several types of assessments and by evolving standardized methodologies.

The Group Risk Management department strives to not only manage event triggered risks, but to maximize value through more informed and calculated risk taking. With this mandate, it studies strategic issues and long-term strategy and continuously monitors emerging trends, risks, and opportunities, sometimes with the support of risk intelligence companies.

Internal Control

In close collaboration with Risk Overseers and the Group Risk Management team, the Internal Control function uses a risk-based approach to define the key controls to be embedded in the processes and to monitor the effectiveness of the controls.

The Internal Control department reports to the Group Chief Accounting Officer. It manages and develops a network of around 40 local internal controllers covering all Group entities, with a central team leading and coordinating the Group Internal Control activities. The main objectives of the Internal Control department are to:

- Define and update the internal control framework in collaboration with the experts in their area of activity. This framework is summarized in the digital "Group Internal Controls Principles" reference – in line with the recommendations of the COSO and French Financial Market Authority (Autorité des Marchés Financiers (AMF)) reference frameworks;
- Ensure internal control is anchored in the managerial practices for a better control environment and support employees in applying the internal control framework;
- Drive self-assessment campaign focusing on the main risks identified;
- Monitor the adequacy and effectiveness of internal controls and support timely remediation of deficiencies in a sustainable manner;
- Partner with operations to increase standardization of key controls across the Group for effective and efficient operations; and
- Support design and implementation of anti-corruption and bribery controls.

3.2 Organization and management

Risk Overseers

The various Group functional departments and Risk Overseers assist the Enterprise Risk Management team with the identification and evaluation of risks. Each department defines and rolls out risk management systems in its activity sector and ensures the consistency of actions undertaken in the Business Units and Operating Divisions. Risk Overseers and Global Functions assist all Group entities by facilitating the sharing of risk management and internal control best practice.

Risk Overseers are global leaders and experts overseeing risks within their scope.

Depending on the risk category, Risk Overseers must:

- Identify and manage the adoption of regulatory and legal standards;
- Initiate first risk identification as a base for risk-specific programs design;
- Own risk-specific policies and ensure proper deployment, specifically ensuring they have adequate representation in the Trust Charter, the Group's Code of Conduct;
- Define risk-specific processes and controls;
- Engage in the annual risk assessments run by the Group Risk Management team;
- Perform risk maturity self-assessments on a regular basis; and
- Define risk thresholds and review them regularly.

Global Finance department

The Global Finance department is actively involved in organizing control and ensuring compliance with financial procedures.

Within the department, the Reporting and Consolidation unit plays a key role in the internal control system by:

- Drafting and updating instructions designed to ensure that statutory and management accounting practices are consistent throughout the Group and compliant with applicable regulations;
- Organizing period-end closing procedures; and
- Analyzing performance and tracking the achievement of targets assigned to the Operating Divisions and Business Units.

The Reporting and Consolidation unit is responsible for:

- The proper application of Group accounting principles and policies;
- The integrity of the consolidation system database;
- The quality of accounting and financial processes and data;
- Training for finance staff, by developing and leading specific seminars on the function; and
- Drafting, updating, and distributing the necessary documents for producing quality information.

The Reporting and Consolidation unit drafts and updates:

- A glossary of terms used by the Reporting and Consolidation unit, including a definition of each term;
- The chart of accounts for reporting;
- A Group statutory and management accounting standards manual, which includes details of debit/credit pairings;
- A Group reporting procedures manual and a system users guide;
- A manual describing the procedures to be followed to integrate newly acquired businesses in the Group reporting process;
- An intercompany reconciliation procedures manual; and
- Account closing schedules and instructions.

The Reporting and Consolidation unit monitors the reliability of data from subsidiaries and conducts monthly reviews of the various Business Units' primary operations and performance.

Within the Global Finance department, the Tax team oversees tax affairs to provide comprehensive management of these risks.

The Financing and Treasury department is responsible for:

- Centralized management of cash and long-term Group financing;
- Centralized management of currency risk and non-ferrous metals risk;
- Monitoring of Group trade accounts receivable risk and the definition of the credit policy to be implemented;
- The distribution of rules for financial risk management and the security of payments:
  - define guidelines and contribute to the definition of Key Internal Control indicators relating to treasury and credit management;
  - review the related risks of complex projects as a subject matter expert; and
  - select Group tools for credit, trade, and cash management.
- The annual financial review meetings with the Group companies to assess the financial structures, financial risk management, as well as capital allocation.

Procedures for managing financial risk are described in "Key risks and opportunities" on page 337.

Other Global Functions

In addition to specific processes or bodies, such as the Group Acquisitions Committee for making and implementing strategic decisions within the Global Finance department (see above), Schneider Electric centralizes certain matters through dedicated Global Functions, thus combining decision making and risk management at the corporate level.

A technology community, namely the Chief Technology Officers (CTO) community, grouping all Divisional and Business Unit Chief Technology Officers as well as key Corporate Technology functions involved in Offer Creation & Research, meets on a regular basis to ensure cross-divisional co-ordination in setting the strategic direction for innovation and driving end-to-end architectures, and defining next generation platforms and systems. Additionally, this community partners closely with the senior business leaders. This has been done to ensure a simple structure so that technology can be close to business and to maintain consistency across all Divisions of Schneider Electric.

The Human Resources department is responsible for deploying and ensuring the application of procedures and compliance with HR regulations concerning employee development, promoting diversity, and well-being. The department is also responsible for establishing guidelines on rewards and compensation, hiring, on and off boarding, and learning, amongst other human resources-related duties.

The Procurement department within the Supply Chain function is responsible for establishing guidelines concerning the Procurement department's structuring and procedures, relationships between buyers and vendors, and procedures governing product quality, level of service, and compliance with environmental and safety standards.

Global Functions also issue, adapt, and distribute policies, target procedures, and instructions to Business Units and individuals assigned to handle their specific duties. Global Functions have correspondents who work with the Internal Control department to establish and update the Key Internal Controls deployed across the Group.

3rd line of defense: Internal Audit

In accordance with professional standards governing this activity, Internal Audit independently assesses the effectiveness of governance, risk management, and internal control given that, irrespective of how well they are implemented and how strictly they are deployed, these procedures can only provide reasonable assurance – and not an absolute guarantee – against all risks.

The Internal Audit department reports to Senior Management. It had an average headcount of 24 global auditors (including IT) and 30 regional auditors in 2023. The internal auditors are responsible for ensuring that, at the level of each Business Unit, Global Function, or Operational Entity in the countries where the Group is operating:

- The identification and control of risks is performed and relevant remediation is put in place;
- Significant financial, management, and operating information is accurate and reliable;
- Compliance with laws and regulations and with the Group's policies, standards, and procedures is ensured;
- Compliance with the instructions of the CEO is ensured;
- Acquisition of resources is carried out at a competitive cost, and their protection is ensured;
- Expenses are properly engaged and monitored; and
- Correct integration and control of acquisitions are ensured.

An annual internal audit plan is drawn up based on a combination of a risk-based and audit universe coverage-based approach. The risk-based dimension is embedding risk and control concerns identified by Senior Management, taking into account the results of the Group Enterprise Risk Management system, the outcome of past audits, and other indicators such as the evolution of a set of financial metrics, the Corruption Perception Index, and the recent replacement of holders of key managerial roles as the case may be. When necessary, the audit plan is adjusted during the year to include special requests from Senior Management.

After each internal audit, a report is issued setting out the auditors' findings and recommendations for the Business Unit, Global Function, or Operational Entity audited. Additionally, the reports are also shared with Senior Management and the Audit Committee. The management of audited entities or audited domains is requested to define for each recommendation an action plan aiming at implementing corrective actions. Measures are taken to monitor implementation of the recommendations and specific follow up audits are conducted if necessary.

3.3 Risk management mechanisms

3.3.1 One unique risk taxonomy is established to have a common risk language

One of the core assets of the Group risk management practice is a unique risk taxonomy, used by the different domains within the organization (Sales Regions, Business Units, Global Functions). It is key to ensure all Group entities speak the same risk language and collaborate efficiently on decreasing the risk exposure. This document is updated once a year based on the relevance and characteristics of identified risks in a business context. The taxonomy contains several risk classification levels, described in the illustration below.

Each risk is mapped to the pieces of the risk flywheel (see section 3.3.3, page 334) to ensure there are no gaps in the Group monitoring and mitigation of the risk universe.

Risk Level	Description	Objective	Responsible	Example
Risk nature	Differentiation between three risk natures: event triggered risks, management practice risks, and trend driven risks.	**Making strategic decisions**	**Senior Management**	***Event triggered risk***
Risk category	All risk categories included in the Taxonomy are mapped to a Risk Overseer who is responsible for all assets and mechanisms around the risk.	**Taking accountability**	**Risk Overseers**	***Third-party screening and sanctions compliance***
Risk type	More specific risks under a Risk Category. Risk identification and assessment are carried at a risk type level.	**Taking responsibility**	**Risk Owner**	***Export Control***
Risk vector	The ways a risk type can materialize.	**Managing operational risks**	**Domain/ function in charge of the risk**	***Supplies from countries under sanction***

Figure 2: Risk taxonomy structure

3.3.2 Different mechanisms to identify, assess, and mitigate risks

The Group recognizes that each risk nature is unique, and therefore requires a unique approach in the way risks within each nature are identified, assessed, monitored, and mitigated. The figure below offers a few definitions and examples for each risk nature and shows the parameters that allow to differentiate them: expected reward for risk, and controllability.

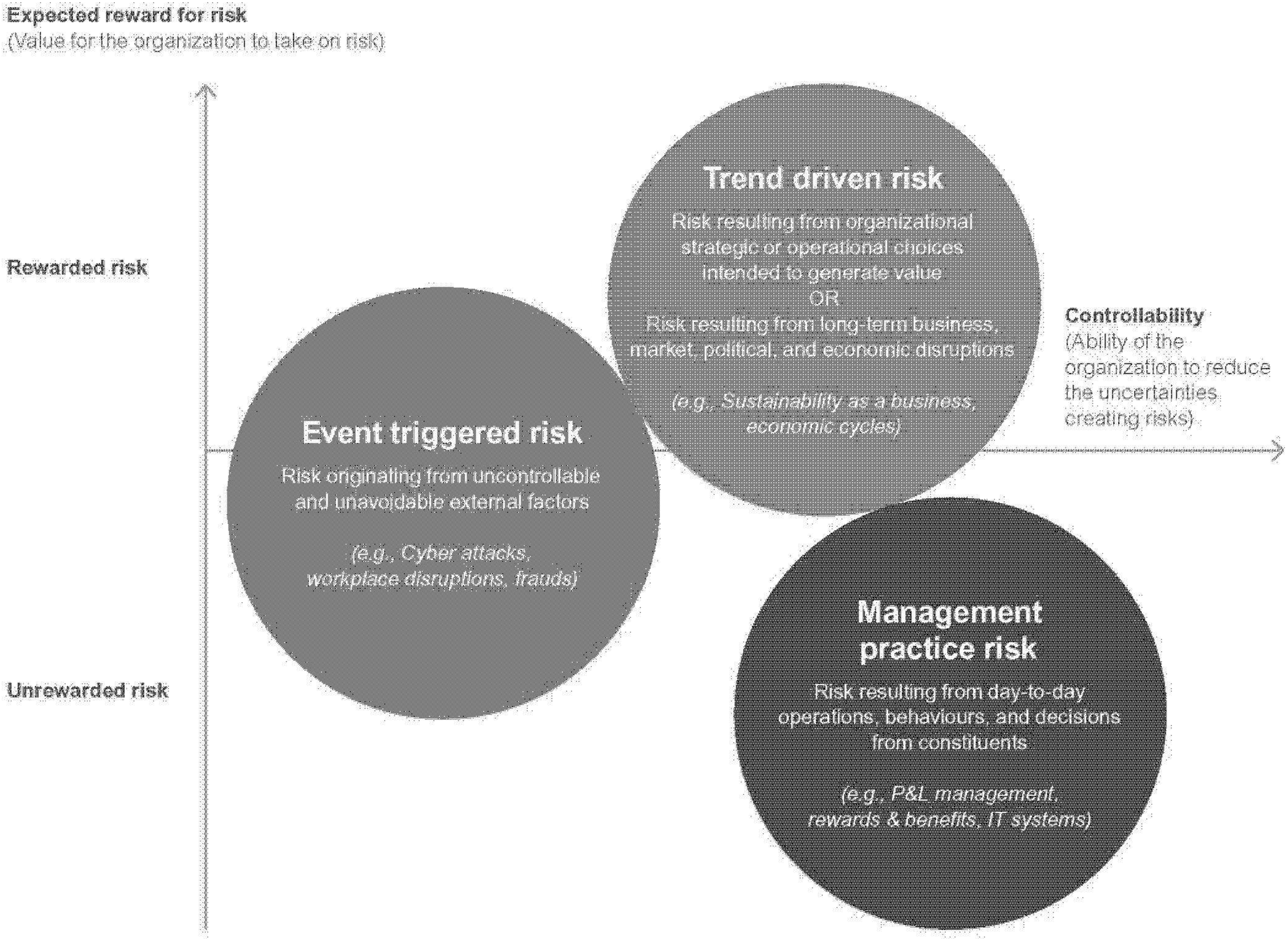


Figure 3: Three risk natures and their unique approaches

For the **trend-driven risks**, the objective is to reduce the business impact cost-effectively and prepare to turn a disrupted environment into opportunities. We identify, assess, and monitor the risks through frequent organization leaders' and external stakeholders' interviews. This is complemented with specific strategy cadences.

For the **event triggered risks**, the objective is to reduce the risk exposure and increase the level of preparedness. Examples of the assets used to achieve this goal include: crisis management and business continuity planning, strong policies and procedures adoption, and continuous risk and incidents monitoring.

For **management practice risks**, the objective is to avoid or eliminate occurrences cost-effectively with a risk culture and compliance model embedded in Operating Divisions, strong policies and procedures adoption, and an effective set of internal controls.

3.3 Risk management mechanisms

3.3.3 Each Risk Overseer is in charge of moving the risk flywheel for his/her respective domain

Risk taxonomy

The Group established a unique risk taxonomy to have a common language with all stakeholders. All risk categories included in the risk taxonomy are mapped to a Risk Overseer who is responsible for all assets and processes around the risk flywheel (see figure below). The risk taxonomy is reviewed once per year, with inputs from the three lines of defense.

Trust Charter

The Trust Charter is the Group's Code of Conduct. Each section is mapped to the risk taxonomy and has the goal, among others, to bring a level of awareness to employees that will contribute to decreasing the Group risk exposure. See more details about the Trust Charter in Chapter 2, section 2.2.1.

Policies

A policy is an official statement and process description produced and supported by the leadership team and states where the organization stands on important topics or issues. An organization's policies provide a framework to operate effectively and efficiently and are important for all stakeholders, enabling and reinforcing trust. Each Risk Overseer is responsible for ensuring needed policies are written and published, and that they are implemented, communicated, and their implementation is being monitored. See more details about policies in Chapter 2, section 2.1.7.

Mandatory PMI[1] tasks

The Enterprise Risk Management framework applies not only to the Group's core and legacy activities, but also to recently acquired companies as part of the post-acquisition integration process. Trust Standards are defined to ensure the integration process is addressing risks and compliance matters, meeting legal obligations, creating a more standardized back-end, and providing clarity regarding integration requirements across the portfolio of companies.

Key Internal Controls

The Group uses a set of internal controls that is reviewed and updated annually, with the feedback of the Risk Overseers and subject matter experts (among others). One of the goals of internal controls is to assess the effectiveness of the mitigation put in place to address a risk. For the controls that are risk specific, the outcome of the yearly self-assessment campaign is twofold: provide a high-level view of the situation to the top management and Risk Overseers, and provide action plans to the risk owners to improve their mitigation, if relevant.

Key risk metrics

Risk metrics are defined to measure the Group risk exposure for each risk category and type. They are defined by the Risk Overseers and reviewed on a regular basis. Defining risk thresholds helps to foster a risk centric culture and take business decisions based on risk appetite.

Risk reviews and yearly risk assessments

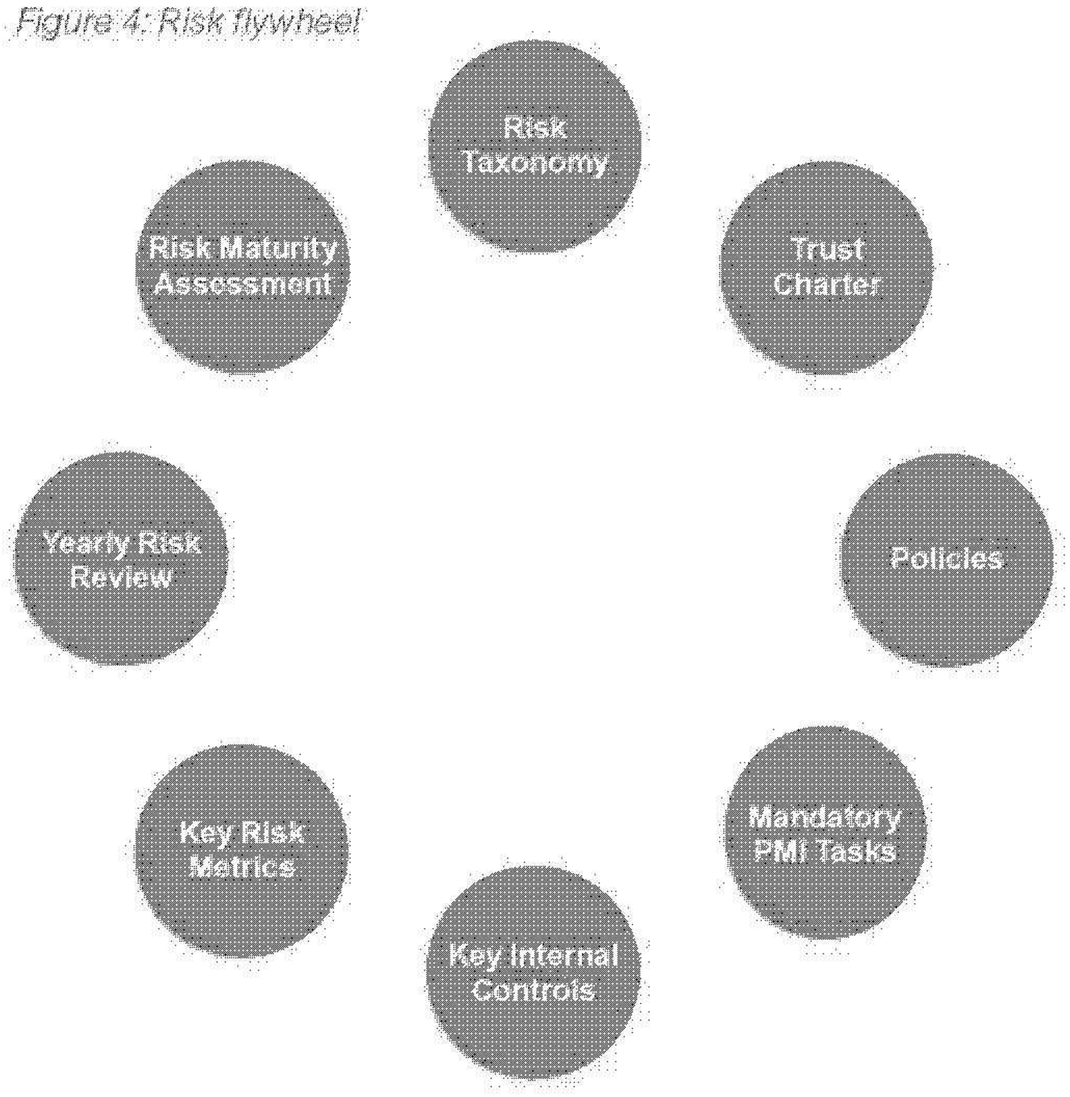
The Group's entities perform frequent risk assessments.

There are three types of assessments:

- Zone or country risk reviews, where the leadership team and risk owners review the top risks affecting their territory and legal entities, as well as the mitigation in place.
- Function or risk category reviews, where the leadership team and Risk Overseers review the risks affecting their domain of expertise, as well as the mitigation they put in place.
- Leadership risk assessment, also called risk matrix, where the leadership team is interviewed about the full Group risk universe, to gain an understanding of the perception of the risk exposure and level of mitigation.

Additionally, the Internal Audit and Internal Control departments perform consolidated reviews and audits aiming, in particular, to assess the internal control framework and risk management system effectiveness.

Figure 4: Risk flywheel



(1) PMI = Post Merger Integration

Risk maturity assessments

In a spirit of continuous improvement, Risk Overseers perform risk maturity self-assessments on a regular basis. It helps drive constant improvements to the ways in which the risk is managed within the Group. Among other things, it ensures the Group takes the right steps towards an optimized risk maturity level including:

- Governance and organization with dynamic resource allocation;
- Management systems are aligned and optimized across all three lines of defense;
- Processes and controls rely on digital and advanced analytics to optimize effectiveness and efficiency; and
- Communication and training are adapted to specific needs, with a measured impact.

3.3.4 Risk identification and management

General risks at the Group level

The Group Risk Management department conduct interviews to update the list of general risks at Group level each year. In 2023, around 40 of the Group's top leaders were interviewed in addition to external analysts and Board members. Furthermore, the scope was expanded to include a larger leadership audience. To achieve this, an additional survey was deployed, which successfully garnered the participation of 400 leaders. These results served as a valuable addition to the insights obtained through the interviewing process.

The risks identified through these interviews are ranked by a risk score (comprising impact and likelihood of occurrence) and level of mitigation.

In complement of the risks identified through interviews, the Group Risk Management function also consolidates all the risks identified and assessed through the category risk reviews and zone risk reviews. A consensus is then reached on the Group's major risks for which control, monitoring, and mitigation will be prioritized.

Risk factors related to the Group's business, as well as procedures for managing and reducing those risks, are described in "Key risks and opportunities" in section 3.4 on page 337.

The results of the yearly risk assessments mentioned in section 3.3.3 (risk matrix, risk reviews) and the analysis of changes from one year to the next contribute to the development of an internal audit plan for the following year. Around two-thirds of the risk categories identified in the Group's risk matrix are audited by the Internal Audit department over a period of five to six years to assess action plans for managing and reducing these risks.

Local risks at the Business Unit or Operating Division level

Local risks related to the Company's business are managed first and foremost by the Business Units in conjuction with the Operating Divisions, based on Group guidelines (particularly via the Key Internal Controls). Each subsidiary is responsible for implementing procedures that provide an adequate level of internal control.

The Operating Divisions implement cross-functional action plans for key risks related to the Company's business identified as being recurrent in the Business Units or as having a material impact at the Group level, as appropriate. The internal control system is adjusted to account for these risks.

Specific risks related to Projects

The Projects Risk Management stakeholders define and implement principles and tools designed to manage contractual (such as limitation of liabilities), technical (such as technical discrepancy versus customer specifications), and financial risks (such as factors that may impact margin at solution execution phase).

The network of Project Risk Managers assesses the risks and mitigations related to major projects in conjunction with the subject matter experts and Tender Managers during the preparation of offers. Project Risk Managers then provide a comprehensive, 360-degree view on project risk and mitigations to support the opportunity approval process.

3.3 Risk management mechanisms

Management of risks by the Legal department

The Legal department oversees the legal affairs and manages the risks relating to legal matters.

The Financial Risk Insurance team contributes to the internal control system by defining and deploying a Group-wide insurance strategy, as defined in "Insurance", section 3.5 on page 357. The insurance strategy includes the identification and quantification of the main insurable risks, the determination of levels of retention, and the cost benefit analysis of the transfer options. The Risk and Insurance department also defines, proposes, and implements action plans to prevent these risks and protect assets.

Management of risks by the Global Security department

The Group's Global Security department defines corporate governance regarding loss prevention in the area of willful acts against property and people.

The Global Security Group Committee was created in 2017, uniting the Zone Security Leaders. Some of these leaders report directly to the Global Security department and some to local management with functional reporting to Global Security. In close co-operation with the Compliance department and the Risk and Insurance department, Global Security is involved in assessing the nature of risk to our people, as well as defining adequate prevention and protection measures.

Global Security provides support to local teams for any security issues (site audit, expatriates or local employee security, security on assignments, etc.). The team also:

- Publishes internally, a table of "Country Risks" for use in security procedures that are mandatory for people traveling, expatriates, and local employees;
- Provides daily co-ordination with the Group's worldwide partner in the field of medical and security assistance (International SOS & Control Risks – start of contract in January 2011);
- Organize, as needed, psychological support in some crisis context.

It brings its methodology to develop emergency plans (crisis management plans, etc.) and co-ordinates the corporate crisis team (SEECC – Schneider Electric Emergency Coordination Center, created in 2009) each time that it is activated. Global Security also participates in crisis management, in managing the corporate crisis cell, and in supporting local entities (to limit the consequences of the occurrence of certain risks such as civil war, weather events, pandemics, attacks on people, terrorism, etc.). In addition, it regularly organizes Security Audits (R&D centers, head offices, sensitive plants, etc.).

Global Security supports internal investigators as well as contributing to the Group's methodology and procedures to conduct investigations properly and in accordance with the law.

Management of cyber and product security and associated risks across Schneider Electric

The Cybersecurity and Product Security departments inside the Governance function define the Company's cyber and product security strategies and approaches. The departments are accountable for protecting Schneider Electric's business operations; securing the digital assets and offers for Schneider Electric and subsidiaries; managing the Cyber Risk Register; driving cybersecurity awareness across the Company; owning the creation, maintenance, and enforcement mechanisms of cyber and product security policies; ensuring the execution of cyber and product security initiatives across Schneider Digital functions and entities; and managing the Cybersecurity Incident Prevention, Detection, and Response process.

3.4 Key risks and opportunities

Principal risks

The Group risk inventory is organized in three categories and includes 20 key risks identified.

The key risks selected and presented below are the risks considered by the Group as specific to its business and identified as having the potential to affect its activity, its image, its financial situation, its results, or the achievement of its objectives.

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.

In each category, risks are assessed in terms of potential impact for the Group according to three levels (red, orange, and green), with red being the most likely to affect the Group. The assessment is the result of the process performed as part of the overall risk management mechanism described in "Risk identification and management", section 3.3.4 on page 335. The impact considered for the assessment is the potential net impact which corresponds to the potential gross impact (financial/ human/ legal/ reputation), after having taken into consideration the current mitigation measures, as well as the probability of occurrence of the risk. The assessment by Schneider Electric of this level of materiality may be changed at any time, in particular should new facts, whether external or specific to the Group, come to light.

The identification and mitigation of the Group's key risks can reveal opportunities for growth, enabling strategic decision making and flexibility to move ahead with speed.

	Categories and Risks	Potential net impact	Page
1	**Event triggered risks**		
1.1	Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners)	●	338
1.2	Export controls	●	340
1.3	Product, project, system quality, and offer reliability	●	340
1.4	Competition laws	●	341
1.5	Corruption linked to B2B and project business	●	342
1.6	Human rights and safety issues through the value chain	●	343
1.7	Counterparty risk	●	344
1.8	Currency exchange risk	●	345
2	**Trend driven risks**		
2.1	Technology evolutions (Generative AI)	●	346
2.2	Operational disruption due to global political and economical disruptions	●	346
2.3	New competitive landscape and business models in energy	●	347
2.4	Supply chain resilience	●	348
2.5	Evolution of software and digital services offers	●	349
2.6	Attracting and developing talent with a focus on critical skills	●	350
2.7	Failure to achieve our long-term sustainability commitments and comply with regulatory requirements	●	351
2.8	Business disruption due to environment-related risks	●	352
3	**Management practice risks**		
3.1	Inappropriate Data Management	●	354
3.2	IT systems management	●	355
3.3	Pricing strategy	●	355
3.4	M&A and integration	●	356

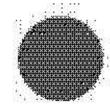
Key to symbols

● High impact ● Medium impact ● Low impact

3.4 Key risks and opportunities

1. Event triggered risks

1.1 Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners)



Risk description

Schneider Electric, like other organizations with a similar global footprint and presence, is exposed to the risk of cyberattacks. As an industrial and technology company, the Group has activities spread over dozens of R&D sites, and more than 200 production and logistic units. With the use of Interent of Things (IoT), artificial intelligence (AI), and other technologies supporting business activities, the overall attack surface on IT and OT is large.

The security profile of the Company has evolved with more connectivity and openness in the digital landscape and digitalization of products. This is expanding the attack surface and increasing the exposure to cybersecurity risk, where connected products and digital offers (e.g., remotely managed services like "Advisors") at Schneider Electric or customers' sites could be used as a gateway for malicious cyberattacks. The move to a service-oriented business model with software and augmented data naturally increases risks, such as data breaches and intellectual property (IP) theft.

As part of a bigger ecosystem with companies acquired (that are bringing their own level of cybersecurity), thousands of unique suppliers (with heterogeneous maturity in cybersecurity), and customers, notably Critical Infrastructure clients, the Group faces an increasing pressure on cybersecurity, product security, and data protection, on top of scrutiny from national authorities.

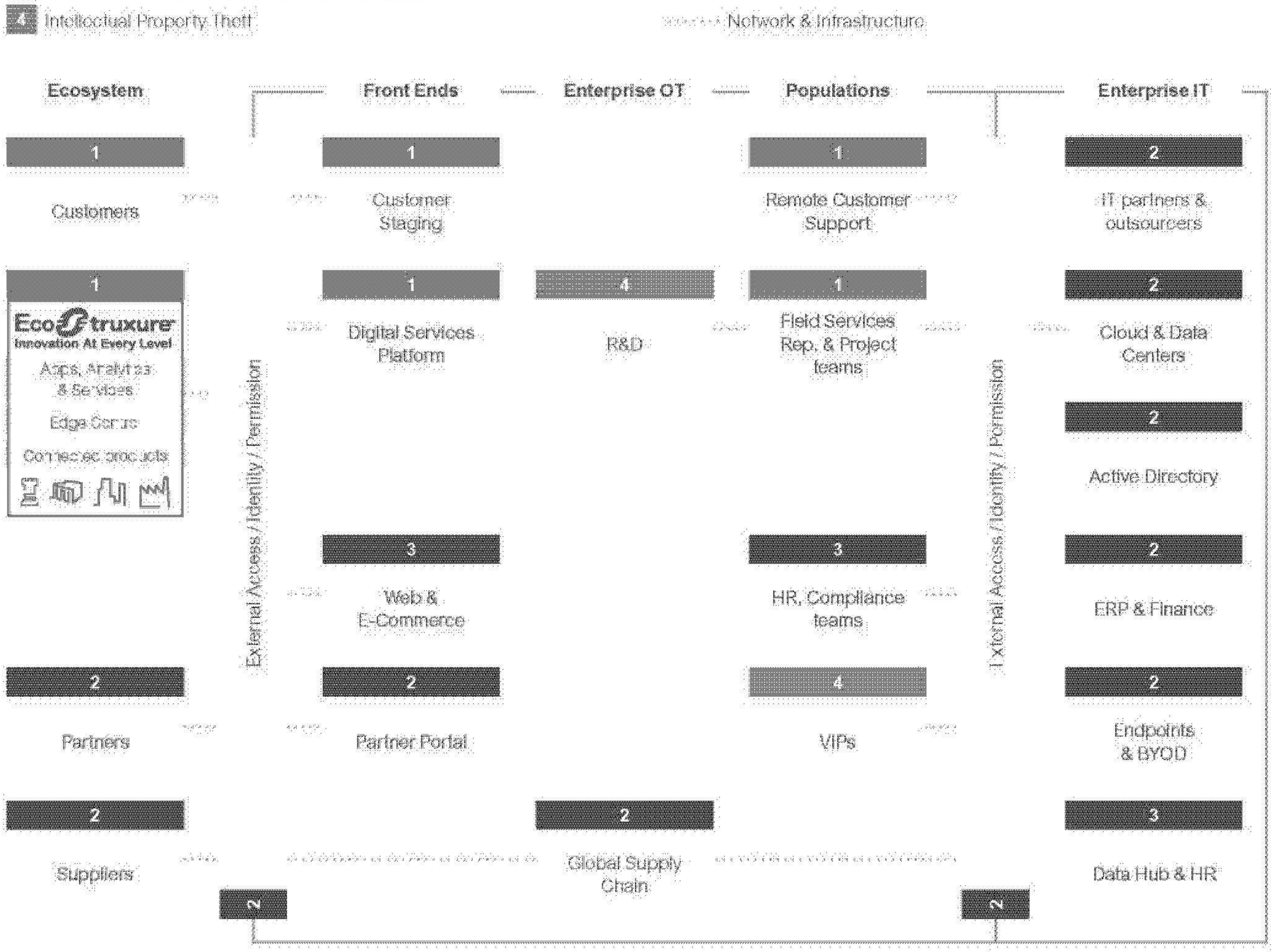
Risk monitoring and management

Schneider Electric analyzes risks across its extended digital and operational landscapes, as seen in the figure below, in order to determine how to mitigate the corresponding risks.

Schneider Electric major Cyber Risks

1 Damage to Customer Assets
2 Business Disruption
3 Compliance (customer payment, personal data...)
4 Intellectual Property Theft

People
Physical and digital capabilities
Sites and areas
Network & Infrastructure



1.1 Risk of cybersecurity on Schneider Electric infrastructure and its digital ecosystem (including connected products used as a gateway to attack Group's customers and partners) continued

To reach the highest level of trustworthiness, the company continuously enhances its security posture through core pillars[1] and notably supply chain security.

To mitigate the risks from design to maintenance and build Trust along its supply chain, Schneider Electric leverages practices prescribed in standards such as ISA/IEC 62443 and ISO/IEC 27001. The Company also pushes for responsible interactions between actors within the supply chain.

- **Third-Party Security:** Schneider Electric mandates that its suppliers meet high standards in cybersecurity and privacy, as per the Third-Party Security Principles[2]. The Company requires them to extend these guidelines to their own suppliers and service providers. These security expectations are included in the onboarding process and Schneider Electric assesses suppliers' cybersecurity maturity to verify compliance with the company's requirements before engagement.
- **Secure practices for products and software with:**
  - Secure Lifecycle Management. Schneider Electric recognizes the need to have cybersecurity measures fit-for-purpose throughout the entire lifecycle of the product, from development to retirement. This discipline includes end-to-end security across all software and system development lifecycles, certified to the ISA/IEC 62443-4-1 Secure Development Lifecycle standard, to which Schneider Electric has contributed for over a decade.
  - Pen tests, final security reviews and digital certification. The company enhances the security validation of its technology leveraging its CREST-accredited penetration testing lab20 and by engaging external partners. All applications, products, or systems undergo a formal security review, with EcoStruxure™ cloud offers undergoing an additional digital certification process. This brings a consistent and disciplined approach to embedding security into the Company's products and maintaining external certifications.
  - Industrial security. One cyber leader per site monitors alerts, vulnerabilities, and supports incident response. On top of this governance, hygiene is assured globally, in plants and distributions centers (including OT asset inventory, IT/OT firewalls and Secure Remote Access, endpoint protection on all PCs, and real-time monitoring). From 2022 onwards, every new production line is ISA/IEC 62443-3-3 and ISA/IEC 62443-2-4 Security Level 2 compliant.
  - Product vulnerabilities management. Schneider Electric's vulnerability management process, based on ISO/IEC 29147 and ISO/IEC 30111, tracks and fixes vulnerabilities with the assistance of its Corporate Product Cyber Emergency Response Team (CPCERT). The Company's teams continuously detect, mitigate, and remediate vulnerabilities for products in the market as they are discovered. Schneider Electric aims to work collaboratively with Researchers, Country Cyber Emergency Response Teams (CCERTs), and asset end-users through the Cybersecurity Support Portal to ensure that accurate vulnerability mitigation and remediation information is responsibly disclosed. In cases of critical vulnerabilities, the incident management protocol can be activated to expedite resolution.
  - IP and Source Code protection. Schneider Electric protects its portfolio of IP, preventing accidental loss, source code exfiltration, and tampering through legal frameworks such as patents, licenses, and escrow agreements, administrative controls including non-disclosures and specific addendums, and security measures including access control and code integrity regarding third-party and open-source code.
  - Customer environment security. To meet customer expectations, Field Service Representatives (FSRs) must follow consistent and sound security measures and be certified with a "Cyber Badge". This certification demonstrates they have undergone training on secure operation principles consistent with industry-leading cybersecurity standards such as NIST, ISA/IEC 62443-2-4, and ISO/IEC 27000-series and possess up-to-date equipment and software to carry out their work on a customer site.

(1) https://download.schneider-electric.com/files?p_Doc_Ref=SLCyberSecurity&_ga=2.148019319.1795750856.1655361711-1193165033.1621862359
(2) https://www.se.com/id/en/download/document/3rd_party_cyber_09112020AR0/

3.4 Key risks and opportunities

1. Event triggered risks

1.2 Export controls

Risk description

International, foreign, and national export control laws and regulations govern the transfer of goods, services, and technologies within a country or between countries and/or their nationals. Elements that may trigger restrictions and licensing requirements may include, but are not limited to, countries, parties, product, and end-uses.

Schneider Electric being a multi-national corporation (MNC) with international operations spanning across more than 100 different countries worldwide, must constantly ensure full compliance to such laws and regulations by implementing a robust corporate export control compliance program. Any implications may result in a significant impact on the Group's businesses, results, reputation, and financial position.

Albeit that Schneider Electric's product portfolio only has a limited product range that may have dual-use goods features as well as non-dual-use goods (e.g., breakers) that may be used in sensitive applications, restriction or licensing requirements may apply to these products, especially if associated with politically sensitive countries and destinations.

Risk monitoring and management

Schneider Electric has comprehensive policies and processes to ensure compliance with applicable export control laws and regulations (Schneider Electric Export Control program) and to mitigate the above described risks. The Global Export Control Center of Excellence, as part of the Global Legal and Risk Management function, oversees the monitoring and enforcement of the Schneider Electric Export Control program.

The Schneider Electric Export Control program may include, but is not limited to: embargo and restricted country, denied party, dual-use goods, and sensitive end-user screenings; incorporation of export control provision in the main sales and procurement contractual template; and conducting of regular awareness and online and classroom training sessions for all relevant Schneider Electric employees.

The Schneider Electric Export Control program will continue its enhancement and updates to ensure compliance with applicable export control laws and regulations.

1.3 Product, project, system quality, and offer reliability

Risk description

Schneider Electric has more than 228,000 references produced in 153 factories, spread across 38 countries around the world.

As Schneider Electric operates in essential industries, ensuring product quality and safety remains a paramount concern. Any malfunctions or failures in products or services could potentially lead to the Company incurring liabilities for both tangible and intangible damages, as well as personal injuries. Moreover, such failures can also result in additional costs associated with product recalls, necessitate new development expenditures, and consume valuable technical and economic resources. Therefore, Schneider maintains it is crucial to prioritize and address these aspects diligently.

Schneider Electric's products are also subject to multiple quality and safety controls and are governed by both national and supranational regulations and standards. New or more stringent standards or regulations could result in additional capital investment or costs of specific measures to maintain compliance. The first wave of regulation updates has been released this year: new revision of EN 60669-2-1 – "Switches for household and similar fixed electrical installations", and the New Battery Regulation 2023/1542, both of which will require significant efforts to ensure compliance of products in 2024.

The above-mentioned costs could have a significant impact on the profitability and cash equivalent of the Group, impacted in the past years by recalls. The business reputation of Schneider Electric could also be negatively impacted.

Looking forward, Schneider Electric is likely to encounter further challenges that will impact its approach to product quality. Overall, the regulatory landscape is shifting towards more stringent Quality Assurance Standards. In addition, the increasing pace of changes in support of sustainability requirements are prompting changes in product design. Examples include: the phase out of products containing SF6 gas in many countries; changes in packaging; and changes due to regionalization of supplies. Schneider Electric is proactively addressing these upcoming changes in its Quality Management framework by integrating sustainability into its quality assurance process and by strengthening the change management process.

In addition to controlling changes and securing the validation of the product, Schneider Electric is enhancing its reliability program to strengthen the robustness over time of its offers, thereby extending the useful lifetime of its products. In this way, Schneider Electric creates ever greater value to its customers and the environment.

Successfully navigating these challenges will offer Schneider Electric considerable competitive advantages. A proactive response to emerging requirements and a commitment to innovation enhances Schneider Electric's market positioning as a leader in sustainable and high-quality solutions.

1.3 Product, project, system quality, and offer reliability continued

Risk monitoring and management

The Group launched a specific program called "Quality Reinvention" to continue to strengthen quality for design, manufacturing, supplier, and field tools and processes, and to build "quality" inside of the Company culture. This is extended to all the value chain and leverages process digitization across all entities that have an impact on quality.

This program includes:

- A brand-new proactive Design Quality program called "Design for Safety and Reliability" (DfSR) with the new mandatory Quality Fundamentals for Design domain, to increase safety, robustness, and reliability of new offers; Customer Satisfaction and Quality (CS&Q) function puts a strong focus on stopping any launches that do not comply to quality standards. In addition, roles and responsibilities were better defined and the number of resources focused on design quality has greatly increased.
- Reinforced Quality in Industrialization by adding Quality Fundamentals, based on industry standards, such as Advanced Product Quality Planning from the Automotive Industry Action Group, for prototypes, pre-series, and launch. Roles and responsibilities were redefined, and the resources refocused on industrialization quality will continue to expand. This adoption of the highest applicable standard positions Schneider Electric for even more proactive identification, prioritization, and mitigation of product and process risks. This "zero-defect" and data-driven program aims to ensure products achieve 100% first time right and on-time flawless launches. The resulting safety, robustness, quality and cost optimization strives to exceed customers' expectations.
- Unified all manufacturing quality initiatives, fundamentals, and principles into the Schneider Performance System which focuses and aligns the entire supply chain in the pursuit of built-in-quality. Risks in manufacturing and distribution are systematically captured in a living Potential Failure Mode and Effects process including a Company-wide reduction program which achieved dramatic risk reduction through error proofing and leveraging Schneider's smart factory solutions to ensure quality.
- Significantly strengthened supplier quality processes by benchmarking various industries and adopting rigorous industry standards (i.e., APQP and IATF). CS&Q function strives to secure an ever more robust supplier, parts, and supplies qualification process, and improved performance management with added controls for both prevention and detection. Schneider Electric's supplier partners have received communications regarding the Company's transformation journey to support the improvements with the desired speed.
- Enhanced the efficiency of service and project execution by incorporating risk management and mitigation strategies throughout the entire process, from offer definition to maintenance. Integrated Quality Fundamentals for Project and Service into daily activities to strengthen processes and establish standardization for proactive identification, prioritization, and mitigation of risks. By implementing this approach, the Group seeks to improve safety, robustness, quality, and cost optimization, surpassing customers' expectations while ensuring their safety. Additionally, this will help establish consistent standards across the Company.

To ensure that the culture of quality supports efforts being made, three main changes have been introduced: 1) Quality became part of Schneider Electric's Code of Conduct, the Trust Charter, to ensure that everyone understands that a quality deviation could become a compliance issue; 2) Quality was added to the Schneider Electric Essentials program reflecting values that anchor the Company's culture; and 3) a Quality Academy has been created to promote learning about quality and non-quality for all employees and to set a new standard of technical know-how of the Quality function.

1.4 Competition laws

Risk description

Schneider Electric has a strong brand and is present in many markets and at many levels of the supply chain worldwide. Competition laws on both national and supranational levels affect all aspects of Schneider Electric's business strategies and day-to-day operations. This includes agreements with partners as well as unilateral market activities and mergers and acquisitions. Any violation of competition law can cause severe consequences for Schneider Electric, and the individuals involved in such activities, including substantial fines and a serious loss of reputation.

In order to ensure compliance with applicable competition laws and regulations, Schneider Electric has implemented a risk based Competition Law Compliance Program that identifies, assesses and addresses competition law risks throughout the business. This three step risk approach is a continuous process. This means that the Competition Law Compliance Program will be developed and updated in response to a number of factors, such as Schneider Electric's market presence and regulatory developments.

In France, further to on-site investigations conducted in 2018 concerning electrical distribution activities in France, Schneider Electric SE, received on July 4, 2022, a statement of objections (notification de griefs) from the French Competition Authority (FCA) alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules.

3.4 Key risks and opportunities

1. Event triggered risks

1.4 Competition laws continued

Schneider Electric strongly disagrees with the allegations of the statement of objections and submitted its response to the FCA on October 4, 2022.

This statement of objections is the first step of an adversarial procedure and is without prejudice to the final assessment that will be made independently by the board (College) of the FCA (cf. p. 502).

Risk monitoring and management

To raise awareness about applicable competition laws and manage areas of risk, Schneider Electric's Competition Law Compliance Program is based on policies, guidelines and procedures, e-learnings and in person trainings, internal controls and audits and an internal reporting and whistleblowing mechanisms.

Schneider Electric published and deployed an updated and enhanced Group Competition Law Policy in 2022. In addition, nine topic specific Competition Law Guidelines were also launched in 2022 including topics related to information exchange, procurement, distribution, e-commerce and mergers and acquisitions.

Both the Group Competition Law Policy and the Competition Law Guidelines have been translated into over 40 languages and are accessible to all employees via Schneider Electric's internal policy platform.

The whistleblowing system of Trust Line for employees and external stakeholders such as suppliers is managed to identify any inappropriate practice or behavior with competitors or business partners that may be reported.

Furthermore, internal controls and internal audit missions continue to be reinforced on compliance risks, including in respect of competition and antitrust risks.

1.5 Corruption linked to B2B and project business

Risk description

The exposure of the Group to corruption risk has been increasing for several years, due to the expansion of the Group's activities in new economies, especially in Asia and Africa, through organic growth, and mergers and acquisitions.

The business model of the Group relies on a large ecosystem of partners, including more than 53,000 suppliers throughout the world representing a procurement volume in excess of €16 billion, and also, resellers and distributors. This ecosystem may represent a risk for the Group, being accountable for activities performed on its behalf, and in regards to potential conflicts of interest or unethical solicitations.

In addition, the Group is participating in complex projects involving a large range of partners in sectors at risk, such as oil and gas, and with end-users from the public sector in countries at risk.

Over the past years, the increase of law enforcement by public authorities, higher press coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the potential impact of corruption risks.

Risk monitoring and management

Schneider Electric has created an Ethics & Compliance department, chaired by a dedicated Chief Compliance Officer, notably in charge of defining an anti-corruption program based on three inseparable pillars.

First, Senior Management sets Schneider Electric's zero tolerance for corruption and promotes a culture of integrity throughout the Group and its operations. In addition, middle management walks the talk by complying with rules, spreading the right message in their teams, and supporting the reporting of misconducts.

Second, a Group-wide Ethics & Compliance risk assessment was carried-out in 2021, creating risk maps for corruption matters at both regional and Group level. Action plans were implemented in 2021 and 2022. In 2023, Schneider Electric established risk maps for newly acquired entities currently being integrated.

Third, the identified risks are managed by means of effective measures and procedures:

- Policies – As stated in our Trust Charter, Schneider Electric's Code of Conduct, and Anti-Corruption Policy, Schneider Electric is committed to comply with all applicable laws and regulations, and applies a zero-tolerance policy towards corruption. Two operational policies complete the set: Gifts & Hospitality Policy and Conflict of Interest Policy.
- Training and awareness – 98.5 % of employees exposed to corruption risks have completed the annual mandatory Anti-corruption e-learning. The content is updated yearly. Schneider Electric also ensures ongoing communication to keep employees informed about updates to the anti-corruption program and highlight high-risk areas.
- Third parties' integrity – Schneider Electric manages the integrity of its stakeholders through different evaluation processes: Business Agents Policy for assessing intermediaries, Third Party Due Diligence Policy for evaluating suppliers and clients, Sponsorship Policy for assessing sponsorship projects, and Philanthropy Policy for evaluating donation opportunities. The Group also have specific rules in place to govern marketing practices. Additionally, compliance-related aspects are thoroughly assessed during mergers and acquisitions, following the specific M&A Compliance framework.
- Specific accounting controls – Schneider Electric has developed accounting control procedures to ensure that books, records, and accounts are not used to hide fraud. Since 2021, work was initiated to strengthen specific anti-corruption controls for a defined set of sensitive-judged accounts and transactions. This effort was fully completed in 2023.

1.5 Corruption linked to B2B and project business continued

- Whistleblowing – A global whistleblowing system, available to employees and external stakeholders, is also managed to combat this risk. In 2023, 1,135 employee and 156 external stakeholder alerts have been received and managed through follow-up inquiries.
- Corrective actions – Deficiencies associated with the implementation of procedures are analyzed to identify their cause and correct them.
- Monitoring and audit – Second-level controls and internal audit missions were reinforced on compliance risks with several audits performed.

1.6 Human rights and safety issues through the value chain

Risk description

The exposure of the Group to human rights and health and safety risks has been increasing for several years, due to the expansion of the Group's activities in countries with lesser regulatory framework regarding human rights. Some specific topics are emerging quite rapidly, for example, as the context (global warming, famine, war, geopolitics etc.) is pushing people to cross borders and to work elsewhere, migrant workers protection is becoming a key topic for companies.

Schneider Electric's procurement volume represents more than €16 billion with more than 53,000 suppliers. As part of the Duty of Vigilance program in the supply chain, Schneider Electric has performed a risk analysis through its network of suppliers and identified potential risks on several topics including human rights and health and safety.

The occurrence of these risks with third parties may result in the following impacts on Schneider Electric:

Reputation

Schneider Electric's image may be negatively impacted by third parties who:

- Do not respect human rights or safety rules for their workers; and/or
- Are conducting business in a non-compliant or illegal manner.

Disruption of supply chain

It may occur due to:

- Short-term termination of relations with a supplier; and/or
- Events resulting from a lack of safety or insufficient protective measures (e.g., fire prevention) that may affect the supply of components.

Legal

Over the past two years, laws regarding human rights protection, such as modern slavery matters in Australia, the European Union's new framework on restrictive measures against serious human rights violations and abuses, or the German Supply Chain Act, have increased. Higher coverage of fines imposed on companies, and new regulations requiring a strong compliance program have significantly changed the impact of human rights and health and safety violations risks.

Schneider Electric expects that the exposure will continue to grow, in reference to the current drafting of a Duty of Vigilance directive at European level, as well as the European Action Plan on Human Rights and Democracy 2020-2024, which sets out ambitions and priorities for the next five years in this field.

In addition, the current discussions on human rights due diligence framework at United Nations level, supported by the Global Compact that Schneider Electric is part of, will certainly increase the pressure on the private sector to tackle human rights challenges in the supply chain.

2023 specific events

In 2023, out of the cases that were opened regarding noncompliance to the French DoV, two were completed and one company was ordered by the Paris judicial court to strenghten its risk analysis and its measurement monitoring system. This confirms that the raising expectations towards multinationals vigilance are to be taken seriously. Up to the date of publication of this document, 5 other cases are in litigation with court decisions expected in 2024. These cases concern freedom of association, social and environmental rights, or human rights violations.

As regards the Corporate Sustainability Due Diligence Directive, the European Commission is still in the trilogue process in view of adopting a text for a European Directive.

The text should be close to the French DoV law and would cover Schneider Electric's operations and supply chain (potentially Tier 2 suppliers and above). Regarding the current draft of this Directive, approximately 20,000 companies based in Europe should be concerned; in comparison, more than 300 companies are concerned by the French DoV.

3.4 Key risks and opportunities

1. Event triggered risks

1.6 Human rights and safety issues through the value chain continued

Risk monitoring and management

Human rights are part of the Ethics & Compliance program which is managed by the Ethics & Compliance Committee and the Legal and Corporate Citizenship departments. More specifically, human rights are managed by the Corporate Citizenship department with the support of the Ethics & Compliance Committee in regards to risk identification through risk assessment as well as risk detection, with the whistleblowing system available for employees and for external stakeholders.

Suppliers are selected according to the "Schneider Electric Supplier Quality Management" system, which includes sustainable development criteria weighing 15% of the total evaluation of a supplier. These criteria include human rights and health and safety topics.

In 2019, Schneider Electric organized the Global Suppliers Day. During this day, the Trust Charter was introduced to suppliers.

As part of the Group's five-year objective for 2021 – 2025, strategic suppliers are requested to submit themselves to an ISO 26000 evaluation. Consistent with a continuous improvement effort, these suppliers have achieved on average a +6.3 points increase between 2018 and 2020 and a +1.6 points increase both in 2022 and 2023, ending 2023 with 61.9 points as result.

Schneider Electric has built a supplier vigilance plan in which risky suppliers are identified using criteria that take into account the geographical location of the supplier, the technologies, and the processes used. An audit plan is then built to perform either on-site supplier audits or remote self-assessments. When non-conformances are identified, corrective actions are deployed.

The suppliers are then re-audited to verify that the actions have remediated the non-conformances. In 2023, in the scope of 2021 – 2025 Schneider Sustainability Essentials (SSE) objective #17 "4,000 suppliers assessed under our 'Vigilance Program'", the Group conducted 212 on-site audits and 953 remote self-assessments. At the end of 2023, 97% of non-conformances from 2022 have been closed, and 36% of 2023 non conformances. The supplier vigilance plan also includes an internal training program for Schneider Electric Procurement teams and workshops with suppliers. The Group has also defined, in 2022, a specific program with the objective to ensure that 100% of Schneider Electric's strategic suppliers provide decent work to their employees, in the scope of Schneider Sustainability Impact (SSI) indicator #6. By end of 2023 over 168 suppliers were classified as conforming to the stage 1 requirements of the program. In addition to the Vigilance and Decent Work Programs, Schneider Electric is also developing a program to strive towards more social excellence in its supply chain, experimenting other means to go further and expand its coverage beyond tier 1 suppliers.

1.7 Counterparty risk

Risk description

The Group has a particularly wide international presence (more than 100 countries), with revenue almost equally spread across the four regions (Asia Pacific, Western Europe, North America, Rest of the World), and 39% of the revenue generated in new economies.

The Group is therefore facing multiple counterparty risks, as any economic downturn could lead to local liquidity issues with consequences in terms of cash collection and delay of payments from the customers, affecting adversely the Group's cash conversion rate.

The Group is also exposed to counterparty risks coming from financial operation with financial institutions. It includes activities such as deposits and asset management and transactions implying flows in future value dates.

As of December 31, 2023, and considering the total scope for the Group, 19,9% of trade receivables were overdue (1,308M€), out of which 486M€ were overdue by more than three months (37% of total overdues or 7,4% of trade receivables). (refer to Note 3 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 473).

Risk monitoring and management

Financial transactions are entered into with carefully selected counterparties and adapted terms and conditions are included in contracts with customers. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency. Group policy consists of diversifying counterparty risks and ensuring we act within the legal and compliance framework set up by the Group.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees (letters of credit and bank guarantees) to limit the risk of losses on trade accounts receivable.

As of December 31, 2023, the amount of the provision for receivables impairment is EUR 373 million (as described in Note 16 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 485).

1.8 Currency exchange risk

Description of risk of fluctuation of exchange rates

The Group's international operations and the particularly wide international presence expose it to the risk of fluctuation of exchange rates.

Fluctuations in exchange rates between the reporting currencies of the Group entities and the currencies of transactions can have an impact on the Group's results and distort year-on-year performance comparisons. The same applies to the fluctuations between euro and the reporting currencies, in a more significant proportion.

The main exposure of the Group in terms of currency exchange risks is related to the US dollar, Chinese yuan, and currencies linked to the US dollar.

In 2023, revenue in foreign currencies amounted EUR 29.2 billion, including around EUR 11.2 billion in US dollars and EUR 4.5 billion in Chinese yuan.

The Group estimates that in the current structure of its operations, a 10% appreciation of the euro compared to the US dollar would have a translation effect of around minus EUR 193 million on adjusted EBITA.

The result of exchange gains and losses of 2023 amounts to EUR -50 million, excluding hyperinflation impact. (as described in Note 7 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 475).

Monitoring and management of the risk of fluctuations in exchange rates

The Group manages its exposure to transactional currency risk to reduce the sensitivity of earnings to changes in exchange rates. Receivables and payables of the Group's subsidiaries denominated in currency other than their functional currency are hedged primarily by means of rebalancing assets and liabilities per currency (natural hedge).

More than 20 currencies are involved, with the US dollar, the Chinese yuan, Japanese yen, the Singapore dollar, Mexican peso, and the British sterling representing the most significant sources of those risk.

Depending on market conditions, risks in the main currencies may be hedged based on cash flow forecasting using contracts that expire in 12 months or less. The Group is also carefully monitoring the exchange rate evolutions in countries with high inflation situation and where it has a presence.

The financial instruments used to hedge exposure to fluctuations in exchange rates are described in Note 23 in "Notes to the consolidated financial statements", section 5 of Chapter 5, page 499.

Description of risk of deliverability of currencies

The Group has a particularly wide international presence (more than 100 countries), which consists in purchasing and selling, intragroup and outside group, goods and services in various currencies.

The Group is therefore facing the risk that the currencies of purchasing and selling are the subject of interdictions or restrictions linked to geopolitical contexts, access to foreign currencies, currency control, or other reasons. The Group estimates that in the current structure of its operations, such limitations and interdictions might arise from some countries with emerging economies.

Monitoring and management of the risk of deliverability in currencies

The Group policy consists in the diversification enabled by the widespread geographical presence and follow up of such risk to reduce it, when needed, through repatriation of cash exposed.

3.4 Key risks and opportunities

2. Trend driven risks

2.1 Technology evolutions (Generative AI)

Risk description

In recent years, technology evolutions, particularly the fast advancement of AI and Generative AI (GenAI) is an emerging risk for Schneider Electric, potentially posing significant impact both on offer vs customer expectations and on internal processes and tools. Lack of integration of AI technologies into Schneider Electric's internal and external offerings can put the Group at a disadvantage in the market, hindering its ability to stay competitive.

As AI systems become more sophisticated, there is a need to ensure that they are designed and deployed responsibly, respecting privacy, fairness, transparency, and accountability. Failure to address these risks could result in reputational damage, financial liability, regulatory and compliance challenges, and legal consequences for Schneider Electric at any point.

AI technologies are likely to have a significant impact on talent and workforce, causing a shift in job roles and skills, and therefore necessitating investment in upskilling and reskilling, and potentially new talent. Schneider Electric needs to proactively plan for and transform its workforce and ensure that employees are equipped with the necessary skills to work alongside AI systems in the long run.

Conversely, leveraging AI and machine learning to enhance employees' productivity as well as enhance products, services, and customer experiences can help Schneider Electric gain business advantages.

Risk monitoring and management

Schneider Electric is striving for mastery on highest impact technology by adopting technology advancements (AI). Implementing AI responsibly means operationalizing a systematic approach to assess risks for all AI / GenAI solutions, services, and products; conducting impact and maintenance assessments on an ongoing basis.

To address opportunities in AI, Schneider Electric launched the AI Hub well before GenAI accelerated and scaled the advancements in this space. The Company also conducted an opportunity study to determine the most impactful GenAI application opportunities and use cases across its 15 functions with the support of more than 200 internal and external stakeholders. Looking across all functions, more than 200 potential use cases were identified and then prioritized for short-term and mid-term implementation. The first applications have already started to increase internal productivity and enhance our offers. Most of them support the core mission of the Company and making a positive impact on the planet by equipping our customers and partners for their sustainability journey.

2.2 Operational disruption due to global political and economic disruptions

Risk description

Stable trade is beneficial for economic growth. Trends of increased mercantilism is leading towards possibly long-term regionalization of trade around the United States, China, Russia, Europe, and India poles. Regionalized, rather than globally balanced government regulations and policies on digitization, circularity, carbon, supply chain management, and others could handicap Schneider's offer development efficiency. This may force the Group to make significant operational adjustments, such as duplicating efforts to comply with regional requirements, resulting in negative impacts on the Group's profitability. Besides the trade regionalization trend, technology decoupling, specifically between the United States and China, has been observed through increased regulations.

In addition to the global trends above, the Group acknowledges upcoming potential challenges caused by a lingering energy crisis and monetary tightening, negatively impacting economic activities across the world. It will result, to a degree to be determined, in heightened social, political, and economic risks.

As a global company operating in more than 100 countries, Schneider is increasingly impacted by this acceleration of regional (vs. global) trade and new technology policies are putting pressure on supply chains in the forms of both tariff and non-tariff barriers.

Additionally, the increase of armed conflict and potential related consequences, such as employee security in impacted geographies, sanctions compliance, national security regulations, sourcing, and others, is another example of challenges the Group is facing.

As such, trade wars and sanctions compliance could disrupt Schneider Electric's operations and global supply chain. The above-mentioned combination of both nationally orientated tariff and non-tariff burden could increase the cost to market and potentially adversely impact Group profitability. It also increases quality risks as the Group could be forced to work with new suppliers.

2.2 Operational disruption due to global political and economic disruptions
continued

Risk monitoring and management

To mitigate the risk on supply chain efficiencies, tariff impacts, and sanctions compliance, Schneider Electric has implemented a multi-hub organization. The Group has R&D and supply chain activities, suppliers, and commercial networks in the main international hubs, which are North America, Europe, India, and China. In this multi-local context, Schneider Electric can rebalance its activities across geographies. A strong focus is given to duplicating active R&D, factories, and suppliers in different hubs through a global orchestration, in order to be resilient and flexible when needed.

This setup has proved pertinent as the Group has demonstrated a solid resilience over the past years' crises, from the COVID-19 pandemic in 2020 to the armed conflict in Ukraine in 2022, and the increased decoupling between the United States and China over the last years.

Schneider Electric uses prospective scenarios planning, focusing on geopolitics and trade. While the pace of external changes continues at a historically unprecedented scale regionally, global teams are working across stakeholders from Business Units, Regional Operations, and Transversal Functions (i.e., Finance, Supply Chain, Legal, Marketing, R&D, HR).

2.3 New competitive landscape and business models in energy

Risk description

The energy industry is undergoing major transformations and disruptions driven by the following main trends:

- A net-zero world: Pressure on climate change and sustainability call for a change in business practices;
- Resource scarcity and resource security: Increased demand for energy efficiency solutions with necessary acceleration for agility, resilience, transformation, circular and shared economy, and the creation of new business models;
- An All Digital world: Increasing influence of digital giants and software players;
- A value chain disruption when it comes to marketplace: more products are being purchased via online marketplaces. While this is currently primarily transactional home electrification products (such as smart thermostats) it will inevitably expand to more expensive and complex products (such as EVSE, storage, and smart panels);
- An All Electric world: Oil majors urged to reduce their impacts on carbon emissions; and
- Shift towards decentralized energy production: Fueled by the advancements in technology that have made renewable energy systems more accessible and cost-effective, the growing Prosumer market has witnessed significant developments in the past years.

In this context, Schneider Electric's competition landscape is evolving, and the Group can now see:

- On one hand, some digital giants, software players, or large companies such as energy majors positioning themselves – directly or indirectly – as providers of energy efficiency, which may compete with the digital services Value Propositions currently developed by the Group; and
- On the other hand, more local experts adopted by local markets eager to interact with agnostic solutions and interconnect seamlessly with other players.

The described environment constitutes both a risk and an opportunity to the Group. Schneider Electric is at the forefront of the move to electrification and decarbonization, meeting the changing needs of the market. With its unique position and expertize, Schneider can facilitate the transition to decentralized energy production and support Prosumers in maximizing energy efficiency and optimizing grid interactions. As such, shifting market expectations and competitive landscape can impact the Group performance significantly.

Risk monitoring and management

To anticipate these changes in the competitive landscape, the Group is communicating more widely its values and positioning on climate change and sustainability.

Schneider Electric provides a full portfolio of solutions for customers (hardware and software) – as EcoStruxure™ solutions – and energy and automation digital solutions for efficiency and sustainability. This includes the recent launch of Schneider Home Offer which builds on the Group' significant Residential buildings market share and access to offer electric vehicle (EV) charging, Battery and Solar Invertor Hardware working as a system that includes a Smart Electrical Panel for Prosumers.

Additionally, the Group is keen to integrate the best experts or local players in an open architecture with agnostic solutions, to offer a flexible and scalable solution and ensure the best value for users. Over the past two years, Schneider Electric has assembled a unique portfolio of software companies that are leading the Prosumer transformation journey. These companies are core to the Prosumer business strategy which delivers value to residential, commercial and industrial, as well as utility costumers. These companies are accelerating via the strong established access and global presence of the Group, while also contributing to the rest of Schneider Electric's businesses as new go-to-markets, enriching offerings in the eMobility space for commercial and industrial customers, as well as new and enhanced value propositions for consumers and the residential segment.

3.4 Key risks and opportunities

2. Trend driven risks

2.4 Supply chain resilience

Risk description

The Group is exposed to supply chain dependency and business continuity risk.

Since the onset of the COVID-19 pandemic, constrained labor availability, global shortages of raw materials, and unreliable transportation have challenged suppliers and put pressure on global and regional supply chains across industries. Due to market dynamics, these constraints are still taking time to abate, particularly in electronic components such as semiconductors.

Schneider Electric has over 200 industrial and logistics sites globally and is exposed to the physical effects of climate change in the form of more frequent and severe acute weather events. This can result in damage to assets, disruption to business operations, and human consequences. Extreme weather events do not only threaten Schneider Electric's assets and properties but also the overall supply chain. Shortages or logistic bottlenecks in the upstream and downstream supply chain can translate directly into revenue losses, increased costs, and increased working capital requirements. Delays in production and delivery can impact customer experience.

Risk monitoring and management

The Group's supply chain strategy team is responding to the global supply chain crisis to ensure supply chain flexibility and resilience is continually improved.

The Group is working closely with its suppliers and research and development teams to qualify alternate components to support increased demand and improve continuity of supply. Components have been mapped according to risk and business impact. As of end 2023, component mapping is reaching 73% of global revenue. According to internal processes, all medium and high business risks components are having a containment plan. As of Q4 2023, 77% of electronic ranges related risks and 60% of electromechanical ranges related risk stand mitigated with a mix of strategic safety stocks and multi-source actions. 78% of critical raw materials have an effective risk mitigation plan, out of which 50% is already fully effective. The resilience three-year plan targeting building a redundant manufacturing network, launched in 2021 and named Power of Two has been significantly increased to cover all critical businesses, 60% is fully operational and most will be live in 2024. As of end 2023, 69% of distribution centers are covered by a logistic back-up powered by flow orchestration through 7 digitized control towers in case of disruption.

Rare earth material supply risk related to potential scarcity in the market has been fully assessed and is taken as a data entry in the design roadmap. On top, strategic partnership with key suppliers have been reinforced through long-term agreements and C-Level connection, with a particular focus on electronic semiconductor players. A procurement and planning hub was established in Singapore to manage a direct supply of critical material sources and manage strategic stocks, demand, and supply. As of 2023 this supply chain hub deployment is focused on active electronics and copper cathods, and will ramp up in 2024.

Energy supply risks in Europe have been assessed and business continuity plans have been anticipated on critical factories and suppliers, while we accelerate the move towards net-zero carbon sites and suppliers.

China dependency is continuously reducing through our plans to produce and source 90% of what we sell in the same region. This ratio reached 82% in 2023 and following our plans to progress 1 to 2 points per year over the coming five years. While Taiwan dependency remains high on electronics rank 3 supplies, China–Taiwan tensions triggered more focus and acceleration on reducing dependency although this will be a multi-year roadmap embedded into source resilience containment plans.

Leveraging its network of 153 factories and 79 distribution centers globally, and network of seven control towers (in each region), the Group is able to monitor global transport reliability, labor availability, and overall market dynamics in real time, adjusting lead times as necessary, while enacting mitigating actions to ensure lead times are as short as possible. All strategic distribution centers will have a ready-to-deliver backup logistic center; as of today business coverage is 71%. Sites prevention plans including cybersecurity practices are fully deployed and monitored centrally.

Teams are empowered to proactively communicate with customers to continue to support them and their operations.

2.5 Evolution of software and digital services offers

Risk description

Schneider Electric has a strong installed base of IoT devices and connected products. Over the past years, the Group has been increasingly focused on building and selling software and digital offerings that help drive a prescription of offers, and help end-users best utilize offers. In doing so, the Group helps users decarbonize, reduce energy consumption, increase resiliency, and optimize occupancy effort. The whole range of software offering is contained across the Divisions. It primarily consists of acquired hardware agnostic software and also includes a range of advisors and edge control products. The Group is also establishing a range of digital services that are designed to support its end-users and partners with added value such as data as a service, analytics, and cybersecurity.

Major transformation in several areas is impacting the markets in which Schneider Electric operates, including the digitization of the energy industry. In the age of IoT, customers expect ever smarter products with open interfaces enabling them to be tightly integrated into more and more complex software-based solutions and benefit from new services leveraging artificial intelligence (AI) and advanced algorithms.

The Group is investing in its digital transformation journey and as such is increasing the share of its digital offers. The software and digital services portfolio continues its growth. Schneider Electric is focusing on offering more digital services, generating more recurring revenues, and increasing customer retention.

For the Group and its competitors, the market is still fairly new and poses a risk of being partially misunderstood. The needs of the market are still being defined and are rapidly evolving. As a result, while the end goals are fairly clear (e.g., decarbonization), more precise end-user needs are less well-defined; in many cases because the end-users themselves are still maturing their needs.

Consequently, the risk for the Group is double:

- Long-term potential misalignment with end-users needs; and
- Integration of already existing offers, solutions, and roadmaps into a comprehensive and customer-relevant portfolio.

Besides the digital offer readiness risks, and as a direct extension, the Group must also pay attention to:

- Challenges in commercialization and selling (cross-selling, simplified offer for effective selling, etc.); and
- Churn prevention.

There are several risk factors that are particularly relevant to the Group's agnostic software portfolio, which represents the majority of the software and digital services portfolio in terms of revenue.

These include:

- The ability to attract and retain employees in the global software market, which is very competitive;
- Risks related to a shift towards a SaaS subscription model, including product and portfolio readiness, cloud strategy, and capabilities;
- The ability to align the software portfolio, which generates a significant proportion of revenue from the energy sector, with emerging energy trends; and
- Product and cybersecurity.

Risk monitoring and management

Schneider Electric is continuously performing strategic efforts and analysis across its multiple Divisions to better understand the near-term and long-term end-users' needs. Additionally, the transversal communication and collaboration has been dramatically improved. The Group has been focusing on how it leverages existing efforts and platforms to create common approaches and prevent overlaps in offers and solutions. It will focus on this path of continuous improvement, always striving to have a more focused set of offers with less overlap in functionality and more clear value propositions that are therefore easier to differentiate, understand, and sell.

The Group has also launched several initiatives including, but not limited to:

- Creation of a new organization dedicated to the growth of digital services with a clear ambition to leverage a robust strategy, a structured offer portfolio, and a segment market approach. One of the key activities is the launch of an assessment of shared services provided by AVEVA to other software companies;
- Monetizing critical connected assets with advanced Advisor offer through installed base, using AI and algorithms;
- Definition of a consistent connectivity path for partners and direct go-to-market;
- Acceleration of the attachment of digital services from CapEx to OpEx business;
- Animating a business platform (Exchange) to guide expert and local players; and
- Proposing an agnostic solution within a large software portfolio and integrating open standards.

3.4 Key risks and opportunities

2. Trend driven risks

2.6 Attracting and developing talent with a focus on critical skills

Risk description

The growth of the Group's businesses in markets around the world, the digital transformation, and the rapidly evolving context of the "next normal" requires an increased focus on talent. Shaping the workforce of the future depends on the Group's ability to attract, hire, onboard, develop, and retain the best talent. Critical skills, especially in the areas of technologies, software, services, sustainability, supply chain, quality, and electronics must be prioritized. Workforce diversity, equity, and inclusion – especially gender, generation, and nationality/ethnicity – also needs to be a priority to ensure equal opportunities for everyone, everywhere.

Competition for attracting and recruiting talent in a tight labor market is intense, and the challenge is amplified for critical digital and technical skill sets in key markets. Accelerating skill development (upskilling and reskilling) of employees and the development of leaders who can lead transformation and build human connections in a digital world is also necessary to reduce the risk of skill gaps and bring greater organizational agility.

Beyond core programs and initiatives, there is a big focus on the overall sense of purpose, culture, and way of working for employees.

Simultaneously, by implementing the appropriate policies and programs, the Group can foster a culture of innovation and expertise, enhance its reputation as an employer of choice and a leader in nurturing essential skills within its workforce, and ultimately gain a competitive edge in the market.

Risk monitoring and management

The Group has a number of initiatives and programs in place to mitigate these risks, anchored in the Group's people strategy, at the heart of which is the Employee Value Proposition, Core Values, and Leadership Expectations. Schneider's approach focuses on the end-to-end talent pipeline from hiring to rewarding to developing for all employees as well as critical talent segments from a workforce size, quality, diversity, and velocity perspective. This systematic approach allows for data-driven monitoring of key gaps and risks. Supporting initiatives and programs include:

- Annual performance and development goal setting and reviews, as well as talent reviews – culminating in year-end reviews of pipeline, succession, diversity, and skills by each entity with the CEO and Chief Human Resources Officer. On an ongoing basis, a global pool of high-potential and expert talents at all levels in the organization, is reviewed and managed in context of development and succession. Overall health of the talent attraction and development strategy, leadership pipeline, as well as succession of key people and positions is reviewed monthly with the Executive Committee.
- There is an enterprise focus on accelerating the early-career pipeline by twofold including internships, trainees, apprenticeships, and fresh graduates. Countries (top 10) all have next generation campus partnerships and recruitment programs. Additionally, the Schneider Global Student Experience and the Schneider Go Green annual competition each year attracts thousands of university talents who become part of the Schneider talent community on an ongoing basis.

Additional programmatic initiatives to attract, develop, and engage our key talents include:

- Investing in a new talent acquisition and candidate relationship management platform to manage prospective talents and the hiring processes, providing a seamless digital experience and enabling the Group to compete in the market for top talent. To date, 49 countries are using the system with most of the remaining countries joining by 2025;
- A 50/40/30 ambition towards gender: 50% of women in hiring, 40% in frontline management, and 30% in leadership (Vice President and above);
- Policies for family leave, pay equity, and flexible "new ways of working", supplemented with a strong program of activities to accelerate the diversity, equity, and inclusion agenda and focus on employee well-being, especially mental health;
- Competitive reward and benefits practices to meet local market needs and attract and retain key talents. This includes Schneider's Worldwide Employee Share Ownership Plan (WESOP) allowing ~80% of all employees to share collectively in the Company's success while building a stable and sustainable share owner group in the long-run;
- An operating model with ~30 hubs enabling customer proximity, innovation, speed, collaboration, and diversity of talent opportunities;

2.6 Attracting and developing talent with a focus on critical skills continued

- Career development focus for all employees, leveraging a digital ecosystem powered by AI, Open Talent Market, for internal mobility and anchored within an annual performance and development review and regular meaningful career conversations;
- A revamped "Electrifier" (formerly called Edison) expert program evolved around 4 business streams and articulated around 3 levels of expertise: Electrifier, Senior Electrifier and Fellow Electrifier designed with the objective of bolstering the core of our business, while pioneering advancements on Electricity 4.0, Industry 4.0 and our Sustainability solutions;
- Targeted career development programs supporting employees at all stages of their career: from fresh graduates to senior talent, ensuring a strong pipeline of talent for the future and harnessing the power of all generations. Senior talent program recognizes the contributions of this segment while empowering them to design their next career stage through new contractual opportunities, upskilling, knowledge sharing, mentoring, and coaching among other options;
- Upskilling for today and tomorrow with a strong focus on digital skills, technical skills, commercial excellence, and functional expertise, led by global learning academies of experts;
- A collective focus for leaders to disrupt, coach, and collaborate in order to transform culture and build great teams; includes clear criteria for leadership impact and selection/promotion based on skills, experiences, and behaviors; and
- Continuous listening strategy to seek feedback from employees throughout their employment lifecycle.

2.7 Failure to achieve our long-term sustainability commitments and comply with regulatory requirements

Risk description

Schneider Electric has set ambitious sustainability commitments translated into concrete targets in the Schneider Sustainability Impacts (SSI) and Schneider Sustainability Essentials (SSE) programs and the Group Net-Zero commitment. At the same time, the Group is facing stronger pressure on environmental, social and governance (ESG) performance and transparency from regulators, investors, and customers.

Business expectations regarding sustainability are evolving fast, requiring rapid and significant transformation of our value proposition and sustainability practice across our operations and geographies. As regulations tackling ESG develop, the Group could see market disruptions in geographies where it operates as well as where its supply chain is located.

Failure to lead sustainability best practices could end in an inability to meet customer and regulatory requirements, resulting in a loss of competitiveness, distrust on the part of stakeholders, and a loss of attractivity to investors, customers, or new talents.

As an Impact company with sustainability at its core, falling short on its sustainability commitments, and especially on its Net-Zero commitment, or conveying misleading environmental claims on its sustainability progress and products would expose the Group to greenwashing accusations with potential brand reputational impacts.

Conversely, achieving ambitious sustainability commitments would give Schneider Electric higher credibility and attractivity to its stakeholders. Thanks to the SSI disruptive and virtuous process of continuous improvement, the Group is mitigating its risks, and innovation and transformation is ensuring business opportunities as the need for digital solutions is growing.

Risk monitoring and management

Schneider's sustainability commitments are designed to involve all stakeholders. Internally, a clear governance is in place from Board to operational levels to monitor performance, ensure compliance, and progress.

SSI performance is embedded in managers' and leaders' short-term incentives, and ESG performance in four external ratings linked to attribution of Performance Shares for leaders (Schneider Sustainability External and Relative Index, SSERI). Suppliers' progress in decarbonization, resource management, and decent work practices are also included in the Group's targets.

Finally, Schneider is committed to communicating its sustainability commitments performance frequently and transparently to its investors, along with its quarterly financial results.

3.4 Key risks and opportunities

2. Trend driven risks

2.8 Business disruption due to environment-related risks

Risk description

The risk of business discontinuity can arise from multiple vectors influenced by climate change trends.

Physical climate risks have the potential to cause:

- **Losses and damages to Schneider Electric operations and enabling infrastructures.** Schneider Electric has over 200 industrial and logistics sites globally and is exposed to the physical effects of climate change in the form of more frequent and severe acute weather events, as well as impacts from chronic environmental changes like average temperature increase or sea level rise. This could result in damage to assets, disruption to business operations, and human and environmental consequences.
- **Business disruption due to logistics bottlenecks.** Physical climate risk may threaten business continuity not only on Schneider's premises, but for all players in the value chain (from raw material extraction and transformation to transportation hubs and distribution centers) requiring a systemic approach towards climate adaptation.
- **Cost increase, risks of scarcity, and insecurity of raw materials supply.** Global mega-trends of electrification and decarbonization, are increasing drastically the demand for specific raw materials, adding volatility on the markets of materials used to manufacture electrical equipment.

Schneider Electric is uniquely positioned to seize opportunities from the growing demand for greener, low-carbon products and services, and to help its suppliers and customers in their decarbonization journey. The Group promotes a three-step approach with its ecosystem: strategize, digitize, and decarbonize.

Risk monitoring and management

Schneider Electric, like many other companies, faces these risks and proactively address them to ensure the continuity of its operations, while committing to continuously reduce its environmental impacts.

Losses and damages on Schneider Electric operations and enabling infrastructures:

- Schneider places dependency analysis at the heart of its risk management and has performed a forward-looking climate risk and vulnerability assessment with Risilience to identify and price the materiality of physical and transition climate risks that may affect its own operations and sites, its extended value chain, and overall economic activities in the short-term, medium-term, and long-term.
- The Group has developed a scenario-based analysis of climate physical and transition risks, applying climate-related risk scenarios entailing different emission pathways between 1.5°C and >4°C temperature rise by 2100, with a digital-twin of the Company including financial projection, market breakdown, supply chain, and carbon footprint to quantify financially the physical and transition risks for the Group. Five emissions pathways have been considered: SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6, and SSP1-1.9 by 2025, 2030, and 2050.
- Schneider assessed exposure to and financial impacts arising from eight different natural hazards. On its operations, the analysis includes 338 sites ranging from factories and distribution centers to offices. The impact from extreme weather events on business activities considered in the study is not limited to on-site potential damages but includes as well the risks on enabling activities like transportation and infrastructure failures or power plant offline.
- On a longer time scale, the impact from chronic physical risks is not limited to Schneider assets but covers the reduction of employees' productivity, the increase of air conditioning loads in buildings, and overheating in data centers, in addition to the other indirect impacts previously mentioned. Currently, the most disruptive threats faced are drought and water stress. In the future there is likely to be an increase in exposure of our sites to heatwave, drought, and water stress.
- Without adaptation action and in a Paris Agreement (2°C) scenario, the expected aggregated impact to Schneider Electric's discounted cash flows from physical climate-related risks amounts 2.1% over the next 10 years.
- Climate change adaptation consists of several resilience initiatives. The Group's Property Damage and Business Interruption program, aligned with ISO 22301 standard, maps substantive risks on the business and ensures crisis management, from the initial phase following an incident all the way to the recovery of critical activities, leading to preventive investment to secure assets and mitigate material climate risks.
- Climate-related physical risks are part of the on-site assessments made by independent global risk experts (GRC), defining current potential financial impacts as well as the cost of response. All industrial and logistics sites worldwide are evaluated every three years. Risk profiles of each site are thereby updated, and recommendations are made to mitigate and adapt to identified risks. The Group deploys protection measures to mitigate or avoid the risks. The cost of management can be approximated by that of insurance plans. The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around €28 million in 2023.

2.8 Business disruption due to environment-related risks continued

Business disruption due to logistics bottlenecks:

- Schneider Electric monitor events across 10,000 logistics nodes (such as ports and critical supplier locations) to shorten reaction time should events occur, and thereby minimize business impact. In addition, an analysis of criticality of industrial sites is performed by independent experts, covering areas including interdependency analyses, alternative supply, and time to recover in case of damage.
- At present, the impact of natural hazards is not material to the Group's financial statements. Indeed, the magnitude of impact, whether on physical or supply chain risks, is considered "medium to low", and likelihood "as likely as not", however the Group is proactively monitoring this risk.
- The Group's Supply Chain uses a resiliency index that includes natural and climate-related hazards to assess and mitigate business interruption risks. To mitigate and adapt to these risks, the Group launched the "Power of Two in Manufacturing", a project to bolster greater supply chain resiliency. The project aims at ensuring that no product is manufactured in a single location, or with only one supplier for any critical parts or components. By doing so, the Group can dual-source critical components from partners in different geographies to help ensure availability regardless of business disruptions that may occur, such as natural disasters. Read more about "Power of Two in Manufacturing" page 348.

Cost increase, risks of scarcity and insecurity of raw materials supply:

- In the forward-looking climate risk and vulnerability assessment, Schneider assessed the impact of natural hazards on five raw material streams to determine the share of procurement spending in those five raw material streams, supplied from countries that are highly exposed to natural hazards. Out of all hazards, Schneider's analyzed upward value chain is mostly exposed to hurricanes, with 34% to 55% of its spendings in those five raw material streams sourced from countries at high risk of facing hurricanes.
- The Group's supply chain strategy team is responding to the global supply chain crisis to ensure supply chain flexibility and resilience is continually improved. The Group approaches the access to resources at different time horizons, to ensure supply resilience both now and in the future. The Group is:
  - Building short term resilience in securing supply and protecting operations against price volatility with real time alerts to notify and activate action plans;
  - De-risking its portfolio with technological solutions and circular business models;
  - Shaping the future with long-term material resilience and sustainability with disruptive actions.
- To address uncertainty in long-term resource disruption, Schneider has added resource parameters in product EcoDesign and defined substitution strategies for critical resources. R&D actions are in place, focusing on materials with main strategic functions, accompanied by communication channels to escalate and alert.

3.4 Key risks and opportunities

3. Management practice risks

3.1 Inappropriate Data Management

Risk description

The last decades have seen a sharp increase in globalization trends coupled with an acceleration of digital transformation. The importance of the data economy as an enabler for wealth and progress has been acknowledged by many governments, citizens, and enterprises, hence adequate data management becomes essential.

Inappropriate data management poses tangible risks. Firstly, it can lead to breaches in data security and privacy, potentially exposing sensitive company and customer information to unauthorized parties. This could result in reputational damage, legal consequences, and financial losses. Furthermore, poor data management may hinder the company's ability to comply with data protection regulations such as GDPR, leading to regulatory penalties and compliance issues. The number of related regulations are increasing aiming at restricting either the flow of certain categories of data and/or their localization, and while referred to with different nomenclature such as Data Sovereignty, Data Localization, and Data Residency, they are for all intents and purposes data protectionist laws.

Secondly, inadequate data management can impede effective decision-making and business operations. Without proper organization, storage, and access to data, employees may struggle to retrieve accurate information in a timely manner, leading to inefficiencies and errors in decision-making processes. This can impact various aspects of the company's functions, from product development and supply chain management to customer service and financial planning.

Finally, inappropriate data management may hinder innovation and digital transformation initiatives within Schneider Electric. Data is a valuable asset that can be leveraged for insights, product development, and process optimization. If data is not managed effectively, it can impede the company's ability to harness the full potential of data-driven technologies such as IoT, AI, and advanced analytics. This aspect is exacerbated by a lack of technology players that would be able to respond globally to such challenges and by the unavoidable inconsistency of regulations across different jurisdictions, however, the latter is not specific to just data residency regulations.

Adequate management of the risks outlined above, presents potential opportunities the Group is looking to pursue, as outlined below:

- Given the global nature of Schneider Electric's operations, ensuring proper data management is crucial to maintaining trust with customers and stakeholders;
- Ensuring that data is managed appropriately is essential for maintaining operational excellence and driving business performance;
- By implementing robust data management practices, Schneider Electric can better position itself to drive innovation, improve operational efficiency, and deliver superior value to its customers and partners.

Risk monitoring and management

Schneider Electric has established an "early warning system" that monitors emerging digital policies bearing a potential impact to the Company; each regulation (policy) is qualified with a flashcard highlighting its type (e.g., data, digital, electronic), characteristics (e.g., jurisdiction, scope, type of controls), and high-level impact. All the policies are followed in their approval trajectory and close to the enforcement date the necessary small and medium-sized enterprises (SMEs) are called upon to start to translate the legislation requirements into internal policy, procedures, and internal controls (KICs) to be implemented and operated in the relevant geographies and functions.

To support this system, the Company leverages a network of Data Offices in each jurisdiction, practice or function, that governs the full range of data-related activities ensuring data excellence, security, and scalability. These functions are equipped with specialist resources focusing on the adherence of Schneider Data Golden rules and include a focus on data risk and security. To monitor performance and impact, maturity assessments are performed regularly.

Specific to the data residency laws, attention is dedicated to the analysis of the internal and external data flows that are crossing the borders of the in-scope countries in terms of their payload, their purposes, and their security (commonly known as Transfer Impact Analysis), which informs a technological decision on whether to localize processing application and/or data storage facilities.

Frequently, a description of the flows is also required by the regulator as part of a formal approval process to export data, along with an obligation to monitor the changes that could potentially affect the flows and their integrity (e.g., data breach). Schneider has capitalized on the experience built in responding to substantial regulations such as GDPR in the European Union, and has successfully leveraged set capabilities, like process registry, in recent instances of data residency such as PIPL in China.

Finally, and specifically to digital assets, independent assurance checks are performed to identify correct adherence to data protection and relevant regulations. This is in line with privacy regulations and includes in certain high risk cases the execution and delivery of a Data Privacy Impact assessment.

3.2 IT systems management

Risk description

The Group operates either directly or through service providers, a wide range of highly complex information systems, including servers, networks, data repositories, applications (to include software as a service (SaaS)), and databases with three targeted landing zones (on premise, colocation third parties, and in the cloud), that are essential for the efficiency of its sales and manufacturing processes, as well as platforms to enable digital offers such as EcoStruxure™. The Group is deploying various solutions aimed at enhancing commercial experience, employee experience, and supply chain efficiency as well as enabling digital commercial offers.

Significant failure in fulfilment by a service provider or a major network outage, hardware, and/or system failure could adversely affect the quality of service offered by Schneider Electric. In addition, the provision of safe and secure foundational information systems is critical to the ongoing expansion of digital offers and customer interactions. As the Group moves towards more digital offers, services, and software, the variety of legacy systems makes it harder and more complex to evolve and scale.

Despite the Group's policy of establishing governance structures and contingency plans, there can be no assurance that information systems projects will not be subject to technical problems, execution delays, or a third-party outage. While it is difficult to accurately quantify the impact of any such problems, data loss, or delays, they could have an adverse effect on inventory levels, service quality, and, consequently, on the Group's financial results.

Risk monitoring and management

The Group regularly examines alternative solutions to protect against those risks, performs regular compliance checks on service provider and service level agreements, performs system monitoring, and has developed contingency plans and incident response capabilities to mitigate the effects of any information system failure.

The Group undergoes constant evolution and planning pertaining to its information systems, which encompasses, but is not limited to:

- Enterprise Resource Planning (ERP) transformation and the evolution of the Group's financial systems to prepare for digital offers;
- Elimination of legacy IT applications and associated hardware to simplify the landscape and mitigate risks linked to obsolescence; and
- Build and operate regional colocation (third parties) for high availability in an effort to ensure the sustainability of the IT landscape with ongoing focus on business continuity and disaster recovery planning for hardware and software.

All new applications are subject to certification testing, attempting to remove system vulnerabilities. These systems are housed either in data centers (either managed by the Group internally or by service providers), in colocations, or are cloud-based applications.

In 2023, the Group continued to reduce legacy IT applications through a dedicated "Technical Debt Reduction" program.

3.3 Pricing strategy

Risk description

In 2023, the Group saw a normalization of raw material prices, freight rates and supply chain conditions compared to 2022, though overall inflation and foreign exchange rate fluctuation continued to impact the Group's cost base. Such fluctuations, if not offset by tactical pricing decisions in compliance with national and international laws, can negatively impact the Group's profitability. The Group followed suit in overcoming these cost impacts by reacting adequately over the cycle. In addition, our strategic Pricing program contributed to a substantial amount..

Pricing risk is expected to persist in 2024 as the Raw Material Inflation (RMI) trend has slowed down and it may be harder to set prices in proportion to energy and labor inflation.

Risk monitoring and management

To anticipate negative impact on profitability, the Group has reinforced its comprehensive global Pricing program with robust compliance, commercial policy, pricing, and quotation tools.

3.4 Key risks and opportunities

3. Management practice risks

3.4 M&A and integration

Risk description

Mergers and acquisitions (M&A) provide opportunities to enhance Schneider Electric's business portfolio, strengthen its positions in existing businesses, acquire new technologies or expertise, enter new markets, and exit businesses that are no longer core. Successful M&A can drive increased revenue, profitability, cash flow and shareholder value.

M&A and integration also present risks for Schneider Electric. In transaction execution, such risks include, but are not limited to, suboptimal acquisition strategies or flawed selection of acquisition targets, overestimating an acquisition's future performance or potential, overestimating revenue or cost synergies with Schneider Electric, value erosion of acquired businesses post acquisition, paying too high a price for an acquisition or selling a business for too low a price, not identifying or underestimating future losses or liabilities related to M&A transactions, and missing or not adequately assessing important facts in due diligence.

With regards to integration, key risks include, inter alia, higher than expected integration cost, longer than planned integration processes, loss of key people, challenges in integrating different cultures, and difficulties in implementing Schneider Electric's standards in areas such as legal, regulatory, data, cybersecurity and sustainability. If not managed, these risks could lead to negative consequences for the Group, including but not limited to, financial losses or penalties, legal liabilities, and reputational damage.

Risk monitoring and management

Schneider Electric has a detailed strategy process, part of which includes identification and prioritization of acquisition targets as well as identification of businesses to be divested.

During transaction due diligence, Schneider Electric aims to identify and assess M&A and integration risks and uses various means of risk mitigation, including reflection in transaction price, contractual protections, post-closing remedial actions, and detailed integration and separation plans. Where risks are not identified, not adequately assessed, or where risk mitigation measures fall short, consequences can include financial loss, legal costs and penalties, regulatory action, and business and reputational damage for Schneider Electric.

During the due diligence phase, Schneider Electric develops detailed integration plans, which are implemented after transaction closing.

These include the deployment of the Group's Trust Standards: minimum requirements in terms of policies, standards, procedures, processes or guidelines in areas such as Human Resources, Legal, Ethics & Compliance, Cybersecurity, that all Schneider Electric entities must meet. The Group aims for all acquired entities to comply with these Trust Standards requirements within a period of three years following the acquisition. The Trust Standards deployment plan is part of the overall integration plan of each acquisition.

3.5 Insurance

Schneider Electric transfers high severity, low frequency risks to leading insurance companies. The Risk and Insurance department reviews the current pricing and coverage conditions of the external insurance market in implementing the most efficient insurance program.

These policies are arranged on a global basis for all Group subsidiaries over which Schneider Electric has operational control. These policies are in all countries where the Group operates and are compliant with local regulations. All insurance companies used by Schneider Electric must meet certain credit and security requirements.

All insurance policies have aggregate limits determined based upon loss scenarios and available capacities on the market. However, there is the risk that an extreme claim could exceed the amount of insurance purchased.

The insurance policies that are purchased cover varying exposures including, but not limited to:

- General liability risks arising from events where the Group is liable for damages to a third party as a result of the activities of its people or its products;
- Property damage and business interruption resulting from an insured risk such as fire, flood, or earthquake at a Group site or, to a lesser extent, a customer or supplier location;
- Risks associated with the transportation of assets by land, sea, or air;
- Damage to equipment being installed at customer locations or construction sites;
- Risks arising from data breaches and attacks on IT systems;
- Local compulsory policies for employee safety and automobiles;
- Liabilities of Executive Directors and Corporate Officers;
- Environmental risks; and
- Emergency assistance and repatriation for employees travelling.

Insurable risk mitigations

The Group identifies and measures the impact of the main insurable risks with a view to reducing or eliminating their impact.

- In order to minimize the risks of damage and protect our production capacity, protection standards (including for the sites managed by third parties) are defined, and main industrial sites are audited by an independent loss prevention company with a process to action any recommendations from these audits.
- Business continuity plans are implemented, reviewed, and tested, in particular for the Group's main sites and critical suppliers. These plans are developed to identify internal alternative manufacturing and storage solutions to reduce the disruption to the business.
- Crisis management tools are implemented in conjunction with the Group's Global Security department. These are tested on a systematic basis. Regular exercises are performed to identify areas for improvement.
- Hazard and vulnerability studies are carried out to protect our people and our equipment.
- For transportation risks, the lessons learned from losses are communicated across the Group to improve the risk management of shipments and the Insurance department liaise closely with Logistic and Planning teams to minimize incident impact.
- Employee safety and a safe work environment are priority topics at all site management meetings. Safety training for new employees combined with regular reviews ensure continuous learning and improvement in the recognition and elimination of hazards.

Self-insurance

As part of the overall insurance strategy the Group self-insures certain risks through two captive insurance and reinsurance companies located in Europe and North America.

Examples of the policies reinsured by the Group, include property damage and business interruption, general liability, and transportation.

The total amount retained for these risks is capped at €20 million (except for USA and Canada).

The cost of the self-insured risks is not considered material at the Group level.

The Group assumes a deductible at a site/entity level – though this is not regarded as self-insurance.

Cost of insurance programs

The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around €28 million in 2023.

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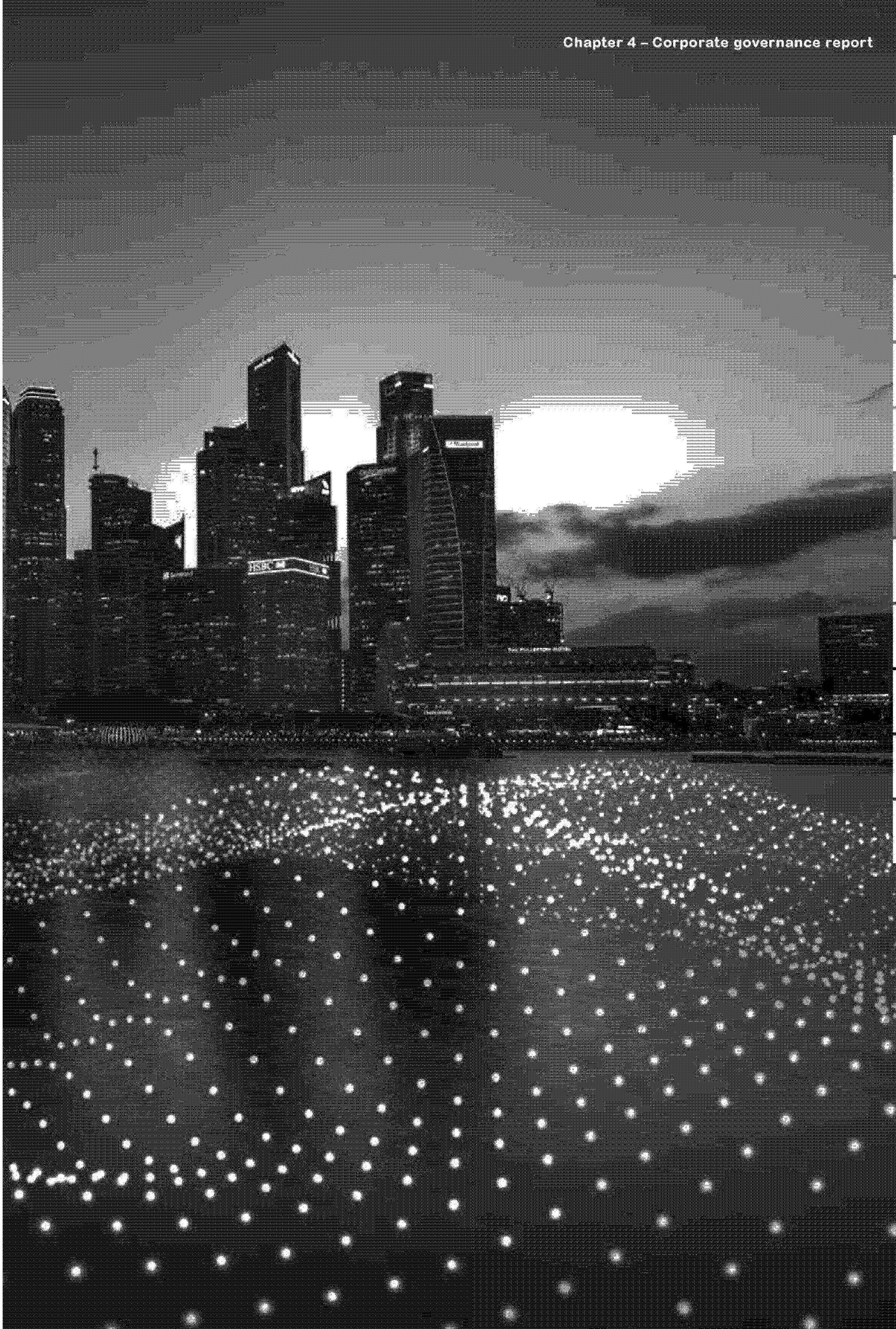
Corporate governance report

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Vice-Chairman & Lead Independent Director's introduction

Dear Shareholders,

2023 was a milestone year for Schneider with a successful leadership transition implemented at the helm of the Company and record financial performance thanks to strong execution driving revenues, adjusted EBITA, net income and free cashflow to record-high levels. Based on these results, the Board of Directors proposes a dividend of €3.50 per share, representing the 14th consecutive year of dividend progression. The Board is also proud of the 2023 Schneider Sustainability Impact score, which exceeded expectations.

The new governance structure splitting the office of Chairman from that of the Chief Executive Officer came into effect on May 4, 2023, when Peter Herweck was appointed as Chief Executive Officer while Jean-Pascal Tricoire continues to support the Company as Chairman. This new governance satisfies our investors as well as all Board members, as demonstrated by the results of the external assessment of our Board performance in 2023. The change in governance was accompanied by the establishment of new Committees and a reorganization of the powers of each corporate body. Currently, the Chairman of the Board is entrusted with extended powers, which will put Jean-Pascal Tricoire's extensive experience at the Company's service, while my own powers, as Vice-Chairman & Lead Independent Director, were also reinforced.

During the year, the Board continued to work on its composition, and invites you to support the appointment of a new independent Director at the Shareholders Meeting. Philippe Knoche, a French and German dual citizen based in Paris, who was the Chief Executive Officer of Orano from 2015 to 2023, has recently joined Thales as Senior Executive Vice President Operations and Performance in October 2023. He will bring to the Board his expertise in energy and technology, as well as experience in transformations both at a strategic and operational level. Also submitted to your votes are the renewals of the terms of office of Cécile Cabanis, Jill Lee and myself, all of whom bring relevant and complementary skills to the Board.

Throughout 2023, I had the opportunity to discuss our compensation policy and practices in engagements with many of Schneider Electric's shareholders, as well as investor representative bodies. Several changes were already implemented in 2023, such as: (i) the reassessment of the different components of executive officer compensation (which led to a decrease of the on-target global remuneration opportunity by 23% compared to the previous Chairman & CEO compensation policy), (ii) the increase of the performance targets linked to the involuntary severance indemnity, and (iii) the inclusion of a clawback provision.

For the 2024 policy, the Board wishes to maintain its overall balance and stability, ensuring a strong link between pay and performance, a strong alignment with employees and shareholders, and a long-term focus. The Board also considered shareholder feedback, which is why, to remedy some shareholder concerns, I announced in my letter dated April 13, 2023 that the Board would propose to implement two changes to the 2024 compensation policy: (i) the introduction of a stricter retention rule for unvested share awards that would be pro-rated for time in case of retirement or change of assignment within the Group for the Chief Executive Officer, and (ii) the introduction of new sustainability performance conditions in the LTIP linked to the reduction of our Scope 1, 2, and 3 (upstream) CO_2 emissions, in replacement of the previous Schneider Sustainability External & Relative Index (SSERI). This amendment is designed to align executive remuneration with the Group's commitment in terms of climate transition and Schneider's sustainable value creation over the long-term. The Board hopes that these improvements in the CEO compensation policy and the related resolution submitted to your vote will garner strong support among shareholders.

Further to this letter, I invite you to read the governance and compensation report and notice of meeting which provide more details on the resolutions you are asked to approve at the 2024 Shareholders Meeting. We look forward to a successful AGM and sincerely hope that many of you will take part in the Company's future by voting on the resolutions, attending, and expressing your views during the Q&A session.

Thank you for your support and your trust,

Fred Kindle
Vice-Chairman & Lead Independent Director

Reference to the AFEP-MEDEF Code

The Company refers to the AFEP-MEDEF Corporate Governance Code, the latest version of which was updated on December 20, 2022. The Company complies with all the recommendations contained in the AFEP-MEDEF Corporate Governance Code which may be consulted online at http://www.medef.com/.

In accordance with the provisions of Article L. 225-37, paragraph 6 of the French Commercial Code, this chapter constitutes the specific section of the Management Report on corporate governance and reports on the following, in particular:

- The Board's composition and application of the principle of balanced gender representation on the Board;
- The ways in which the Board's work is prepared and organized;
- The remuneration policy for Directors and Corporate Officers;
- Information relating to the remuneration and benefits of any kind for Directors and Corporate Officers during the previous financial year pursuant to Article L. 22-10-9 of the French Commercial Code; and
- Limitations placed by the Board of Directors on the powers of the Chief Executive Officer.

The other information included in the section of the Management Report dedicated to corporate governance is published in Chapter 7 of this document, specifically:

- The table summarizing the outstanding delegations relating to share capital increase and decrease granted by the Annual Shareholders' Meeting (see section 7.2.3 "Authorizations to issue and cancel shares" of this Universal Registration Document);
- The special rules for shareholder participation in the Annual General Meeting or the provisions of the Articles of Association providing for these rules (see sections 7.4.1 "Annual Shareholders' Meetings" and 7.4.2 "Voting rights" of this Universal Registration Document); and
- The elements with the potential to have an impact in the event of a public offer for the purchase or exchange of the Company's securities (see section 7.4.8 "Publication of information of Article L. 22-10-11 of the French Commercial Code" of this Universal Registration Document).

4.1 Governance Report

4.1.1 Composition of the Board of Directors

4.1.1.1 Board members

As of March 28, 2024, the Board of Directors consisted of 16 Directors. Mr. Philippe Knoche was appointed as an Observer by the Board of Directors on December 13, 2023, in effect from February 14, 2024, with the intent to propose his appointment as a Board member to the Annual Shareholders' Meeting to be held on May 23, 2024.





Jean-Pascal Tricoire
Chairman of the Board of Directors
C

Fred Kindle
Vice-Chairman & Lead Independent Director



Léo Apotheker
Director
C



Nive Bhagat
Independent Director



Cécile Cabanis
Independent Director



Giulia Chierchia
Independent Director



Rita Félix
Employee Director



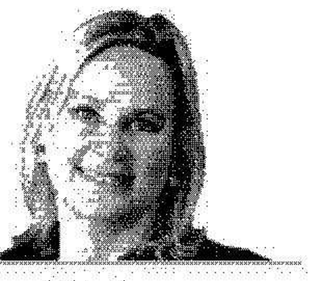
Linda Knoll
Independent Director
C



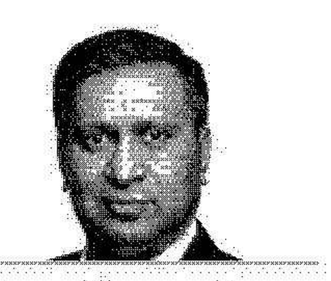
Jill Lee
Independent Director
C



Xiaoyun Ma
Employee Shareholders Director



Anna Ohlsson-Leijon
Independent Director



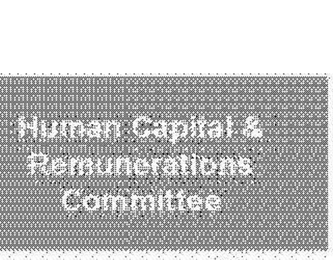
Abhay Parasnis
Independent Director



Anders Runevad
Independent Director



Gregory Spierkel
Independent Director
C



Lip-Bu Tan
Independent Director



Bruno Turchet
Employee Director

Philippe Knoche
Observer

Board committees

Audit & Risks Committee	Governance, Nominations & Sustainability Committee	Human Capital & Remunerations Committee	Investment Committee
Jill Lee C	**Jean-Pascal Tricoire** C	**Linda Knoll** C	**Léo Apotheker** C
Cécile Cabanis	Léo Apotheker	Nive Bhagat	Giulia Chierchia
Anna Ohlsson-Leijon	Fred Kindle	Rita Félix	Jill Lee
Gregory Spierkel	Linda Knoll	Fred Kindle	Xiaoyun Ma
	Anders Runevad	Anna Ohlsson-Leijon	Anders Runevad
	Gregory Spierkel		Lip-Bu Tan
			Jean-Pascal Tricoire
			Bruno Turchet

Gregory Spierkel C
Léo Apotheker
Nive Bhagat
Xiaoyun Ma
Abhay Parasnis
Lip-Bu Tan
Jean-Pascal Tricoire

Board members key

- Audit & Risks Committee
- Governance, Nominations & Sustainability Committee
- Human Capital & Remunerations Committee
- Investment Committee
- Digital Committee
- C Committee Chair

An independent and balanced governance structure

The Board of Directors of Schneider Electric SE is independent and seeks to ensure a gender balance and broad diversity in terms of skills, experience, nationality, and age. The Board of Directors constantly reviews its composition and search for complementary profiles in line with the skill set highlighted by its skill matrix and the challenges of the Company. On February 15, 2023, the Board decided to implement a new governance structure that splits the office of Chairman from that of the Chief Executive Officer. This new governance structure became effective on May 4, 2023, further to the decision of the Board of Directors to separate the functions of Chairman of the Board and Chief Executive Officer and to appoint Mr. Peter Herweck as Chief Executive Officer and Mr. Jean-Pascal Tricoire as Chairman of the Board.

Board of Directors

Jean-Pascal Tricoire
Chairman of the Board of Directors

Fred Kindle
Vice-Chairman & Lead Independent Director

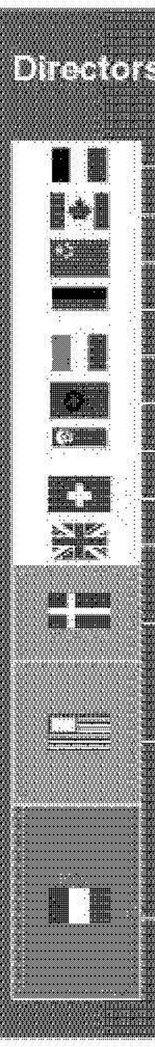
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Peter Herweck
Chief Executive Officer



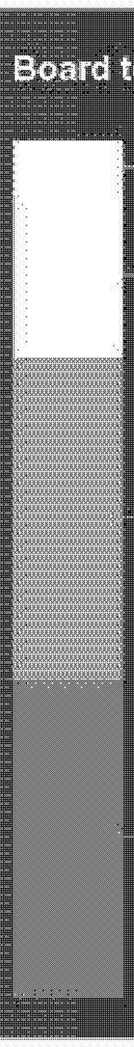
13+3	85%	46%	11
Directors	Independent Directors*	Female*	Non-French nationalities
57 years	6 years	1	2
Average age	Average length of office	Director representing employee shareholders	Directors representing employees

Directors' nationality



Belgium	1
Canada	1
China	1
Germany	1
Italy	1
Portugal	1
Singapore	1
Switzerland	1
United Kingdom	1
Sweden	2
USA	3
France	4

Board tenure



> 12 years	1
6-12 years	6
2-5 years	6
≤ or equal to 1 year	3

Board of Directors

7	94%
Meetings in 2023	Attendance rate in 2023
6h 40min	5
Average duration of meetings	Executive sessions in 2023**

* Employee Directors and Employee Shareholders Director excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.
** Including two meetings without the Chairman attending.

Board committees

Audit & Risks Committee	Governance, Nominations & Sustainability Committee	Human Capital & Remunerations Committee	Investment Committee	Digital Committee
6 meetings***	6 meetings***	4 meetings***	3 meetings	5 meetings***
100% attendance	96% attendance	100% attendance	90% attendance	94% attendance
100% independence*	67% independence*	100% independence*	67% independence*	67% independence*

*** Including joint meetings with other committees.

4.1 Governance Report

Overview of the composition of the Board of Directors as of the date of this Universal Registration Document

Personal information					Position in the Board				Attendance rate in 2023		Participation in Board Committees					
Age	Gender	Nationality	Number of directorships in listed companies*	Number of Schneider Electric shares held	Position held	First appointment date**	Term end	Seniority on the Board**	Board	Committee	Audit & Risks Committee	Governance, HR, Nominations & Sustainability Committee	Ethics, Corporate & Compliance Committee	Investment Committee	Digital Committee
Jean-Pascal Tricoire, Chairman of the Board of Directors															
60	M		2	817,016		2013	AGM 2025	10	100%	92%		C		●	●
Fred Kindle, Vice-Chairman & Lead Independent Director															
65	M		1	40,000	●	2016	AGM 2024	7	100%	100%		●	●		
Léo Apotheker, Non-independent Director															
70	M		2	3,093		2008	AGM 2025	15	100%	100%		●	C	●	
Nive Bhagat, Independent Director															
52	F		1	200	●	2022	AGM 2026	1	100%	100%		●		●	
Cécile Cabanis, Independent Director															
52	F		2	1,000	●	2016	AGM 2024	7	86%	100%	●				
Giulia Chierchia, Independent Director															
45	F		1	250	●	2023	AGM 2027	<1	67%	100%			●		
Rita Félix, Employee Director															
41	F		1	190		2020	AGM 2024	3	100%	100%		●			
Linda Knoll, Independent Director															
63	F		3	1,000	●	2014	AGM 2026	9	100%	100%		●	C		
Jill Lee, Independent Director															
60	F		1	1,000	●	2020	AGM 2024	3	100%	100%	C		●		
Xiaoyun Ma, Director representing the employee shareholders															
60	F		1	39,556		2017	AGM 2025	6	86%	55%			●	●	
Anna Ohlsson-Leijon, Independent Director															
55	F		2	1,000	●	2021	AGM 2025	2	86%	100%	●	●			
Abhay Parasnis, Independent Director															
49	M		2	1,000	●	2023	AGM 2027	<1	86%	100%				●	
Anders Runevad, Independent Director															
64	M		3	1,000	●	2018	AGM 2026	5	100%	83%		●	●		
Gregory Spierkel, Independent Director															
67	M		2	1,000	●	2015	AGM 2027	8	100%	100%	●	●			C
Lip-Bu Tan, Independent Director															
64	M		3	1,000	●	2019	AGM 2027	4	100%	100%			●		●
Bruno Turchet, Employee Director															
50	M		1	888		2021	AGM 2025	2	100%	100%			●		
Philippe Knoche, Observer															
55	M		1	0	●	–	–	–	–	–	–	–	–	–	–

* Including Schneider Electric SE directorship.

** As a Director or member of the Supervisory Board (if any, the period of presence at the Board as an Observer is not taken into account).

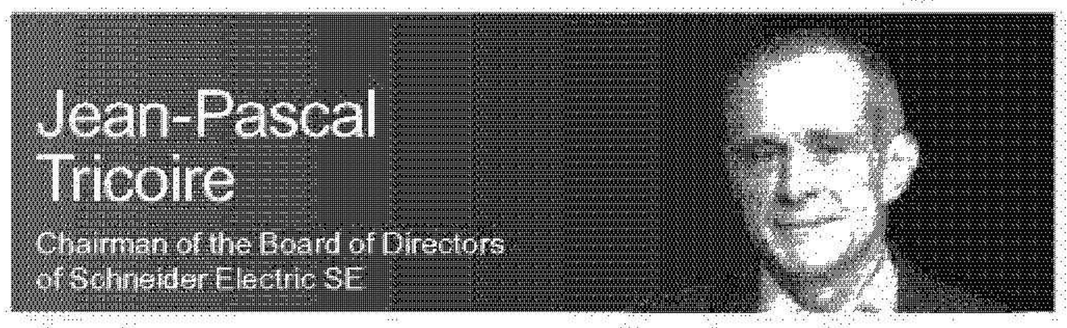
Changes in the composition of the Board of Directors in 2023 and until the date of this Universal Registration Document

	Name	Gender	Nationality	Date of appointment	Term ends
Directors whose term of office was renewed at the 2023 AGM*	Léo Apotheker	M		April 2008	AGM 2025
	Gregory Spierkel	M		April 2015	AGM 2027
	Lip-Bu Tan	M		April 2019	AGM 2027
Directors who joined the Board of Directors in 2023	Giulia Chierchia	F		May 2023	AGM 2027
	Abhay Parasnis	M		May 2023	AGM 2027
Observer who joined the Board of Directors in early 2024	Philippe Knoche	M		December 2023	AGM 2024
Directors who left the Board of Directors in 2023	–	–	–	–	–

* Annual Shareholders' Meeting.

4.1.1.2 Biographies of the Chief Executive Officer and Board members

List of directorships and other functions of the Chief Executive Officer and members of the Board of Directors as of the date of this Universal Registration Document



Age: 69 years
Nationality: French
Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
817,018(1) **Schneider Electric SE shares**

Board committees

C ● ●

Attendance rate at:

Board meetings	Committee meetings
100%	92%

Experience and qualifications

Jean-Pascal Tricoire is currently Chairman of the Board of Directors of Schneider Electric SE after having been for 18 years successively Chairman of the Management Board and Chairman & CEO. Prior to that, he spent his early career with Alcatel, Schlumberger, and Saint-Gobain and joined the Schneider Electric Group (Merlin Gerin) in 1986. From 1988 to 2001, he occupied operational functions within Schneider Electric abroad, in Italy, China, South Africa, and the US. From January 2002 to the end of 2003, he joined the Executive Committee as Executive Vice-President of Schneider Electric's International Division. In October 2003, he was appointed Deputy CEO before becoming Chairman of the Management Board of Schneider Electric on May 3, 2006. On April 25, 2013, following the change in mode of governance of the Company, he was appointed Chairman & CEO. On May 4, 2023, Jean-Pascal Tricoire transitioned to Chairman of the Board. Jean-Pascal Tricoire is a graduate of ESSEC Angers and obtained an MBA from EM Lyon and went to Management training at Harvard and INSEAD.

Term of office

First appointed: 2013
Current term started: 2021
Term ends: 2025

Current external directorships

Other directorships at listed companies:

Director of **Qualcomm, Inc.** (USA).

Other directorships:

Director of the Board of the United Nations Global Compact; Member of the Board of Trustees of Northeastern University (USA).

Other internal directorships:

Director of Delixi Electric Ltd (China); Chairman of the Board of Directors of Schneider Electric Asia Pacific Ltd (Hong Kong).

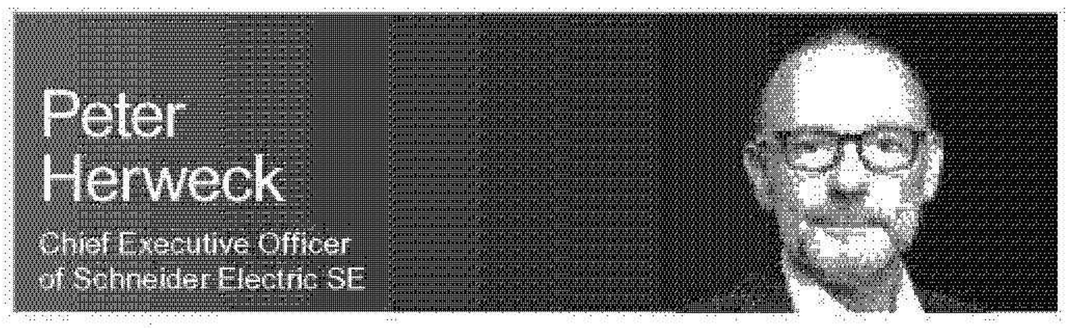
Previous directorships

Previous directorships held in the past five years:

Director of Schneider Electric USA, Inc. (USA); Chairman of the Board of Directors of Schneider Electric Industries SAS (France); Chairman of the Board of Directors of Schneider Electric Holdings Inc. (USA).

Skills

☆ € 🌐 ⚛ 🍃 ▭ 🏢



Age: 57 years
Nationality: German
Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France
30,534(1) **Schneider Electric SE shares**

Experience and qualifications

Peter Herweck is the Chief Executive Officer of Schneider Electric SE since May 2023. Peter Herweck first joined Schneider Electric in 2016 when he was appointed to the Executive Committee to lead the Industrial Automation business. In 2018, he undertook the merger of Schneider's Industrial Software business with AVEVA of which he became the Chief Executive Officer in May 2021. Peter Herweck started his career in 1991 as a Software Development Engineer with Mitsubishi in Japan, before joining Siemens in 1993 where he held various executive positions before becoming Chief Strategy Officer. Peter Herweck's background includes extensive global responsibilities of senior management in the US, Japan, China, and several European countries. Peter Herweck holds an MBA from Wake Forest University School of Business, USA, and Electrical Engineering degrees from Metz University, France, and Saarland University, Germany. He is also a Harvard Business School Advanced Management alumnus, USA.

Term of office

First appointed: 2023

Current external directorships

Other directorships at listed companies:

Director of **Teradyne, Inc.** (USA).

Other directorships:

None.

Other internal directorships:

Chairman of Schneider Electric Industries SAS (France); President of Schneider Electric Software & Digital Hub AG (Switzerland); Chairman of Aveva Group plc (United Kingdom).

Previous directorships

Previous directorships held in the past five years:

CEO of Aveva Group plc (United Kingdom).

Honorary Chairman:
Mr. Didier Pineau-Valencienne

(1) Held directly or through the FCPE.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

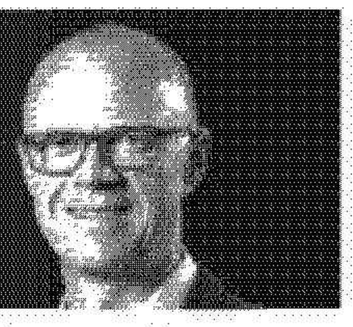
Board committees

- Audit & Risks Committee
- Governance, Nominations & Sustainability Committee
- Human Capital & Remunerations Committee
- Investment Committee
- Digital Committee
- Committee Chair

Skills

- ☆ Public Company Management
- € Corporate Finance
- 🌐 International Markets
- ⚛ Industry Knowledge
- ▦ Law, Governance, Ethics & Compliance
- 🍃 Sustainability
- Accounting, Audit & Risk
- ▭ Digital & Software
- 🏢 Employee perspective & Knowledge of the Group

4.1 Governance Report



Fred Kindle*

Vice-Chairman & Lead Independent Director of Schneider Electric SE

Age: 65 years

Nationality: Swiss

Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

40,000 Schneider Electric SE shares

Board committees

● ●

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Fred Kindle, who currently is the Vice-Chairman & Lead Independent Director of Schneider Electric SE, is the former CEO of ABB. He began his career in the Marketing Department of Hilti AG in Liechtenstein from 1984 to 1986. From 1988 to 1992, he worked as a consultant at McKinsey & Company in New York and Zurich. He then joined Sulzer AG in Switzerland where he held various management positions. In 1999, he was appointed CEO of Sulzer Industries and in 2001, he became CEO of Sulzer AG. After joining ABB Ltd in 2001, Fred Kindle was appointed CEO of the ABB Group, a position which he held until 2008. He then became a partner at Clayton, Dubilier & Rice LLC, a private equity fund based in London and New York. He is now an independent consultant and a company Director. Board member of Schneider Electric SE since 2016, he was appointed Vice-Chairman & Lead Independent Director in April 2020. Fred Kindle graduated from the Swiss Federal Institute of Technology (ETH) in Zurich and holds an MBA from Northwestern University, Evanston, USA.

Term of office

First appointed: 2016

Current term started: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

None.

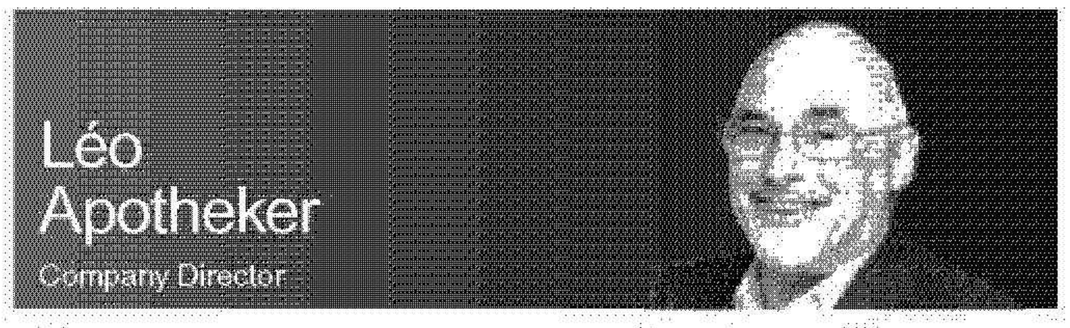
Previous directorships

Previous directorships held in the past five years:

Chairman of the Board of Directors of **VZ Holding AG** (Switzerland); Director of **Stadler Rail AG** (Switzerland); Director of **Exova Plc.** (United Kingdom); Partner of **Clayton Dubilier & Rice Llc.** (USA); Chairman of the Board of Directors of **Exova Group Plc.** (United Kingdom); Chairman of the Board of Directors of **BCA Marketplace Plc.** (United Kingdom); Director of **Rexel SA** (France); Member of the Development committee of the Royal Academy of Engineering (London); Vice-Chairman of **Zurich Insurance Group Ltd** (Switzerland); Chief Executive Officer of **Kinon AG** (Switzerland).

Skills





Léo Apotheker

Company Director

Age: 70 years

Nationality: French/German

Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

3,093 Schneider Electric SE shares

Board committees

● C ●

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Léo Apotheker, former CEO of SAP and Hewlett-Packard, began his career in 1978 in Management Control. He then held management and executive responsibilities in several firms specializing in information systems including SAP France & Belgium, where he was Chairman and CEO between 1988 and 1991. Léo Apotheker was founding Chairman and CEO of Cseft. In 1995, he returned to SAP and, after various appointments within SAP as Regional Director, he was appointed in 2002 as a member of the Executive Committee and President of Customer Solutions & Operations, then in 2007 as Deputy CEO of SAP AG, and in 2008 CEO of SAP AG. In 2010, he became President & CEO of Hewlett Packard, a position he held until the fall of 2011. Board member of Schneider Electric SE since 2008, Léo Apotheker served as Vice-Chairman & Lead Independent Director from 2014 to April 2020. Léo Apotheker graduated with a degree in International Relations and Economics from the Hebrew University in Jerusalem.

Term of office

First appointed: 2008

Current term started: 2023

Term ends: 2025

Current external directorships

Other directorships at listed companies:

Director of **NICE-Systems Ltd** (Israel).

Other directorships:

Chairman of Syncron International AB (Sweden); Chairman of Harvest (France); Chairman of Eudonet (France); Director of MercuryGate (USA).

Previous directorships

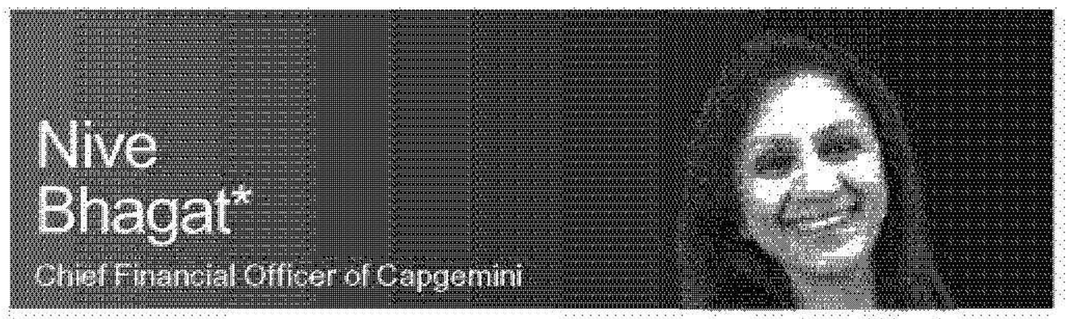
Previous directorships held in the past five years:

Chairman and Co-CEO of **Burgundy Technology Acquisition Corporation** (USA); Chairman of the Board of Directors of Unit 4 NV (Netherlands); Director of Taulia (USA); Chairman of the Supervisory Board of Signavio GmbH (Germany); Director and Chairman of the Board of KMD A.S. (Denmark); Director of Taulia (USA); Member of the Supervisory Board of **Steria** (France); Chairman of Appway (Switzerland).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.



Nive Bhagat*

Chief Financial Officer of Capgemini

Age: 52 years

Nationality: British

Business address: Capgemini, 40 Holborn Viaduct, London, EC1N, United Kingdom

200 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Nivodita Krishnamurthy Bhagat, also known as Nivo Bhagat, is currently Chief Financial Officer of Capgemini Group. Nivo began her career in auditing with PricewaterhouseCoopers before joining KPMG's Corporate Finance team. She later joined Infosys Technologies where she held several leadership positions including Head of Enterprise Solutions EMEA and head of its Proximity Development Centre in London. In 2010, Nivo joined Capgemini and held senior executive positions including Head of Markets of its Application Business in the UK and European Head of the Cloud Infrastructure Services business before spending almost five years as CEO of Capgemini's global Cloud, Cyber and Infrastructure business. Nivo was appointed as Chief Financial Officer of the Capgemini Group and member of the Group Executive Board on January 1st, 2024. She has a Bachelor's degree in Economics and is a Chartered Accountant from the Institute of Chartered Accountants of India.

Term of office

First appointed: 2022

Term ends: 2026

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Director of Capgemini UK plc. (United Kingdom); CGS Holdings Ltd (United Kingdom), Capgemini Outsourcing Services GmbH (Germany); Capgemini Somiconnect Platform B.V (Netherlands), and Capgemini Solutions Canada Inc. (Canada).

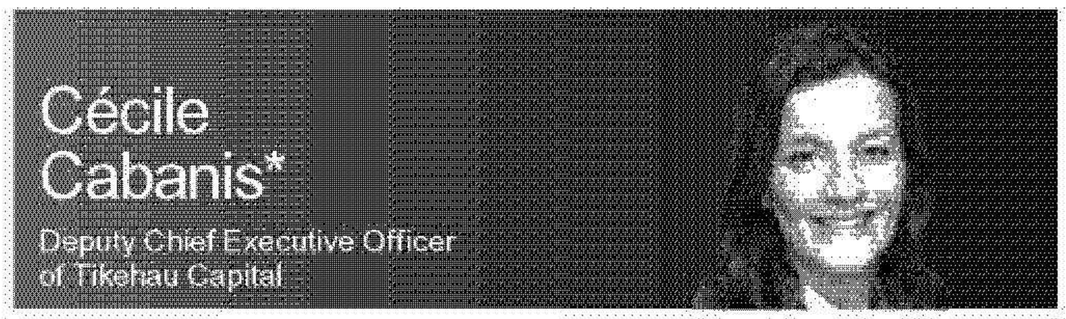
Previous directorships

Previous directorships held in the past five years:

Non-executive Director of **Mitie Plc.** (United Kingdom); Member of Audit & Nomination Committees of **Mitie Plc.** (United Kingdom).

Skills





Cécile Cabanis*

Deputy Chief Executive Officer of Tikehau Capital

Age: 52 years

Nationality: French

Business address: Tikehau Capital, 32 rue de Monceau, 75008 Paris, France

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Cécile Cabanis is currently Deputy Chief Executive Officer, Tikehau Capital, in charge of ESG, Human Capital, Brand and Communication. She was previously Chief Financial Officer of Danone, also in charge of Strategy, IS/IT, data transformation, procurement, sustainability, and inclusive diversity. She was a member of the Executive Committee and a member of the board of directors. She graduated as an engineer in Agronomy from *Institut National Agronomique* Paris-Grignon. She started her career at L'Oréal in South Africa in 1995. She joined Orange in 2000 as a director in Mergers & Acquisitions. She joined Danone in 2004 and has served in a range of key positions in Finance including head of corporate development.

Term of office

First appointed: 2016

Current term started: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

Vice Chairwoman of the Supervisory Board and Chairwoman of the Audit Committee of **Unibail-Rodamco-Westfield SE** (France).

Other directorships:

Chairwoman of the Supervisory Board of Mediawan (France); Member of the Supervisory Board of Société Editrice du Monde (France); Member of the college of the French Antitrust Authority (France).

Previous directorships

Previous directorships held in the past five years:

Vice Chairwoman of the Board of Directors of **Danone SA** (France); Director of Michel et Augustin SAS (France); Chairwoman and member of the Board of Directors of Tikehau Capital (SICAV, Luxembourg); Chairwoman and Director of **2MXOrganic** (France); Director of Central Danone (Morocco), Fromagerie des Doukkala (Morocco), Danone Djurdjura (Algeria), Produits Laitiers Frais Iberia (Spain), Danone SA (Spain), Compagnie Gervais Danone (France), Dan Trade (Russia), Danone Limited (United Kingdom), Danone Industria LLC (Russia), JSC Danone Russia (Russia), and Danonewave (Public Benefit Corporation USA); Member of the Supervisory Board of Danone Sp.z.o.o (Poland), Toeca International Company B.V. (the Netherlands); Chief Executive Officer of Danone CIS Holdings B.V.

Skills



* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Audit & Risks Committee
- Governance, Nominations & Sustainability Committee
- Human Capital & Remunerations Committee
- Investment Committee
- Digital Committee
- Committee Chair

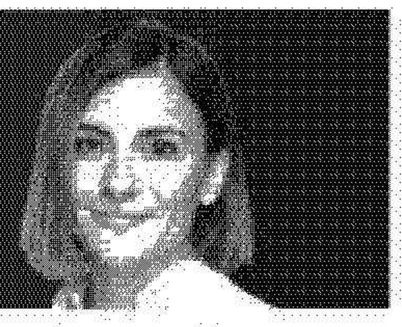
Skills

- Public Company Management
- International Markets
- Law, Governance, Ethics & Compliance
- Accounting, Audit & Risk
- Employee perspective & Knowledge of the Group
- Corporate Finance
- Industry Knowledge
- Sustainability
- Digital & Software

4.1 Governance Report

Giulia Chierchia*

Executive Vice-President Strategy, Sustainability and Ventures of BP



Age: 45 years

Nationality: Italian/Belgian

Business address: BP, 1 St. James' Square, SW1Y 4PD, London, United Kingdom

250 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
67%	100%

Experience and qualifications

Giulia Chierchia is currently Executive Vice-President Strategy, Sustainability and Ventures at BP. She began her career in 2001 working for UniCredit Bank as an analyst in the corporate banking division, followed by a two and a half year period with Value Partners as an associate consultant, leading projects in telecommunications and education. In 2006, she joined McKinsey & Company and was appointed Partner in 2013 and Senior Partner in 2019 leading the global downstream oil and gas practice and advising clients regarding their decarbonization strategy and how to pivot their existing portfolio. In April 2020, she was appointed as Executive Vice President Strategy and Sustainability of BP, a British oil and gas industry company, in charge, in particular, of strategy and sustainability, ethics and compliance, capital allocation, investment governance for the company, delivery of its net zero carbon aims, ESG transformation, external stakeholder engagement, and group energy transition policy. In March 2022, she became Executive Vice President Strategy, Sustainability and Ventures and was given the additional responsibility for BP's ventures arm. Giulia Chierchia holds a Bachelor's degree in Economics and Corporate Law from Bocconi University (Italy) and a Master's Degree in Business Administration from INSEAD Business School (France).

Term of office

First appointed: 2023

Term ends: 2027

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Director of BP Technology Ventures Limited (United Kingdom).

Previous directorships

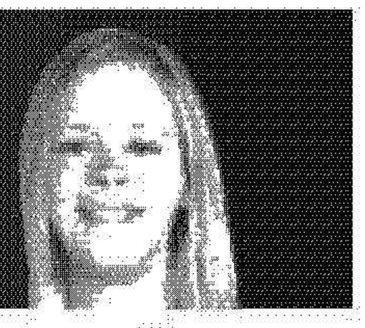
Previous directorships held in the past five years:

None.

Skills

Rita Félix

Customer Experience and Satisfaction Director for Home & Distribution



Age: 41 years

Nationality: Portuguese

Business address: Schneider Electric, Av. do Forte 3, Ed. Suécia IV, Piso 3, 2794-038 Carnaxide, Portugal

190(1) Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Rita Félix has been an Employee Director designated by the European Work Council since 2020. She began her career in consulting at Deloitte, where she worked from 2006 to 2008. After that she joined the Marketing Department of COSEC (a credit insurance company owned by Allianz Trade). Rita Félix came to Schneider Electric Portugal in 2012 as Business Excellence Manager. In 2017, she was appointed Project Management Officer (PMO) for Global Marketing, International Operations at Schneider Electric Group. She has worked as PMO, Inside Sales Director and, more recently as Market and Competitive Intelligence leader. On December 2023, she has been appointed as Customer Experience and Satisfaction Director for global Home and Distribution division. Since July 2020, she was designated employee Director. Rita Félix graduated from ISCTE IUL (University Institute of Lisbon) including six months in the Vrije Universiteit (Amsterdam). She also holds a master's degree in Marketing Management (2012). Additionally, she has attended the High Performance Boards program, IMD Business School, 2020, the Strategy in the Age of Digital Disruption program, INSEAD, 2021, the Digital Transformation Foundations program, IMD Business School, 2022, and more recently the Leading Sustainable Business Transformations program (IMD Business School, 2023).

Term of office

First appointed: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

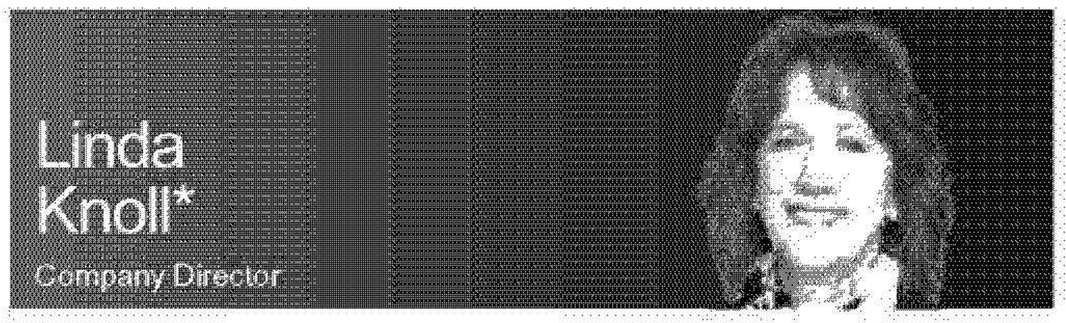
None.

Skills

* An independent Director within the meaning of the AFEP MEDEF Corporate Governance Code.

(1) Held directly or through the FCPE.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.



Linda Knoll*

Company Director

Age: 63 years

Nationality: American

Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Linda Knoll, currently Company Director, is the former Chief Human Resources Officer of Fiat Chrysler Automobiles. After a career in the Land Systems Division of General Dynamics, Linda Knoll joined CNH Industrial in 1991. She held various operating positions there, culminating in her appointment to multiple senior management positions. In 1999, she became Vice-President and General Manager of the company's Global Crop Production business unit. From 2003 to 2005, she was Vice-President for North America Agricultural Industrial Operations. She then served as Executive Vice-President for Worldwide Agricultural Manufacturing until 2007, managing 20 plants in 10 countries, before being appointed Executive Vice-President Agricultural Product Development, and President Parts and Service (ad interim). She served as Chief Human Resources Officer in CNH Industrial (from 2007 to 2019) and Fiat Chrysler Automobiles (from 2011 to March 2021). Linda Knoll holds a Bachelor of Science Degree in Business Administration from Central Michigan University.

Term of office

First appointed: 2014

Current term started: 2022

Term ends: 2026

Current external directorships

Other directorships at listed companies:

Director of **Astec Industries, Inc.** (USA); Director of **Iveco Group N.V.** (Netherlands).

Other directorships:

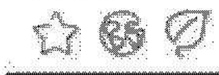
None.

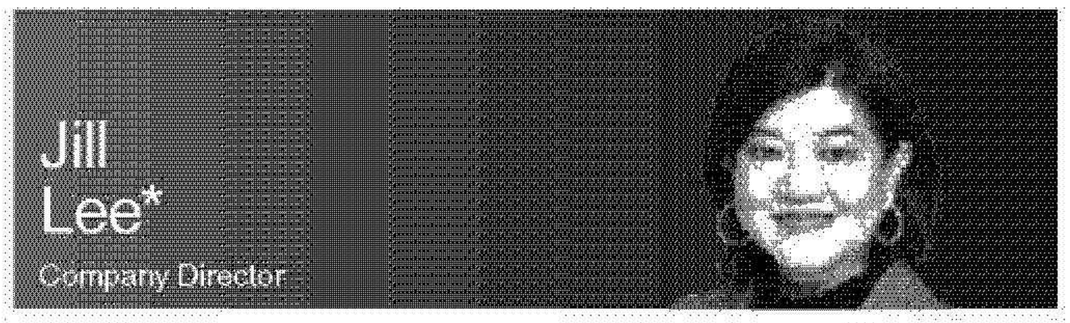
Previous directorships

Previous directorships held in the past five years:

Director of Comau S.p.A.; Chief Human Resources Officer and member of the Group Executive Council of **Fiat Chrysler Automobiles N.V.** (Netherlands).

Skills





Jill Lee*

Company Director

Age: 60 years

Nationality: Singaporean

Business address: Schneider Electric 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Jill Lee is a non-executive director of PSA International and 65 Equity Partners, both wholly owned portfolio companies of Temasek Holdings. She is also a non-executive director of JTC Corporation, a statutory board under Singapore's Ministry of Trade and Industry that champions sustainable industrial development. Jill Lee was the Group Chief Financial Officer and a member of the Executive Committee of Sulzer Ltd from 2018 to 2022. Beginning her executive career in Singapore in 1986 with AT&T, Tyco Electronics, and Siemens, Jill Lee went on to build an international career where she spent several years heading Asia regional CFO functions in China, followed by strategic global positions in Germany and Switzerland. Her career in Siemens spanned 20 years until 2010, where she had been the Country CFO in Singapore, North-East Asia CFO in China, as well as Chief Diversity Officer for Siemens Group in Germany. Later, Jill Lee was Senior Vice-President, Finance, Strategy and Investments for Neptune Orient Lines in Singapore (2010 to 2011). From 2012 to 2018, Jill Lee held leadership positions in ABB, including North Asia CFO in China, as well as Head of Next Level Program Management responsible for global transformation programs at ABB Group in Switzerland. Jill Lee was previously a non-executive director and Chair of the audit committees of Sulzer Ltd (2011–2018), Signify N.V. (2017–2020), and medmix Ltd (2021–2022). Jill Lee holds a Bachelor's Degree in Business Administration from National University of Singapore and an MBA from Nanyang Technological University in Singapore.

Term of office

First appointed: 2020

Term ends: 2024

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Non-executive Director of 65 Equity Partners Pte Ltd (Singapore); Non-executive Director of PSA International Pte Ltd (Singapore); Non-executive director of JTC Corporation (a governmental agency in Singapore); Advisory Board Member of Nanyang Business School (Singapore) advisory role for the university with maximum of two meetings per year.

Previous directorships

Previous directorships held in the past five years:

Non-executive Director of **medmix Ltd** (Switzerland); Member of the Supervisory Board of **Signify N.V.** (Netherlands); Non-executive Director of **Sulzer Ltd** (Switzerland).

Skills



* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Audit & Risks Committee
- Governance, Nominations & Sustainability Committee
- Human Capital & Remunerations Committee
- Investment Committee
- Digital Committee
- Committee Chair

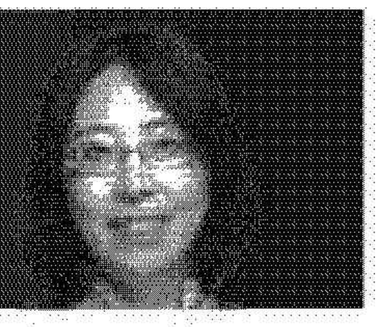
Skills

- Public Company Management
- International Markets
- Law, Governance, Ethics & Compliance
- Accounting, Audit & Risk
- Employee perspective & Knowledge of the Group
- Corporate Finance
- Industry Knowledge
- Sustainability
- Digital & Software

4.1 Governance Report

Xiaoyun Ma

Chief Financial Officer for Schneider Electric's China & East Asia Operations



Age: 60 years

Nationality: Chinese

Business address: Schneider Electric, 8F, Schneider Electric Building, No. 6, East Wang Jing Rd. Chaoyang District Beijing 100102, China

39,556[1] Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
86%	55%

Experience and qualifications

Xiaoyun Ma, currently Employee Shareholders Director, is the Chief Financial Officer for Schneider Electric's China & East Asia Operations, in charge of China & East Asia daily finance operations, organization, simplification, and internal digital transformation. Graduated from top Chinese universities and holding a Chinese Public Accountant Certificate, she started her career as a finance professional at an audit firm (PwC). She joined Schneider Electric in 1997 as the Controller of Schneider (Beijing) Medium Voltage Co., Ltd in Beijing China. Since then, she has worked in many different controller and Chief Financial Officer positions, covering manufacturing, supply chain, and front office. In the China and Asia Pacific zone, while getting an MBA from New York City University in 2004.

Term of office

First appointed: 2017

Current term started: 2021

Term ends: 2025

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

Chairwoman of the Board of Directors of Schneider Electric IT (China) Co., Ltd; Vice-Chairwoman of the Board of Directors of Beijing BipHop Efficiency and Automation Application Technology Center (China); Director of Full Excel (Hong Kong) Limited (Hong Kong), Schneider Electric (China) Co., Ltd, Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd, Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd, Schneider Shanghai Industrial Control Co., Ltd, Schneider Busway (Guangzhou) Ltd, Schneider (Beijing) Low Voltage Co., Ltd (formerly known as Schneider (Beijing) Medium and Low Voltage Co., Ltd), Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd, Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd; Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd, Shanghai ASCO Electric Technology Co., Ltd (formerly known as Schneider Automation Solutions (Shanghai) Co., Ltd), Schneider (Shaanxi) Baoguang Electrical Apparatus Co., Ltd; Schneider Switchgear (Suzhou) Co., Ltd, and Schneider Smart Technology Co., Ltd; Supervisor of Zircon Investment (Shanghai) Co. Ltd(China).

Other directorships or functions outside Schneider Electric Group:

Vice-Chairwoman of the Board of Directors of Sunton Electric Equipment Co., Ltd (China).

Previous directorships

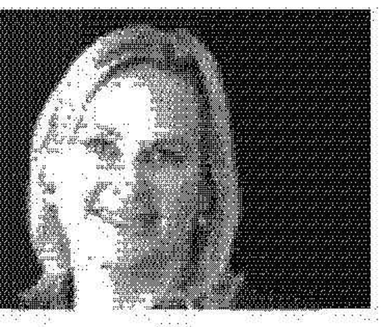
Previous directorships held in the past five years:

Chairwoman of the Board of RAM Electronic Technology and Control (Wuxi) Co., Ltd and Schneider Electric Trading (Wuhan) Co., Ltd; Vice Chairwoman of the Board of Directors of Schneider Electric (Xiamen) Switchgear Co., Ltd, Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd and Jingxin Hongdo (Beijing) Technology Co., Ltd (formerly known as Citic Schneider Smart Building Technology (Beijing) Co., Ltd); Director of Telvent Control Systems (China) Co., Ltd, Schneider Automation & Control Systems (Shanghai) Co., Ltd, Innovation Systems Control Co., Ltd, Schneider (Suzhou) Transformer Co., Ltd, Telvent BBS High & New Tech (Beijing) Co., Ltd, Beijing Leader Harvest Electric Technologies Co., Ltd, Schneider Electric Equipment and Engineering (Xi'an) Co., Ltd, Shanghai Foxboro Co., Ltd, Shanghai Invensys Process Systems Co., Ltd, Schneider Great Wall Engineering (Beijing) Co., Ltd, Tianjin Merlin Gerin Co., Ltd; Schneider (Beijing) Medium Voltage Co., Ltd, Shanghai Schneider Electric Power Automation Co., Ltd, Tianjin Wingoal Electric Equipment Co., Ltd, Schneider South China Smart Technology (Guangdong) Co. Ltd and Clipsal Manufacturing (Huizhou) Co., Ltd; Executive Director of Beijing Leader Harvest Energy Efficiency Investment Co., Ltd (China).

Skills

Anna Ohlsson-Leijon*

Executive Vice-President of AB Electrolux and CEO of Business Area Europe & APACMEA



Age: 55 years

Nationality: Swedish

Business address: AB Electrolux, SI Göransgatan 143, 105 45 Stockholm, Sweden

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
86%	100%

Experience and qualifications

Anna Ohlsson-Leijon is currently Executive Vice-President of AB Electrolux, and CEO of Business Area Europe & APACMEA. Anna Ohlsson-Leijon began her career in 1993 at PricewaterhouseCoopers where she held various positions advising high tech, industrial, and media companies. In 2000, she joined Kimoda, an e-commerce platform, as Chief Financial Officer, before joining in 2001 AB Electrolux (Sweden) as Director of Project Management. Anna Ohlsson-Leijon then held various senior positions in corporate functions including Director Internal Audit & Global Program Manager Sarbanes Oxley Act from 2003 to 2005, Head of Management Assurance & Special Assignments until 2008, Group Treasurer until 2011, Head of Corporate Control & Services until 2013, and Chief Financial Officer Major Appliance EMEA thereafter. She was then promoted to Chief Financial Officer of AB Electrolux in 2016 before taking the position as Chief Executive Officer Europe and Executive Vice President of AB Electrolux in 2018. In 2022 she was promoted to Chief Commercial Officer for the Group, and in 2024 she took on the role as CEO of a new Business Area combined for Europe and Asia Pacific Middle East and Africa. Anna Ohlsson-Leijon holds a Bachelor of Sciences Degree in Business Administration and Economics from Linköping Anna Ohlsson Leijon* University (Sweden).

Term of office

First appointed: 2021

Term ends: 2025

Current external directorships

Other directorships at listed companies:

Director of **Atlas Copco AB** (Sweden).

Other directorships:

None.

Previous directorships

Previous directorships held in the past five years:

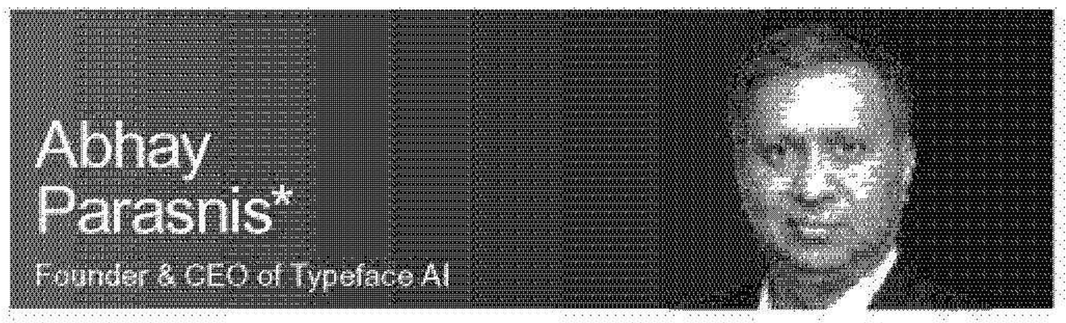
None.

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.

(1) Held directly or through the FCPE.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.



Abhay Parasnis*

Founder & CEO of Typeface AI

Age: 49 years

Nationality: American

Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
86%	100%

Experience and qualifications

Abhay Parasnis is founder & CEO of Typeface AI, a generative AI company. Previously, he was Vice-President, Chief Technology Officer & Chief Product Officer of Adobe Inc. He started his career at IBM in 1996 as a software researcher before joining I2 Technologies, Inc. in 1997 where he served as Chief Architect until 2002. From 2002 to 2011, Abhay Parasnis held various leadership positions at Microsoft Corporation, driving strategic platform initiatives and consumer technologies. In 2012, he joined Oracle Corporation, a cloud technology company, successively as Senior Vice President and as Strategic Advisor of Oracle Public Cloud Initiative. In 2013, he was appointed as President & Chief Operating Officer of Kony, Inc., an enterprise mobility leader, before joining Adobe, Inc., a software company that provides digital marketing and media solutions, in 2015 where he held various leadership roles, including Executive Vice President & Chief Technology Officer, Executive Vice President Chief Technology Officer & Chief Strategy Officer, and finally, Executive Vice-President Chief Technology Officer & Chief Product Officer, a position from which he stepped down in February 2022. Abhay Parasnis is also a Director of Dropbox, Inc.'s Board of Directors. Abhay Parasnis holds a Bachelor of Science in Electronics and Telecommunications from the College of Engineering Pune and an advanced diploma from the National Institute of Information Technology.

Term of office

First appointed: 2023

Term ends: 2024

Current external directorships

Other directorships at listed companies:

Director of **Dropbox, Inc.** (USA).

Other directorships:

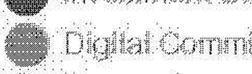
None.

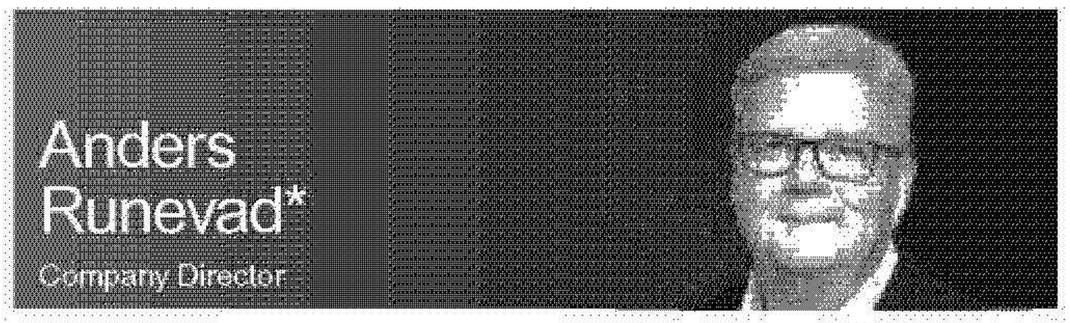
Previous directorships

Previous directorships held in the past five years:

None.

Skills





Anders Runevad*

Company Director

Age: 64 years

Nationality: Swedish

Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	83%

Experience and qualifications

Anders Runevad, currently Company Director, is the former CEO of Vestas Wind Systems A/S. He started his career at Ericsson in 1984 as a Design Engineer before holding various management positions in Sweden, Singapore, Brazil, the UK, and US. In 1998, he was appointed President of Ericsson Singapore. From 2000 to 2004, he served as Vice-President Sales and Marketing of Ericsson Mobile Communications AB. In 2004, he was appointed President of Ericsson Brazil. From 2007 until 2010, he served as Executive Vice President and member of the Board at Sony Ericsson Mobile Communications AB. He then became President of Western & Central Europe at Telefonaktiebolaget LM Ericsson (public company) in 2010. In 2013, he left Ericsson to join Vestas Wind Systems A/S as Chief Executive Officer and Group President, a position from which he stepped down in 2019. Anders Runevad holds a Master of Science Degree in Electrical Engineering from the University of Lund (Sweden), where he also studied business and economy.

Term of office

First appointed: 2018

Current term started: 2022

Term ends: 2026

Current external directorships

Other directorships at listed companies:

Chairman of the Board of **Vestas Wind Systems A/S** (Denmark);
Chairman of the Board of **Peab AB** (Sweden).

Other directorships:

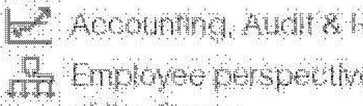
Director of Copenhagen Infrastructure Partners (CIP) (Denmark);
Chairman of the Board PGA National Sweden (Sweden).

Previous directorships

Previous directorships held in the past five years:

Director of Nilfisk Holding A/S (Denmark); President & CEO of Vestas Wind Systems A/S (Denmark); Member of the General Council of the Confederation of Danish Industry; Member of the Industrial Policy Committee of the Confederation of Danish Industry; Director of NKT A/S (Denmark) (2018).

Skills



* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.
Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

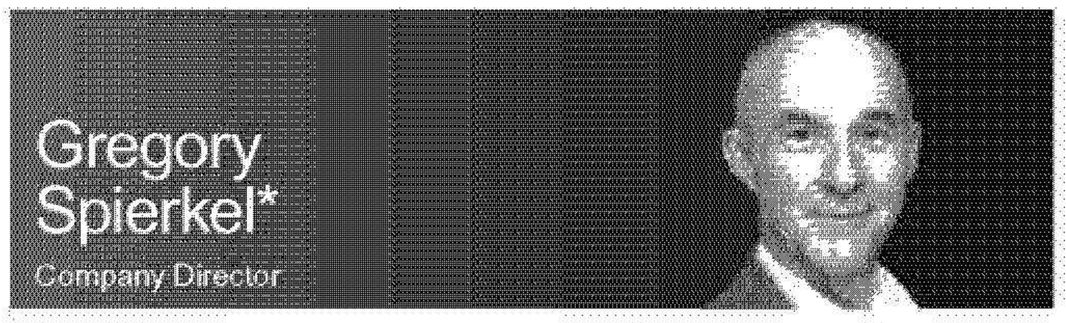
Board committees

- Audit & Risks Committee
- Governance, Nominations & Sustainability Committee
- Human Capital & Remunerations Committee
- Investment Committee
- Digital Committee
- Committee Chair

Skills

- Public Company Management
- International Markets
- Law, Governance, Ethics & Compliance
- Accounting, Audit & Risk
- Employee perspective & Knowledge of the Group
- Corporate Finance
- Industry Knowledge
- Sustainability
- Digital & Software

4.1 Governance Report



Gregory Spierkel*

Company Director

Age: 66 years

Nationality: Canadian

Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Gregory Spierkel, now Company Director, is the former CLO of Ingram Micro Inc. He began his career working for Bell Canada in sales and product development, followed by a period with Nortel Inc. in market research. For four years, he served as Managing Director of Mitel Telecom with responsibilities over Europe and Asia. He then spent five years at Mitel Corp. where he served as President of North America and President of Global Sales and Marketing. In August 1997, he joined Ingram Micro as Senior Vice President Asia Pacific. In June 1999, he was appointed as Executive Vice President and President of Ingram Micro Europe. He was promoted to President of the Ingram Micro Inc. Group in 2004, before assuming the role of CLO of Ingram Micro Inc. from 2005 to 2012. Gregory Spierkel holds a Bachelor's Degree in Commerce from Carleton University (Ottawa) and a Master's Degree in Business Administration from Georgetown University. He also attended the Advanced Manufacturing program at INSEAD.

Term of office

First appointed: 2015

Current term started: 2023

Term ends: 2027

Current external directorships

Other directorships at listed companies:

Director of **PACCAR Inc.** (USA).

Other directorships:

Member of McLaren Advisory Group (McLaren Technology Group) (United Kingdom).

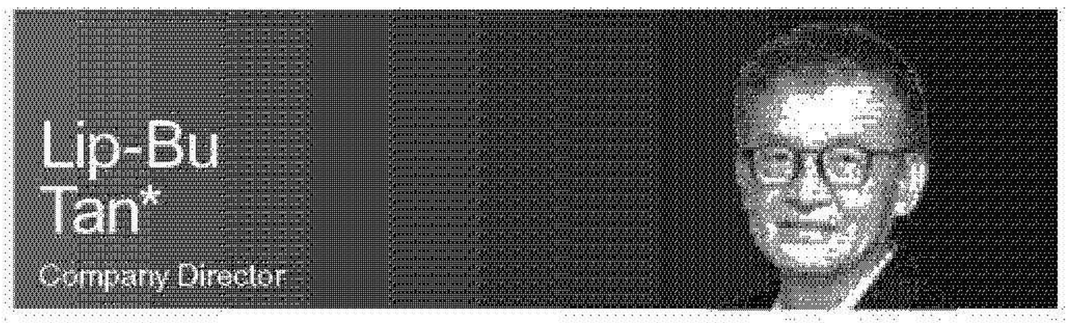
Previous directorships

Previous directorships held in the past five years:

Director of **MGM Resorts International** (USA).

Skills





Lip-Bu Tan*

Company Director

Age: 64 years

Nationality: American

Business address: One California Street, Suite 1750, San Francisco, CA 94111, United States

1,000 Schneider Electric SE shares

Board committees

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Lip-Bu Tan is the former Executive Chairman of Cadence Design Systems, Inc. from which he retired as Chief Executive Officer in 2021. Lip-Bu Tan held management positions at EDS Nuclear and ECHO Energy before becoming Vice President of Chappell & Co. He also serves as Chairman of Walden International, a venture capital firm he founded in 1987 and is Founding Managing Partner of Celesta Capital and Walden Catalyst Ventures, a venture capital firm focused on investing in core technology companies. After joining the Board of Cadence Design Systems, Inc. in 2004, Lip-Bu Tan was appointed as CEO in 2009, a position that he held until December 2021. At that time, he transitions to his role of Executive Chairman of Cadence Design Systems, Inc. He holds a Master of Science Degree in Nuclear Engineering from the Massachusetts Institute of Technology, an MBA from the San Francisco University, and a Bachelor of Science Degree from the Nanyang University of Singapore.

Term of office

First appointed: 2019

Current term started: 2023

Term ends: 2027

Current external directorships

Other directorships at listed companies:

Chairman of the Board of **Credo Technology Group Holding Ltd** (Cayman Islands); Director of **Intel Corporation** (USA).

Other directorships:

Director of 3DCS Inc. (USA), Agita Labs (USA), RF Pixels, Inc. (USA), DustPhotonics (Israel), Artera (USA), LightBits Labs (Israel), Movandi Corporation (USA), Prosimo, Inc. (USA), Proteantecs (Israel), Rivos, Inc., (USA), Spoodata.io (Israel), Vayyar Imaging (Israel), SambaNova Systems, Inc. (USA), and The Electronic System Design Alliance (ESD Alliance); Member of the board of trustees and the School of Engineering Dean's Council at Carnegie Mellon University (CMU); Advisory Board member of the College of Engineering, and Computer, Data Science & Social Division at University of California, Berkeley (USA); Global Advisory board Member of MIT Japan; Member of the board of Global Semiconductor Alliance (GSA); Member of The Business Council and Committee 100.

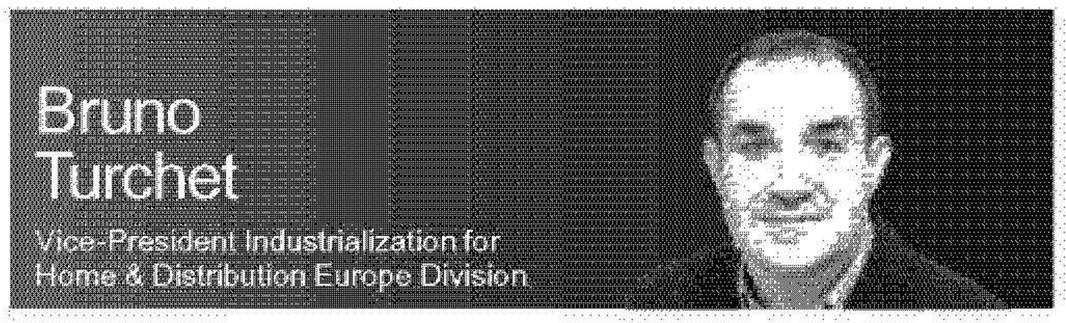
Previous directorships

Chairman of **Cadence Design Systems, Inc.** (USA); Director of Advanced Micro-Fabrication Equipment Inc (Shanghai) and **Softbank Group Corp.** (Japan); CEO of **Cadence Design Systems** (USA); Director of **Hewlett Packard Enterprise** (USA); Board member of Habana Labs Ltd. (Israel), Tagore Technology, Inc. (USA), WekaIO, LTD (Israel), **Aquantia Corporation** (USA), CNEX Labs, Inc. (USA), Fungible, Inc. (USA), Innovium, Inc. (USA), Komprise (USA), NuVia, Inc. (USA), Oryx Vision (Israel), Rosetel System Information Ltd (Israel), HiCoop, Inc. (South Korea), and Silicon Mitus, Inc. (South Korea).

Skills

* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.



Bruno Turchet

Vice-President Industrialization for Home & Distribution Europe Division

Age: 50 years

Nationality: French

Business address: Schneider Electric, 35, rue Joseph Monier, 92500 Rueil-Malmaison, France

888[1] Schneider Electric SE shares

Board committees

●

Attendance rate at:

Board meetings	Committee meetings
100%	100%

Experience and qualifications

Bruno Turchet, currently Employee Director, began his career in 1999 as Electromechanical Engineer for Assystem Technologies (French consulting and engineering company) and held the role of Key Account Manager for the industry market (2001-2005). He joined Schneider Electric in 2005 and has worked in different operations. He started as Project Technical Leader for Low Voltage Equipment in France for two years, before expatriation to Schneider Electric China as Low & Medium Voltage Equipment R&D Manager for three years. Back in France in 2011, he led the Productivity Department of one of the main divisions of the Group and deployed there the sustainability program. From 2016 to 2021, he was New Products Industrialization Director of Final Distribution Line of Business. Since July 2021, Bruno Turchet is Vice-President Industrialization for Home & Distribution Europe Division. In April 2021, he was appointed employee Director. Bruno Turchet holds a Master of Science Degree in Engineering & Quality from the University of Besancon (France). He also attended the High Performance Boards program at IMD Business School of Lausanne (Switzerland) in October 2021.

Term of office

First appointed: 2021

Term ends: 2025

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

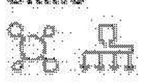
None.

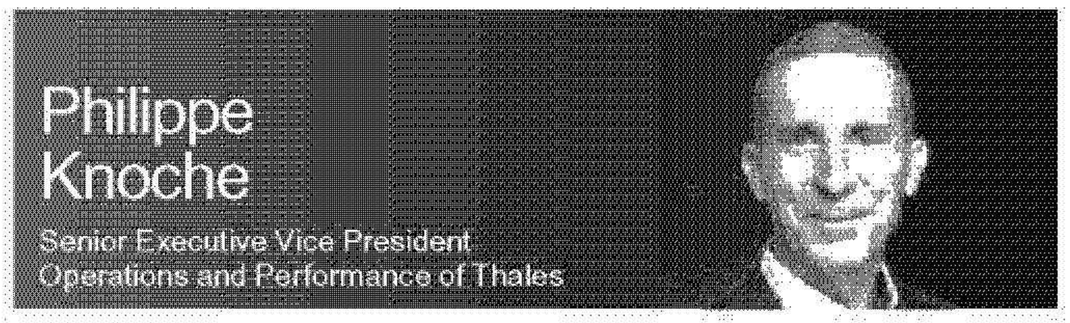
Previous directorships

Previous directorships held in the past five years:

None.

Skills





Philippe Knoche

Senior Executive Vice President Operations and Performance of Thales

Age: 55 years

Nationality: French/German

Business address: Thales, Campus Meudon, 4, rue de la Verrerie, 92190 Meudon

0 Schneider Electric SE shares

Experience and qualifications

Philippe Knoche is currently Senior Executive Vice President Operations and Performance of Thales and the former Chief Executive Officer of Orano. He began his career in 1995 in Brussels as a case handler on anti-dumping for the European Commission. In 2000, he joined Areva group as Director of Strategy, and became Director of the Processing Business Unit in 2004. In 2006, he took charge of the project to build the EPR generation 3 nuclear reactor in Finland. In 2010, Philippe Knoche was appointed Director of the Reactors and Services Business Group and member of Areva's Executive Board, before being named Executive Vice President for Nuclear Operations in 2011. In 2015, Philippe Knoche was appointed Chief Executive Officer of Areva which he completely transformed and restructured, leading to the creation in 2017 of Orano of which he had been the Chief Executive Officer before joining Thales in October 2023 as Senior Executive Vice President Operations and Performance. Philippe Knoche is a graduate of Ecole polytechnique and Ecole des mines.

Term of office

Co-optation as Observer member: December 2023

Candidate for appointment as a Director: May 2024

Current external directorships

Other directorships at listed companies:

None.

Other directorships:

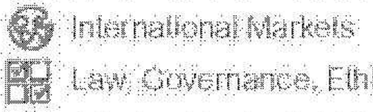
None

Previous directorships

Previous directorships held in the past five years:

Chief Executive Officer of Orano (France); Chairman of the Board of the World Nuclear Association (WNA, expired on 05/15/2022); **Thales** board member and Chairman of the Governance and Compensations Committee (France).

Skills



* An independent Director within the meaning of the AFEP-MEDEF Corporate Governance Code.

(1) Held directly or through the FCPE.

Note: **bold** indicates the names of companies whose securities are listed on a regulated market.

Board committees

- Audit & Risks Committee
- Governance, Nominations & Sustainability Committee
- Human Capital & Remunerations Committee
- Investment Committee
- Digital Committee
- Committee Chair

Skills

- Public Company Management
- International Markets
- Law, Governance, Ethics & Compliance
- Accounting, Audit & Risk
- Employee perspective & Knowledge of the Group
- Corporate Finance
- Industry Knowledge
- Sustainability
- Digital & Software

4.1 Governance Report

4.1.1.3 Changes to the Board composition submitted to the Annual Shareholders' Meeting

As part of the Board's continuous review of its composition, the Board of Directors asked the Governance, Nominations & Sustainability Committee to make a recommendation on the renewal of Mr. Fred Kindle, Mrs. Cécile Cabanis, and Mrs. Jill Lee, as well as search for a complementary candidate in line with the skill set highlighted by its Board skills matrix and the challenges of the Company.

In that respect, the Committee has analyzed Mr. Fred Kindle's, Mrs. Cécile Cabanis', and Mrs. Jill Lee's situation with regards to their relevance and performance, their time commitment and availability to fulfill their duties, as well as the value added by each of them to the work of the Board.

- Mr. Fred Kindle, Vice-Chairman & Lead Independent Director, brings to the Board of Directors the benefit of his experience as former Chief Executive Officer of ABB as well as his skills in corporate finance, and his knowledge of international markets, Schneider's industry, and governance matters. He holds none other position at listed companies, and his attendance rate at the meetings of the Board and the committees in which he participates in 2023 is 100%. The Committee recommended to the Board that Mr. Fred Kindle continues to participate in the work of the Board as Vice-Chairman & Lead Independent Director, which leads the Board to propose to shareholders the renewal of his mandate for a four-year term.
- Mrs. Cécile Cabanis brings to the Board her experience as former Chief Financial Officer of Danone, a major French group in the CAC 40, and as Deputy Chief Executive Officer of Tikehau Capital where she oversees the Human Capital, ESG/CSR, Communications, and Brand Marketing functions of the group. The Board is benefiting from her skills in accounting, risks & audit, sustainability, and her knowledge of international markets. She holds only one other position in a listed company (Vice-Chairwoman of the Supervisory Board of Unibail-Rodamco-Westfield SE), and her attendance rate at Board meetings in 2023 is 86%, while her attendance rate at meetings of the Committee in which she participates is 100%. Upon the recommendation of the Governance, Nominations & Sustainability Committee, the Board proposes to shareholders the renewal of her mandate for a four-year term.
- Mrs. Jill Lee brings to the Board her experience as former Chief Financial Officer of Sulzer Ltd as well as her knowledge in accountability, risks & audit, Schneider Electric's industry, and understanding of international markets, especially the Asian markets. Mrs. Jill Lee holds no other directorship in listed companies and her attendance rate at the meetings of the Board and the committees in which she participates in 2023 is 100%. The Committee recommended to the Board that Mrs. Jill Lee continues to participate in the work of the Board as Chairwoman of the Audit & Risks Committee, which leads the Board to propose to shareholders the renewal of her mandate for a four-year term.

The Governance, Nominations & Sustainability Committee also identified the skills that would be useful to diversify and strengthen the Board composition and hired an external recruitment firm (Heidrick & Struggles) to search for suitable candidates identified as being a French speaker, connected to French environment with a strong expertise in energy and software. Among these candidates, the Governance, Nominations & Sustainability Committee preselected a shortlist and the members of the Committee interviewed the short-listed candidates. Following these interviews, the Committee recommended a candidate to the Board of Directors, Mr. Philippe Knoche, who was appointed as Observer by the Board of Directors on December 13, 2023, with effect from February 14, 2024, with the intent to propose his appointment as a Board member to the 2024 Annual Shareholders' Meeting.

Mr. Philippe Knoche, a French and German dual citizen based in Paris, who was the Chief Executive Officer of Orano from 2015 to 2023, has recently joined Thales as Senior Executive Vice President Operations and Performance in October 2023. He will bring to the Board his expertise in energy and technology as well as his experience in transformations both at a strategic and operational level. He will qualify as an independent Director with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed by the Shareholders' Meeting in May 2024, will join the Audit & Risks Committee.

If all proposals submitted to the Annual Shareholders' Meeting are approved by the shareholders, the Board of Directors would comprise:

17
Directors

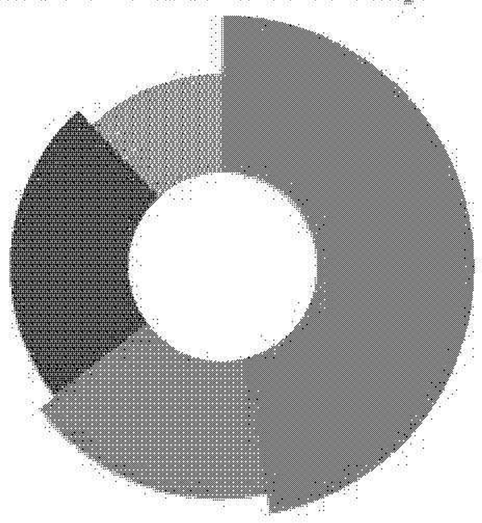
3
Employee Directors

12 (86%)
Independent Directors*

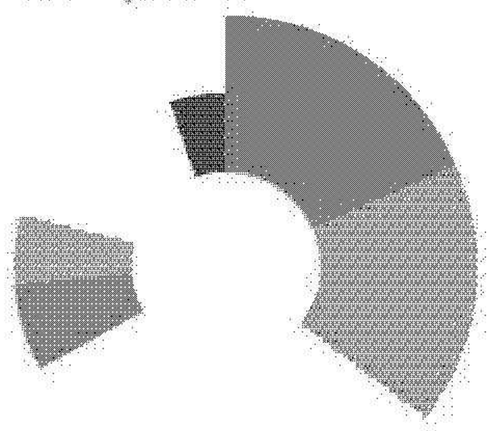
57.5
Average age of Directors

43%
Women Directors*

Board members nationality



Board expertise



* Excluding the Director representing the employee shareholders and the Directors representing the employees.

4.1.1.4 Skills and diversity

Diversity policy within the Board of Directors and within the management of the Company

The Board of Directors pays due attention to its composition and that of its committees. It relies on the works of the Governance, Nominations & Sustainability Committee which reviews regularly and proposes as often as required, the relevant changes to the composition of the Board of Directors and its committees depending on the Group's strategy.

In that respect, in conformity with its internal regulations, the Board of Directors ensures through its proposals and its decisions that:

- Its composition reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non-French nationality;
- It protects the independence of the Board through the competence, availability, and courage of its members;
- It ensures open and unrestricted speech;
- It pursues its objective of diversifying the Board of Directors in compliance with the legal principle of attaining balanced gender representation on the Board;
- It appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills, nationality, and background;
- Employee shareholders and employees shall continue to be represented on the Board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the Articles of Association; and
- It preserves the continuity of the Board by changing some of its members at regular intervals, if necessary, by anticipating the expiry of members' terms of office.

As prescribed by Article L. 225-18-1 and L. 22-10-3 of the French Commercial Code, the proportion of Directors of each gender must be at least 40%, it being specified that the Directors representing the employees and the Director representing the employee shareholders are not counted to assess said proportion of 40% (Articles L. 225-27 and L. 225-23 of the French Commercial Code).

The gender diversity ratio of the Board of Directors, should the appointment of Mr. Philippe Knoche be confirmed at the 2024 Annual Shareholders' Meeting, will reach 43% (excluding the Employee Directors and the Employee Shareholders Director).

Schneider Electric is deeply committed towards diversity in general and gender diversity in particular. Schneider Electric focuses on taking proactive measures to encourage a balanced representation of men and women at the leadership level: the portion of women at the Executive Committee level was 41% in 2023 (no change compared to 2022). For the leadership pool, comprising of the top leaders (Vice-Presidents and above, excluding direct reports to the CEO, around 1,016 employees), the female representation is 29% (+1% *vs.* 2022).

At its meeting on December 13, 2023, the Board of Directors reviewed Senior Management's ambitions regarding the balanced representation of men and women at the leadership level and noted that the objectives are set to:

- At least 40% of women at the Executive Committee; and
- At least 30% of women among the leadership (Vice-President and above; around 1,016 employees).

To achieve these objectives and further improve gender diversity, the Group aims at attracting female talents by offering a training leadership program and dedicated mentoring, an equal treatment policy, and a tailored family leave policy.

Skills within the Board of Directors

The Board of Directors frequently assesses the skills to include in its skills matrix in order to meet the Company's strategic needs, and a review of some peer comparisons. It reviews its composition and expertise to identify skills, relevant to Schneider Electric's current and future activities, that could be strengthened in the future or would deserve a stronger disclosure/narrative.

Schneider Electric's Board, assessed against these skills, appears strong and balanced, and globally well positioned. The Board comprises individuals from diverse and complementary professional and cultural backgrounds, true to the Group's history and values. This enables it to perform its duties collectively and constructively.

The experience and expertise brought to the Board by each Director at the date of this Universal Registration Document can be summarized as follows:

Benchmarked Skills	Jean-Pascal Tricoire	Fred Kindle	Leo Apotheker	Antoine Lonnaz	Gabrielle Costabile	Olivier Blum	Yi Hyon Paik	Linda Knoll	Willy Kissling	Xavier Ormancey	Anna Ohlsson-Leijon	Kory Sorenson	Antoine Gosset-Grainville	Gregory Spierkel	Patrick Koller	Jill Lee	Giulia Fitzpatrick	Philippe Knoche	Tally
Public Company Management	●	●	●	●	●	●		●	●		●	●	●	●	●			●	14
Corporate Finance	●	●	●	●	●	●			●	●	●		●	●	●			●	13
Accounting, Audit & Risk				●	●				●	●	●								5
International Markets	●	●	●	●	●	●		●	●	●	●	●	●	●	●			●	15
Industry Knowledge	●	●				●			●	●			●		●	●		●	9
Employee perspective & Knowledge of the Group	●						●			●						●			4
Digital & Software	●		●	●								●		●	●			●	7
Law, Governance, Ethics & Compliance		●	●			●					●								4
Sustainability	●				●	●		●					●						5

4.1 Governance Report

	Skills	Definition
Core Skills	Public Company Management	Directors with experience in executive leadership positions of public companies. These positions include industry CEOs (six of the sixteen Board members are former CEOs of listed companies: L. Apotheker, F. Kindle, A. Runevad, G. Spierkel, LB. Tan, and JP. Tricoire) as well as other top executive positions (*e.g.*, CEO of private companies, CFO, COO) and top management roles (regional or divisional leadership).
	Corporate Finance	Directors who have gained experience in banking, investments, restructuring, or M&A. Also, those high-level executives with responsibilities for financial management (*e.g.*, CEO, CFO).
	Accounting, Audit & Risk	Directors from an auditing, or internal finance role (*e.g.*, financial reporting responsibilities). As well as this, expertise in risk management gained from subject matter expertise or responsibility for corporate risk management (note: non-executive positions are not taken into consideration).
	International Markets	Directors who have spent a large portion of their career in, or have been directly responsible for, foreign markets. Schneider Electric's Board expertise is well balanced between US, Asian, and European markets experience: • European market: L. Apotheker, C. Cabanis, G. Chierchia, F. Kindle, P. Knoche, J. Lee, A. Runevad, A. Ohlsson-Leijon, G. Spierkel, and JP. Tricoire; • US market: L. Apotheker, L. Knoll, A. Parasnis, G. Spierkel, and LB. Tan; and • Asian market: N. Bhagat, J. Lee, X. Ma, A. Parasnis, A. Runevad, JP. Tricoire.
	Industry Knowledge	Directors who have gained experience in energy, electricity and automation sectors.
	Employee perspective and Knowledge of the Group	Directors who are also employees of the Group and have gained a deep and inside knowledge of the Group.
	Digital & Software	Directors who have gained technical or managerial experience directly in information technology, digitization, software, data, and innovative technologies in relevant industries.
	Law, Governance, Ethics & Compliance	Directors with advanced and relevant legal qualification or experience in a corporate legal setting, direct career exposure to relevant regulators, or governmental organizations. Also includes Directors who have a proven track record contributing to ethical business practices and governance.
	Sustainability	Directors who have made significant contributions to either sustainability in business, climate change, or have notoriety for promotion of sustainable business in the wider economy. This skill does include experiences such as technical experience in innovative green technologies.

4.1.1.5 Independence and conflict of interests

Independent Directors

Each year, as provided under the AFEP-MEDEF Corporate Governance Code, the Board of Directors, on the report of the Governance, Nominations & Sustainability Committee, dedicates one of the points on its agenda to the qualification of its members as independent with regard to the criteria for independence set out in Article 10.5 of this Code as presented in the table below.

Criterion 1: Employee or Corporate Officer within the previous five years

Not to be and not to have been within the previous five years:
- an employee or executive Corporate Officer of the Company;
- an employee, executive Corporate Officer, or Director of a company consolidated with the Company;
- an employee, executive Corporate Officer, or Director of the Company's parent company or a company consolidated with this parent company.

Criterion 2: Cross-directorships

Not to be an executive Corporate Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive Corporate Officer of the Company (currently in office or having held such office within the last five years) holds a directorship.

Criterion 3: Significant business relationships

Not to be a customer, supplier, commercial banker, investment banker, or consultant:
- that is significant to the Company or its group;
- or for which the Company or its group represents a significant portion of its activity.

The assessment of the significance or otherwise of the relationship with the Company or its group must be debated by the Board and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, *etc.*) must be explicitly stated in the annual report.

Criterion 4: Family ties

Not to be related by close family ties to a Corporate Officer.

Criterion 5: Auditor

Not to have been an auditor of the Company within the previous five years.

Criterion 6: Period of office exceeding 12 years

Not to have been a Director of the Company for more than 12 years. Loss of the status of Independent Director occurs on the date of the 12th anniversary.

Criterion 7: Status of non-executive Corporate Officer

A non-executive Corporate Officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the Company or Group.

Criterion 8: Status of the major shareholder

Directors representing major shareholders of the Company or its parent company may be considered independent, provided these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Governance, Nominations & Sustainability Committee, should systematically review the qualification as independent in light of the Company's shareholding structure and the existence of a potential conflict of interest.

Upon recommendation from the Governance, Nominations & Sustainability Committee, the Board of Directors, during its meeting of February 14, 2024, reviewed the independence of each Board member in regard of the criteria reminded above.

- With regard specifically to independence in terms of business relations, the Board of Directors noted that, due to:
  (i) The absence of business relations between the Directors and Schneider Electric;
  (ii) The nature of Schneider Electric activities and those of the companies in which members of the Board of Directors are employed or serve as Directors; and
  (iii) The amounts, either unitary or global, of operations performed or that may be performed between Schneider Electric and these companies that are agreed at arm's length and that are by no means likely to be referred to the Board of Directors;

  the existing business relations between Schneider Electric and these companies in which the members of the Board of Directors are employed or serve as officers are not likely to prejudice their independence, indeed, when such operations exist, they are agreed at arm's length and their amounts, representing less than 0.2% of the consolidated turnover of each group, are without a doubt insignificant for each party, in particular with regard to respective size of the groups concerned.

Among sixteen Directors, eleven are independent according to the definition prescribed by the AFEP-MEDEF Corporate Governance Code: Mrs. Nive Bhagat, Mrs. Cécile Cabanis, Mrs. Giulia Chierchia, Mr. Fred Kindle, Mrs. Linda Knoll, Mrs. Jill Lee, Mrs. Anna Ohlsson-Leijon, Mr. Abhay Parasnis, Mr. Anders Runevad, Mr. Gregory Spierkel, and Mr. Lip-Bu Tan.

- Mr. Jean-Pascal Tricoire, as former Chief Executive Officer, Mrs. Xiaoyun Ma, as Employee Shareholder Director, Mrs. Rita Félix and Mr. Bruno Turchet as Employee Directors, and Mr. Léo Apotheker, who has served on the Board for over 12 years, are not considered to be independent Directors under the AFEP-MEDEF Corporate Governance Code.
- The AFEP-MEDEF Corporate Governance Code recommends that, in non-controlled companies, the Board comprises at least 50% independent Directors (Directors representing employee shareholders and employees are not computed in calculating this percentage). The proportion of independent Directors of the Company, excluding Mrs. Xiaoyun Ma, Mrs. Rita Félix, and Mr. Bruno Turchet, is therefore 85%. The proportion would rise to 86% should the renewal of Mr. Fred Kindle, Mrs. Cécile Cabanis, and Mrs. Jill Lee, and the appointment of Mr. Philippe Knoche, who will qualify as independent Director with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code, be voted in by the Annual Shareholders' Meeting as per, respectively, the 14th, 15th, 16th, and 17th resolutions.

4.1 Governance Report

The following table shows the status of each Director with regard to the criteria for independence set out in Article 10.5 of the AFEP-MEDEF Corporate Governance Code.

Criteria(1)	Jean-Pascal Tricoire(2)	Leo Apotheker	Xiaoyun Ma(4)	Gabrielle Gauthey	Sudhakar Kesavan(3)	Rita Félix(5)	Fred Kindle	Linda Knoll	Jill Lee	Xiaoyun Ma(4)	Anna Ohlsson-Leijon	Antoine Petrus	Angeles Garcia-Poveda	Gregory Spierkel	Lone Fønss Schrøder	Bruno Lafont(6)
Criterion 1: Employee or corporate officer within the past five years	✗	✓	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗
Criterion 2: Cross-directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Significant business relationships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: Family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: Auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: Period of office exceeding 12 years	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: Status of non-executive Corporate Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 8: Status of the major shareholder	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Conclusion	✗	✗	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗

(1) In this table, ✓ means that a criterion for independence is satisfied and ✗ signifies that a criterion for independence is not satisfied.
(2) Mr. Jean Pascal Tricoire is the former Chairman & Chief Executive Officer of Schneider Electric SE, the former Chairman of the Board of Directors of Schneider Electric Industries SAS, the former Director of Schneider Electric USA Inc., Director of Delixi Electric Ltd, and Chairman of the Board of Directors of Schneider Electric Asia Pacific Ltd.
(3) Mrs. Rita Félix has an employment contract with Schneider Electric Portugal I dit.
(4) Mrs. Xiaoyun Ma has an employment contract with Schneider Electric (China) Co., Ltd.
(5) Mr. Bruno Lafont has an employment contract with Schneider Electric Industries SAS.

Declarations concerning the situation of the members of the administrative, supervisory, or management bodies

Service contracts

None of the Directors nor the Chief Executive Officer has a service contract with the Company or any of its subsidiaries providing for benefits under such contract.

Absence of conviction or incrimination

To the best of the Company's knowledge, in the last five years, none of the Directors nor the Chief Executive Officer have been:

- The subject of any convictions in relation to fraudulent offenses or of any official public incrimination and/or sanctions by statutory regulatory authorities;
- Disqualified by a court from acting as a member of the administrative, management, or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of an issuer; or
- Involved, as a member of an administrative, management, or supervisory body or a partner, in a bankruptcy, receivership, or liquidation.

Family ties

To the best of the Company's knowledge, none of the Directors and/or the Chief Executive Officer of the Company are related through family ties.

Conflicts of interest

To the best of the Company's knowledge, there are no arrangements or understandings with major shareholders, customers, suppliers, or others pursuant to which a Director or the Chief Executive Officer has been selected as a member of an administrative, management, or supervisory body or a member of Senior Management of the Company.

To the best of the Company's knowledge, there are no conflicts of interest between the duties of any Directors and the Chief Executive Officer with respect to the Company in their capacity as members of those bodies or their private interests and/or other duties.

To the best of the Company's knowledge, the Directors and the Chief Executive Officer have no restrictions on the disposal of their Company shares aside from those stipulated in Performance share plans (see section 4.2.5 of Chapter 4 of the 2023 Universal Registration Document) for the former Chairman & Chief Executive Officer, who became the Chairman of Board of Directors, and for the current Chief Executive Officer, and a minimum shareholding requirement for Directors.

4.1.1.6 Directors' and Chief Executive Officer's holding in the Company's share capital

Article 11 of the Company's Article of Association provides that Directors are each required to hold at least 250 Schneider Electric shares during their term of office. Moreover, in accordance with Article 6 of the Board Internal Regulations, each Board member shall hold 1,000 Schneider Electric shares.

The Board of Directors has set a retention target of shares representing five years of base salary for the Chief Executive Officer. Calculation of the number of shares held is based on Schneider Electric SE shares and the equivalent in shares of the corporate mutual fund units invested in Schneider Electric shares held by the beneficiary. He is required to retain at least 50% of the Performance Shares granted to him until this number of shares is reached.

The shareholding target described above is not yet met by Mr. Peter Herweck who owns 30,534 Schneider Electric shares.

To the Company's knowledge, the Chief Executive Officer's and Directors' shareholdings in the Company's registered capital as of the date of December 31, 2023, are as follows:

Chief Executive Officer	Number of shares held
Peter Herweck	30,534
Board member	
Jean-Pascal Tricoire	817,016
Fred Kindle	40,000
Léo Apotheker	3,093
Nive Bhagat	200
Cécile Cabanis	1,000
Giulia Chierchia	250
Rita Félix	190
Linda Knoll	1,000
Jill Lee	1,000
Xiaoyun Ma	39,556
Anna Ohlsson-Leijon	1,000
Abhay Parasnis	1,000
Anders Runevad	1,000
Gregory Spierkel	1,000
Lip-Bu Tan	1,000
Bruno Turchet	888
TOTAL	**939,727**

The Chief Executive Officer and the members of the Board of Directors directly held 0.16% of the share capital as of December 31, 2023.

The table below shows the transactions in Schneider Electric securities carried out during fiscal year 2023 and notified to the *Autorité des marchés financiers* (AMF) in accordance with Article 19 of Regulation n° 594/2014 of April 16, 2014, on Market Abuse and Article L. 621-18-2 of the French Monetary and Financial Code:

Name and last name	Transaction date	Transaction type	Description of the financial instrument	Number of securities traded (in units)	Unit price (in euros)	Amount of the transaction (in euros)
Jean-Pascal Tricoire	24/03/2023	Acquisition	LTIP – Plans 36 & 37	58,027	–	–
Jean-Pascal Tricoire	24/03/2023	Acquisition	LTIP – Plans 37	6,839	–	–
Xiaoyun Ma	22/05/2023	Disposal	Ordinary shares	500	165.44	82,720.00
Peter Herweck	06/07/2023	Subscription	Shares in Schneider Electric FCPE	1,198.64	126.20	151,268.37
Peter Herweck	06/07/2023	Subscription	Shares in Schneider Electric FCPE	19.48	126.20	2,458.38
Jean-Pascal Tricoire	06/07/2023	Subscription	Shares in Schneider Electric FCPE	19.37	126.20	2,444.49
Jean-Pascal Tricoire	02/08/2023	Disposal	Ordinary shares	17,000	162.10	2,755,700.00
Giulia Chierchia	02/08/2023	Acquisition	Ordinary shares	250	158.68	39,670.00
Jean-Pascal Tricoire	10/08/2023	Disposal	Ordinary shares	1,220	163.00	198,860.00
Jean-Pascal Tricoire	24/08/2023	Disposal	Ordinary shares	9,300	160.00	1,488,000.00
Jean-Pascal Tricoire	24/08/2023	Disposal	Ordinary shares	4,425	160.00	708,000.00
Xiaoyun Ma	14/11/2023	Disposal	Ordinary shares	1,000	161.01	161,010.00
Peter Herweck	27/11/2023	Disposal	Ordinary shares	550	165.70	91,135.00
Jean-Pascal Tricoire	29/11/2023	Disposal	Shares in Schneider Electric FCPE	5,994.84	370.30	2,219,889.25
Jean-Pascal Tricoire	29/11/2023	Disposal	Shares in Schneider Electric FCPE	3,458.44	407.78	1,410,282.66
Xiaoyun Ma	01/12/2023	Disposal	Ordinary shares	1,000	169.79	169,790.00
Xiaoyun Ma	19/12/2023	Disposal	Ordinary shares	1,000	181.60	181,600.00

See details regarding Performance shares granted to Executive Directors and the Chief Executive Officer in section 4.2.5 of Chapter 4 of this Universal Registration Document.

4.1.2 Activities and operating procedures of the Board of Directors

4.1.2.1 Governance structure

Schneider Electric is being governed through a model considered by the Board of Directors to be best suited to the Company's culture and specificities, with the ambition to constantly improve its effectiveness. The structure responsible for the General Management of Schneider Electric has always been selected in the best interest of the Company and its stakeholders, with the objective that the corporate governance model will support the optimization of the Group's financial and sustainability performance, create the most favorable conditions for the Company's long-term development, respect the rights of shareholders, and maintain the necessary balance of powers between the different governance bodies.

In accordance with the wishes of Mr. Jean-Pascal Tricoire to step down as Chief Executive Officer, alongside the intention of the Board of Directors to separate the functions of Chairman and Chief Executive Officer, the Board decided on February 15, 2023, to implement a new governance structure that splits the office of Chairman from that of the Chief Executive Officer. This new governance structure became effective on May 4, 2023, further to the decision of the Board of Directors to separate the functions of Chairman of the Board and Chief Executive Officer and to appoint Mr. Peter Herweck as Chief Executive Officer and Mr. Jean-Pascal Tricoire as Chairman of the Board.

4.1.2.1.1 Roles and duties of the Board of Directors

The Board of Directors shall determine the business strategy of the Company and monitors its implementation, in accordance with its corporate interest and while considering its social and environmental aspects. Subject to the powers expressly conferred to annual general shareholders' meetings and within the limit of the corporate purpose, it shall deal with all matters regarding the smooth running of the Company and settle issues concerning the Company. At any time in the year, the Board carries out the controls and verifications it deems appropriate.

In accordance with its provisions, the Board of Directors' responsibility include additional missions beyond the exercise its legal or statutory duties.

Mission of the Board of Directors

Statutory missions of the Board of Directors	• To determine the method of exercising General management of the Company; • To appoint Executive Corporate Officers, remove them from office and to set their remuneration and the benefits granted to them; • To co-opt Directors whenever necessary; • To distribute Directors' remuneration allocated at the annual general shareholders' meeting amongst members of the Board of Directors; • To convene general shareholders meetings; • To approve statutory and consolidated financial statements; • To ensure that the Company has reported in accordance with EU sustainability reporting framework; • To decide on the dates for the payment of dividends and any possible down-payments on dividends; • To draw up management reports and reports for annual general shareholders' meetings; • To draw up management planning documents and the corresponding reports; • To draw up the corporate governance report as provided for in Article L.225-37 of the French Commercial Code; • To decide on the use of the delegations of authority granted at annual general shareholders' meetings, more particularly for increasing Company capital, redeeming the Company's own shares, carrying out employee shareholding operations and canceling shares; • To grant options or restricted/performance shares within the limits of authorizations given at annual general shareholders' meetings; • To authorize the issue of bonds; • To authorize the issue of sureties, endorsements and guarantees; • To authorize regulated agreements (agreements covered by Article L.225-38 and following of the Commercial Code); • To implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective.
Additional missions of the Board of Directors	• To give prior authorization for: (i) all disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than EUR 250 million; (ii) significant changes to the scope and portfolio of activities outside of the strategy shared with the Board of Directors; (iii) establishment of significant strategic alliances; (iv) any settlement for a sum of more than EUR 125 million; (v) any off-balance sheet commitment in excess of EUR 125 million other than those relating to a guarantee given to an entity of the Group; (vi) major and very significant changes to the Group internal organization; • To be informed by its Chairperson or by its committees of any significant event concerning the Company's efficient operation; • To be informed about market developments, competitive environment and the most important challenges the Company has to face, including in the area of social and environmental responsibility; • To establish the multi-annual strategic approach on social and environmental responsibility and review the results reached on a yearly basis (including on climate);

Additional missions of the Board of Directors	• To review, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly and to that end receive all information necessary to fulfil its remit, especially from the Chief Executive Officer; • To seek assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will respond and recover from any attack that may happen; • To ensure that a process to prevent and detect bribery and influence peddling is in place; • To exercise control over management and oversee the quality of information provided to shareholders and to the markets, in particular *via* the financial statements or on the occasion of major corporate transactions; • To review every year its composition, its organization and its mode of operation; • To set up an Audit & Risks Committee on the terms specified by law and any other committees (i) which do not have decision-making powers but have the task of providing all useful information for the discussions and decisions which it is called upon to make, and (ii) which composition and rules with regard to their modus operandi is determined by the Board; • To be consulted prior to acceptance by the Chief Executive Officer or Deputy Chief Executive Officers, if any, of any corporate appointment in a listed company outside the Group; • To appoint a Vice-Chairperson if the Board is compelled or wishes to do so; • To appoint up to three Board Observers if the Board wishes to do so; • To determine targets in terms of gender balance within the executive bodies and ensure that the Executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced gender representation on the executive bodies.

4.1.2.1.2 Roles and duties of the Chairman of the Board

The Board of Directors shall elect a Chairperson amongst its members which shall be appointed for a period that can be no longer than his/her term of office as a Director. The Board shall deliberate once a year on the opportunity for the Chairperson to pursue his/her functions. The Chairperson is eligible for re-election. He/she may be removed from office by the Board of Directors at any time.

On May 4, 2023, the Board of Directors appointed Mr. Jean-Pascal Tricoire as Chairman of the Board.

In addition to his statutory missions, the Chairman of the Board is entrusted with additional powers and missions for which he shall organize his activities so as to ensure his availability and put his experience at the Company's service.

Missions of the Chairman of the Board of Directors	
Statutory missions of the Chairman of the Board of Directors	• To organize and direct the work of the Board; • To convene the Board meetings, determine the agenda and preside over the meetings; • To request any document or information necessary to help the Board of Directors for the preparation of its meetings and verify the quality of the information provided; • To oversee the proper functioning of the Company's bodies and makes sure, in particular, that (i) the Directors are able to carry out their assignments, (ii) the Board of Directors is well organized, in a manner conducive to constructive discussion and decision-making and (iii) the Board of Directors devotes an appropriate amount of time to issues relating to the future of the Company and particularly its strategy; • To preside over general shareholders meetings and report on the Board's work to the annual general shareholders' meeting.
Additional missions entrusted to the Chairman of the Board	• To be kept regularly informed by the Chief Executive Officer of significant events and situations relating to the business of the Group (including the Company's strategy, major acquisition or divestment projects, significant financial transactions, risks, major community projects and the appointment of the most senior executives of the Group) and to be consulted by him on these matters; • To assist and advise the Chief Executive Officer on strategic, technological, leadership and human capital matters; • To support, in coordination with the Chief Executive Officer, the representation of the Company in high-level relations with selected stakeholders (customers and institutions); • To represent the Company with selected Asian Partners and Asian government bodies in coordination with the Chief Executive Officer; • To be involved in some dialogue with shareholders in cooperation with the initiatives taken in this respect by the Chief Executive Officer; • To promote the Company's values and culture in particular in relation to Environmental, Social and Governance; • To meet with the Company's leaders and managers; • To hear the statutory auditors and the heads of the control functions in order to ensure that the Board and its committees are in a position to carry out of their duties; • To convene the members of the Board without Executive Directors being present, in particular to allow debates on the performance and compensation of the Executive Management and succession planning; • To participate to the recruitment process for new directors and the development of the succession plan; and • To work with the Board on the preparation and implementation of succession plan(s) for the corporate officer(s).

4.1 Governance Report

The Chairman of the Board strives to develop and maintain a trustful and regular relationship between the Board and the General Management in order to guarantee continuous, ongoing implementation by the General Management of the strategies defined by the Board. In all his/her assignments other than those conferred by law, the Chairperson of the Board of Directors acts in close conjunction with the Chief Executive Officer, who has sole responsibility for the general and operational management of the Company.

The Chairperson of the Board of Directors is the only person authorized to speak on behalf of the Board, with the exception of any specific assignment entrusted to the Vice-Chairperson & Lead Independent Director pursuant to the dialogue with shareholders.

4.1.2.1.3 Roles and duties of the Vice-Chairman of the Board

The Board of Directors may appoint a Vice-Chairperson. If the roles of Chairperson and Chief Executive Officer are combined or if the Chairperson is not considered as independent according to the AFEP-MEDEF Corporate Governance Code, the appointment of a Vice-Chairperson is compulsory. The Vice-Chairperson shall be appointed for a period that may not be any longer than his/her term of office as a Director. The Vice-Chairperson is eligible for re-election. The Vice-Chairperson may be removed from office by the Board of Directors at any time.

Mr. Jean-Pascal Tricoire was appointed as Chairman of the Board on May 4, 2023, and as he was not considered as independent with regard to the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code, Mr. Fred Kindle pursued his mission as Vice-Chairman & Lead Independent Director.

The Vice-Chairperson shall preside over Board meetings in the absence of the Chairperson. The Vice-Chairperson shall be called upon to replace the Chairperson of the Board of Directors in the event of any temporary inability of the latter to fulfill his/her functions or in the event of death. In the event of the Chairperson's inability to fulfill his/her functions, he will be replaced by the Vice-Chairperson as long as his inability may last and, in the case of death, until the election of a new Chairperson.

The Vice-Chairperson may also take on the role of Lead Independent Director. The Vice-Chairperson & Lead Independent Director must be an independent member of the Board, as defined in accordance with the criteria published by the Company. In this respect, the powers and missions of the Vice-Chairperson are as follows.

Mission of the Vice-Chairman & Lead Independent Director

- To be kept informed of major events in Group life through regular contacts and meetings with the Chairperson and the Chief Executive Officer;
- To be consulted by the Chairperson on the agenda and the sequence of events for every Board meeting as well as on the schedule for Board meetings;
- To request that the Chairperson of the Board of Directors include additional items on the agenda of any meeting of the Board of Directors;
- To request that the Chairperson of the Board of Directors call a meeting of the Board of Directors to discuss a given agenda;
- To convene – whenever he/she deems appropriate - an executive session with non-executive members of the Board of Directors and without the Chairperson attending, over which he/she will preside. It is the Vice-Chairperson's responsibility to appreciate for each topic discussed whether the Employee Directors should leave the meeting until the topic is closed. In addition, the Vice-Chairperson may convene an executive session between two Board meetings;
- To promptly report to the Chairperson on the conclusions of executive sessions held without the Chairperson attending;
- To draw the attention of the Chairperson and of the Board of Directors to any possible conflicts of interest that he/she may have identified or which may be reported to him/her;
- To meet if he so wishes the Group's leading managers and visit Company sites in order to complement his/her knowledge;
- To carry out annual assessments of the Board of Directors and, in this context, assess the actual contribution of every member of the Board to the Board's activities;
- To report on his/her actions at annual general shareholders' meetings; and
- To engage with shareholders on governance matters and inform the Board of their concerns.

4.1.2.1.4 Roles and duties of the Chief Executive Officer

According to the French law, the Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company. The Chief Executive Officer represents the Company in its relationship with third parties. He exercises his powers within the limitations of the corporate purpose, and subject to any powers expressly attributed by law to the Annual Shareholders' Meeting and Board of Directors.

Mr. Peter Herweck has been appointed as Chief Executive Officer of Schneider Electric by the Board of Directors on May 4, 2023.

Limitation of powers of the Chief Executive Officer

The Chief Executive Officer will be requested to obtain the Board's prior approval for:

- all disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than EUR 250 million;
- significant changes to the scope and portfolio of activities outside of the strategy shared with the Board of Directors;
- establishment of significant strategic alliances;
- any settlement for a sum of more than EUR 125 million;
- any off-balance sheet commitment in excess of EUR 125 million other than those relating to a guarantee given to an entity of the Group; and
- major and very significant changes to the Group's internal organization.

4.1.2.2 Board of Directors activities in 2023

The Board held seven meetings in 2023 (*vs.* nine in 2022). The meetings lasted six hours and forty minutes on average with an average participation rate of Directors of 94% (*vs.* 97% in 2022). Eleven Directors have an attendance rate of 100% and none have an attendance rate less than 67% as shown in the table summarizing the Directors' individual attendance at Board meetings. All absences were legitimate and excused.

The Board of Directors devoted most of its activities to the Company's business, strategy, and corporate governance as detailed below:

Business and financial results

- Review and approval of the 2022 financial statements based on the Audit & Risks Committee's report and the report by the statutory auditors, who were present at the meeting;
- Review and approval of the financial statements for the first half of 2023;
- Review of the first and third quarterly results and reports prepared by Senior Management;
- Review of the Group's 2023 guidance set in February and of the new guidance issued in April and July 2023;
- Proposal to the Annual Shareholders' Meeting that the dividend be set at EUR 3.15 per share;
- Information, at each meeting, on the business situation;
- Review of the Audit & Risks Committee's report on the works of the Group's internal audit and internal control teams;
- Review of the 2023 risk matrix, the framework design, and the deployment status of the Enterprise Risk Management framework;
- Review of the Group Trust Standards and their implantation;
- Review of the Group "Ethics & Compliance System";
- Monitoring of the share buyback program;
- Liquidity review;
- Authorization of the Chief Executive Officer to issue bonds convertible into new shares and/or exchangeable for existing shares (OCEANEs); and
- Authorization of the Chief Executive Officer to issue of sureties, endorsements, and guarantees.

Strategy

- Thorough review of the Group strategy, as every year, as part of a three-day meeting named "Strategy session", held physically in California from August 27 to 30, 2023, specifically dedicated to the topic;
- Review, during this Strategy session, on an in-depth strategy analysis of Energy Management, Industrial Automation, Prosumer, Energy Management Software, and One Software strategy;
- Authorization or review of external growth and divestment operations (such as AVEVA, EcoAct, and Telemecanique Sensors);
- Review of the portfolio; and
- Information about moves and changes concerning competitors of Schneider Electric.

Corporate governance & sustainability

- Decision to implement a new governance structure with separation of the functions of Chairman and Chief Executive Officer (amendment of the Internal Board regulations);
- Thorough review, as every year, of the succession planning of the Corporate Officers and top management;
- Deliberation on the composition of its membership and that of its committees and the principle of balanced gender representation;
- Review of the mission assigned to each Committee;
- Deliberation on its self assessment;
- Deliberation on and review of the principles and criteria relating to the compensation of the Corporate Officers and approval of the compensation and benefits of all types that may be or have been granted;
- Information on the meetings with major shareholders conducted by the Vice-Chairman & Lead Independent Director on governance topics;
- Information on the salary review of members of the Executive Committee;
- Review of the Group's Diversity & Inclusion program;
- Decision on the implementation of the 2023 Long-term incentive plan;
- Recorded the calculation of the level of achievement of performance conditions applicable to Performance Share plans nº 36, 37, 37*bis*, 38, 39, 39*bis*, 39*ter*, 40, 41, 41*bis*, and 41*ter*;
- Decision of capital increases reserved for employees;
- Reviewed the CSR strategy, results, and targets of the Schneider Sustainability Impact 2021–2025;
- Decision to submit to the Annual General Meeting a say-on-climate;
- Review of the preparation of the Company to be ready to implement the Corporate Sustainability Reporting Directive ("CSRD") for its 2024 Universal Registration Document;
- Approval of the corporate governance report as provided for in Article L. 225-37 of the French Commercial Code;
- Approval of the Management Report as provided for in Article L. 225-100 of the French Commercial Code;
- Review of the regulated agreements and commitments; and
- Review of the assessment process relating to the qualification of the related party agreements as "current" or "regulated".

4.1 Governance Report

2023 Annual Shareholders' Meeting

The Board approved the agenda and draft resolutions of the 2023 Annual Shareholders' Meeting, and its report to the shareholders at the meeting. It was informed of the positions expressed by the shareholders met during the preparation of the Annual Shareholders' Meeting and took note of the proxy-advisors' reports. It approved the responses to the written questions.

The 2023 Annual Shareholders' Meeting met physically. It approved all resolutions supported by management, including those relating to the composition of the Board of Directors, the compensation of the Corporate Officers, the Company Climate strategy, and the renewal of financial authorizations.

In application of the provisions of Article 1.3.3 of the internal regulations, the Vice-Chairman & Lead Independent Director convenes executive sessions of the Board of Directors (with non-executive members of the Board of Directors and without the Chairperson attending) when he deems appropriate at the end of Board meetings. In 2023, the Board of Directors held five "executive sessions", vs. seven in 2022, including two without the Chairman of the Board of Directors attending.

In addition, when the Board debated and determined the compensation of the Corporate Officers, the interested parties were not present, as prescribed by Article 11.2 of the internal regulations, unless solicited to provide information on specific issues.

4.1.2.3 Succession planning

Board members

The Board of Directors shall have at least three and up to 18 members, all of whom must be natural persons elected by the shareholders at the Shareholders' Meeting. However, in case of death or resignation of a member, the Board may co-opt a new member. This appointment is then subject to ratification at the next Annual Shareholders' Meeting.

Directors are appointed for four-year terms (renewable). However, from the age of 70, Directors are re-elected or appointed for a period of two years. No more than one-third of the Directors may be 70 years old or over.

Mrs. Xiaoyun Ma represents the employee shareholders in accordance with the provisions of Articles L. 225-23 and L. 22-10-5 of the French Commercial Code. She was elected at the Annual Shareholders' Meeting upon the recommendation of the supervisory boards of the FCPEs.

Mrs. Rita Félix and Mr. Bruno Turchet represent the employees in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code. They were appointed respectively by the European Works Council and by the most representative trade union organization in France in pursuance of Article 11.4 of the Articles of Association.

Director selection process

The independent Director selection process is led by the Governance, Nominations & Sustainability Committee (formerly called the Governance & Remunerations Committee). When one or more directorships become vacant, or more broadly when the Board of Directors wishes to expand or modify its composition, the Governance, Nominations & Sustainability Committee documents and ranks the selection criteria for potential candidates, taking into account the desired balance and diversity in the Board's composition. The Committee takes into account the diversity policy and the objectives defined by the Board of Directors in terms of skill set.

Based on these criteria, the Committee steers the search for and selection of new Directors, where appropriate with the assistance of an external consultant, and conducts the necessary verifications. The members of the Governance, Nominations & Sustainability Committee then interview the candidates and issue a recommendation to the Board of Directors.

In preparation of the 2024 Annual Shareholders' Meeting, the Governance, Nominations & Sustainability Committee focused on furthering the international diversification of the Board of Directors and maintaining the number of women Directors, as well as adding a French speaker, connected to French environment with strong business and board experience, and international exposure.

A specific selection process exists for Directors representing employees and Directors representing employee shareholders, in accordance with prevailing regulations.

Succession planning for Corporate Officers

Succession plans at Schneider Electric correspond to a systematic, structured process for identifying and preparing employees with potential to fill key organizational positions, should the position become vacant. This process applies to all key positions including the Chairman of the Board of Directors and the Chief Executive Officer positions. Succession plans aim at ensuring a continued effective performance of the organization by providing for the availability of experienced and capable employees who are prepared to assume these roles as they become available. Succession plans are necessary processes to reduce risk of vacant positions or skill gap transitions, create a pipeline of future leaders, ensure full business continuity, and improve employee motivation and engagement.

The mission of the Governance, Nominations & Sustainability Committee includes preparing for the future of the Company's executive bodies, in particular through the establishment of a succession plan for executive officers. The plan, which is reviewed at meetings of the Governance, Nominations & Sustainability Committee, addresses various scenarios:

- Unplanned vacancy due to prohibition, resignation, or death; and
- Planned vacancy due to retirement or expiration of term of office.

Through its work and discussions, the Committee seeks to devise a succession plan that is adaptable to situations arising in the short, medium or long term. The Governance, Nominations & Sustainability Committee:

- Provides the Board with progress reports, in particular at executive sessions;
- Works closely with the Chief Executive Officer to (i) ensure the plan is consistent with the Company's own practices and market practices, (ii) ensure high-potential internal prospects receive appropriate support and training, and (iii) check there is adequate monitoring of key posts likely to fall vacant; and
- Meets with key executives.

Succession plan implemented in 2023

As publicly stated in 2021, when Mr. Jean-Pascal Tricoire's office as Director was coming to an end, the Board decided to renew Mr. Jean-Pascal Tricoire's Board mandate for a further four-year term. The Board of Directors considered his performance as both Chairman & CEO to be outstanding and the combination of roles to be appropriate when considering his profile, excellent track record within the Company, and his openness to both Board member recommendations as well as the governance mechanisms in place to safeguard the balance of power between the Board and management. The Board also confirmed that it understood and acknowledged the general preference of investors for a clear distinction between the roles of Chairman and Chief Executive Officer, and, therefore, announced its intention to separate the roles of Chairman and Chief Executive Officer before the end of Mr. Jean-Pascal Tricoire's upcoming four-year term.

Over the last four years, the Governance & Remunerations Committee (newly called the Governance, Nominations & Sustainability Committee), under the guidance of the Board of Directors, has conducted a comprehensive process to propose the most appropriate governance structure for the Company, and succession plan for the role of Chief Executive Officer. The work of the Governance & Remunerations Committee intensified in 2021 and 2022, driven by the ambition to preserve Schneider Electric's fundamental values, the Group and its shareholders' interests, as well as the continuity of the strategy.

The Governance & Remunerations Committee met 27 times between 2020 and early 2023, following an in-depth succession plan process:

- identification of the required skills and qualities most suited to the Group's future challenges;
- initiation of an external assessment of the Executive Committee members;
- selection of top potential candidates of both genders, based on their respective careers and achievements in their managerial responsibilities;
- evaluation of potential internal and external candidates;
- resolution to favor internal candidates and further examine their suitability for the role;
- further evaluation with closer exposure to the Board and its strategic priorities; and
- final selection of the new Chief Executive Officer.

The Committee led each of these steps which were then presented to the whole Board for discussion and validation.

When identifying the key skills required to take over the Chief Executive Officer function, the Board, on top of global managerial skills in complex environments and global knowledge of the industry Schneider Electric operates in, considered the following essential:

- Understanding of technology, in particular digital and software;
- Engagement on Sustainability and climate change;
- Commitment to keep building Schneider's advantage in terms of globality (multi-hub differentiated model) and diversity (strong commitment to diversity and inclusion);
- Ability to imagine, initiate and drive radical transformations to accelerate the implementation of the strategy;
- Resilience and courage to face complex situations.

Pursuant to this process, the Board unanimously decided that Mr. Peter Herweck, who was Chief Executive Officer of AVEVA, would succeed Mr. Jean-Pascal Tricoire as Chief Executive Officer of Schneider Electric on May 4, 2023, at the date of the Annual Shareholders' Meeting. Mr. Peter Herweck joined Schneider Electric in 2016, where he successfully led the global Industrial Automation Business, before being appointed as Chief Executive Officer of AVEVA in 2021. He started his career as software development engineer with Mitsubishi in Japan, later joining Siemens, where he held several executive positions in Automation, Power Distribution, and Building Technologies, before becoming Chief Strategy Officer. Mr. Peter Herweck has a diverse, cross-cultural mindset, derived from leading teams in both mature and emerging markets. His level of global operational experience, technology and software acumen, skills and personal qualities, as well as his passion for technology driving positive progress for the world, were assessed by the Board as being particularly in line with the Group's strategy, making him the best candidate for the role of Chief Executive Officer of Schneider Electric. Mr. Peter Herweck became responsible for the General Management of the Company, as the sole executive corporate officer.

Mr. Jean-Pascal Tricoire remained as Chairman of the Board, at the unanimous request of the Board members who wanted to retain the benefits of his experience at the Company's helm in significantly and successfully transforming Schneider Electric over the past 20 years. The Board believes his commitment to promoting the Group's culture and values, his governance expertise founded on transparency, and the close ties built with the Company's stakeholders will be highly valuable for the Company. His many achievements include the repositioning of Schneider Electric as a leader in the fields of digitization, electrification, and sustainability, and building a distinctive culture and management system based on a meaningful and inclusive mission and the empowerment of people.

4.1 Governance Report

4.1.2.4 Self-assessment of the Board of Directors

Pursuant to its internal regulations, Schneider Electric SE's Board of Directors annually reviews its composition, organization, and operations, as well as those of its committees. This yearly assessment is carried out through a written questionnaire sent to Board members or interviews with Board members. The evaluation is conducted under the leadership of the Vice-Chairman & Lead Independent Director by the Secretary of the Board of Directors. In addition, as per the AFEP-MEDEF Corporate Governance Code, the Board of Directors shall undertake at least once every three years, a formal self-assessment, which may be conducted with the assistance of an external consultant.

Formal self-assessment conducted in the fourth quarter of 2023 (with the assistance of an independent and external expert)

A formal assessment of the activities of the Board of Directors has been performed in Q4 2023 by an third party (Russel Reynolds) and under the responsibility of the Vice-Chairman & Lead Independent Director.

The report was presented and discussed in detail at the Governance, Nominations & Sustainability Committee meeting on November 27, 2023, and a summary report was presented to the Board of Directors on December 13, 2023. The Vice-Chairman & Lead Independent Director provided individual feedback on the assessments of the effective contribution of each Director.

Themes

(i) Membership and dynamics of the Board; (ii) Mission, organization, and operation of the Board; (iii) Implementation of the change of governance structure; (iv) Works of the Committees; (v) On-boarding program of the new members; (vi) Deep dive on the Strategy Session; (vii) 2024 top Board priorities; and (viii) Effective contribution of each Director.

Key findings

- High standard for board effectiveness thanks to diverse and skilled composition;
- High level of satisfaction and confidence among the Directors, effective and open communication, and collaborative approach;
- Strong dedication ensuring the Company's strategy is robust, forward-thinking, and congruent with its purpose;
- Board invest significant time in discussions around business, including a strategy session and speed-dating with the executive team
- Priorities embedding environmental, social and governance (ESG) considerations, going beyond sustainability reporting and leveraging ESG as a key driver in business decisions;
- Board induction is noteworthy with a board mentor system;
- CEO succession process considered as a positive experience with the Board feeling engaged and confident in the succession process for the Executive Committee.

Recommendations

- Leverage the non-executive Chair role to continue to play an active role in the various Board committees and coaching of CEO;
- Strengthen the onboarding of new Board members through greater interaction with the executive team over 2 years;
- Make sure to put on the agenda a dedicated session on all key risks identified through the Enterprise Risk Management framework, and consider stress testing key assumptions on risks through scenario planning;
- Continue to put ESG at the forefront and unique aspects of the model and culture (Multihub, DEI,…);
- Continue to monitor the transition impact on the dynamics between the Chair, the CEO and the management team.

4.1.2.5 Information and training of the Board of Directors and its members

Information given to Directors

To ensure that the Board of Directors is well informed at all times, Schneider Electric SE applies the following rules: members of the Board have access, *via* a secure dedicated platform, in principle, ten days before every Board meeting, to the agenda for the meeting and to the draft minutes of the last meeting and, four to five days before, to the Board's file.

Executive Committee members are invited, depending on the subject, to present the major issues within their areas of responsibility. Statutory auditors attend the portion of the Board's meetings at which the full year and half year financial statements are reviewed.

In addition, each year a Board meeting called "Strategy Session" is held in the form of a seminar and invites key executives of the Group to contribute to Board discussions. These seminars also enable Directors to constantly refine their understanding of the challenges facing the Group through themed-based presentations and site visits.

Furthermore, the Board organizes a range of specific training sessions throughout the year to help Directors increase their knowledge of the Group (through presentations of its ecosystem, challenges, climate strategy, businesses, and some of its regions) and its competitive environment, as well as recent market disruption trends and technological developments.

Between each meeting of the Board of Directors, aside from meetings that they may have with the Chief Executive Officer, Directors receive information through relevant financial analysts' reports and other documents. Board members also have the opportunity to meet informally with key members of Senior Management.

Board of Director dinners are organized in order to offer more opportunities to interact with investors, customers, experts, etc. These dinners are meant to provide Board members with external views on the Group, to increase their understanding of the changes in its business environment, and to gain more insight on the needs and motivations of all stakeholders. In 2023, four dinners were organized.

On-boarding program of new Directors

A complete on-boarding program is provided to any new Director in order to help him/her to get a deep understanding of the business, the challenges, and priorities of Schneider Electric as well as its governance and values. As such, new Directors are offered a training and information program on the Group's strategy and businesses, designed around a common core which comprises of:

- A set of documents including, in particular, the last Universal Registration Document and integrated report, the Company's Articles of Association, the internal regulations of the Board of Directors, the AFEP-MEDEF Corporate Governance Code, the Compliance Code governing stock-market transactions (see below), the minutes of the Board's and committees' meetings for the period starting from the appointment back to the full year before, and the Directors' and officers' liability master policy;
- A summary relating to the Group organization;
- Working meetings with the Chief Financial Officer and Executive Vice-Presidents of Strategy, Energy Management, Industrial Automation, and other EVPs as the case may be;
- A work session with the secretary of the committee(s) he/she will join;
- Concerning governance and values: a work session with the Vice-Chairman & Lead Independent Director, the Chief Governance Officer and the Board Secretary, as well as with the persons in charge of compliance, ethics and sustainable development;
- To know more about Schneider Electric's shareholding structure and shareholders' expectations, an interview with the Senior Vice-President Investors Relations;
- Training on the use of the secure dedicated platform on which all the Board's files are stored and kept;
- The designation of a mentor for any new Director to facilitate his/her integration;
- As the case may be, visits to sites which are particularly illustrative of Schneider Electric's activities.

In addition, the Directors representing employees, Mrs. Rita Félix and Mr. Bruno Turchet, benefit from a training program compliant with legal requirements and approved by the Board of Directors. In pursuance of new French regulations coming from law n° 2019-486 of May 22, 2019, relating to companies' growth and transformation, known as PACTE law, the Director representing the employee shareholders, Mrs. Xiaoyun Ma, was offered a tailored training session to address her needs.

Compliance Code governing stock-market transactions

Schneider Electric has adopted a Compliance Code governing stock-market transactions for members of the Board of Directors and Group employees, designed to prevent insider trading. Under these provisions, both Directors and relevant employees are barred from trading in the Company shares and shares in companies for which they have inside information that has not yet been made public. In addition, they may not trade in Schneider Electric SE shares during the 31 days preceding the day following publication of the annual and interim financial statements, nor during the 16 days preceding the day following publication of a quarterly update, nor may they engage in any type of speculative trading involving Schneider Electric SE shares (including margin trading, purchasing, and selling shares in a period of less than four months). In addition, in accordance with the AFEP-MEDEF Corporate Governance Code, Corporate Officers also undertake not to enter into hedges of shares resulting from exercise of options and of Performance Shares they are required to hold (see section 4.1.1.6 of Chapter 4 of this Universal Registration Document). These restrictions supplement the prohibition against hedging unvested stock options and Performance Shares during their vesting period.

The Compliance Code governing stock-market transactions was revised when the European "Market Abuse Regulation" n° 2014/596 of April 16, 2014, entered into force, and subsequently updated in December 2018. The regulation obliges companies to draw up insider lists, and market operators to put in place mechanisms aimed at preventing and detecting suspicious transactions, enabling them to report to the *Autorité des Marchés Financiers* those that seem to them to constitute insider dealing.

The Compliance Code provides for:

- The existence of an ethics officer, who is the Secretary of the Board of Directors, advising on whether information is inside or not; and
- Rules for establishing, updating, and keeping in the prescribed electronic format a list of insiders whenever necessary, lists of persons subject to black-out periods, and possible confidentiality and abstention lists identifying the persons, whether from Schneider Electric or external to the Group, who have access to a piece of sensitive information that does not yet qualify as inside information according to the legal definition. Schneider Electric has deployed a digital tool to manage these lists which automates their processing and ensures better traceability.

4.1.3 Activities and operating procedures of the Committees

In its internal regulations, the Board defined the functions, missions, and resources of its five study committees: the Audit & Risks Committee, the Governance, Nominations & Sustainability Committee, the Human Capital & Remunerations Committee, the Investment Committee, and the Digital Committee.

Committee members are appointed by the Board of Directors on the proposal of the Governance, Nominations & Sustainability Committee. Committees may open their meetings to the other Board members.

The Vice-Chairman & Lead Independent Director may attend any meetings of committees of which he is not a member. The committees may commission research from external consultants after having consulted with the Chairman of the Board of Directors. They may invite anybody they wish to meetings, as necessary. Secretaries of the Board committees organize and prepare the work of the committees. They draft the minutes for the meetings of the committees which, after their approval, are sent to all members of the Board of Directors. The secretaries of the committees are members of Group management teams and specialists in the subject matters of each committee.

4.1.3.1 Audit & Risks Committee

The members, operating procedures, and responsibilities of the Audit & Risks Committee are compliant with the recommendations included in the Audit & Risks Committee final report as updated by the AMF in July 2010.

6	4	100%	100%
meetings in 2023*	members	of independent Directors	average attendance rate

Composition as of December 31, 2023

The internal regulations and procedures of the Board of Directors stipulate that the Audit & Risks Committee must have at least three members.

Two-thirds of the members must be independent and at least one must have in-depth knowledge of accounting standards combined with hands-on experience in applying current accounting standards and producing financial statements.

• Jill Lee	Chairwoman	Independent
• Cécile Cabanis	Member	Independent
• Anna Ohlsson-Leijon	Member	Independent
• Gregory Spierkel	Member	Independent

As demonstrated by their career records, summarized in section 4.1.1.2 of this Universal Registration Document, the Audit & Risks Committee members all have recognized expertise in finance, economics, and accounting. In addition to their in-depth financial and accounting knowledge, Mrs. Jill Lee also brings an in-depth knowledge of Schneider Electric's activities and of the Asian markets, Mrs. Cécile Cabanis her extensive knowledge of the challenges of a major French group in the CAC 40, Mrs. Anna Ohlsson-Leijon her professional experience and skills based on her wide-ranging finance and business background, and Mr. Gregory Spierkel his experience as the former CEO of Ingram Micro, Inc. and a strong profile on digital and technology matters.

Changes in the composition in 2023

- Chairpersonship: no change.
- Membership: no change.

Individual attendance rate in 2023

- Jill Lee **100%**
- Cécile Cabanis **100%**
- Anna Ohlsson-Leijon **100%**
- Gregory Spierkel **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request from the Chairperson of the Board of Directors or the Chief Executive Officer.
- At least five meetings are held during the year.
- The Head of Internal Audit is the secretary of the Audit & Risks Committee.
- The Committee may invite any person it wishes to hear to its meetings.
- The Chief Executive Officer will not attend the meeting of the Committee.
- The statutory auditors attend meetings at which financial statements are reviewed and, depending on the agenda, all or some of the other meetings.
- It may also require the Chief Executive Officer to provide any documents it deems to be useful.
- It may also commission studies from external consultants.
- The Committee presents its findings and recommendations to the Board. The Chairperson of the Audit & Risks Committee keeps the Chairperson of the Board of Directors and the Vice-Chairman & Lead Independent Director promptly informed of any difficulties encountered.

* Including the joint meeting with the Digital Committee relating to cybersecurity risk review.

Responsibilities

The Audit & Risks Committee is responsible for preparing the work of the Board of Directors by making recommendations on financial, extra-financial, accounting, internal control, internal audit, compliance, and risk management issues. Accordingly, its missions are as follows:

Items	Detailed missions
Preparation for the annual and interim financial statements to be approved by the Board	• To check the appropriateness and consistency of the accounting methods used for drawing up consolidated and corporate accounts, as well as to check that significant operations on Group level have been dealt with appropriately and that rules relating to the scope of consolidation have been complied with; • To examine off-balance sheet risks (including those of a social and environmental nature) and commitments as well as the cash situation; • To examine the process for drawing up financial information; and • To review the Universal Registration Document as well as the reports on the interim financial statements and other main financial documents.
Sustainability Reporting in accordance with the new CSRD regulation	• To monitor issues relating to the preparation and control of the sustainability information; • To monitor the process of preparation of the sustainability information; • To monitor the process used to determine what information to disclose in accordance with the sustainability reporting standards; • To make recommendations to ensure the integrity of the sustainability reporting; and • To report to the Board on the results of the sustainability information certification mission as well as how this mission contributed to the integrity of sustainability information;
Issues related to the statutory auditors and sustainability auditors	• To make recommendations concerning the appointment or reappointment of the statutory auditors and sustainability auditors; • To handle follow-up on legal control of consolidated and statutory accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors; • To handle follow-up on legal control of sustainability information made by sustainability auditors, notably by examining the external audit plan and results of controls made by sustainability auditors; and • To verify the statutory and sustainability auditors' independence, in particular, by reviewing fees paid by the Group to their firm and network and by giving prior approval for assignments that are not strictly included in the scope of the statutory audit.
Following-up on the efficiency of internal control, risk management systems, and compliance program	• To monitor the effectiveness of the internal control and risk management systems, as well as, where applicable, internal audit, with regard to the procedures relating to the preparation and processing of the financial statements and sustainability information and therefore, more particularly; **(i)** to examine the organization and resources used for internal audit, as well as its annual work program (the Committee shall receive summaries of reports produced on audits on a quarterly basis and the Chairperson of the Committee shall receive these reports in full); **(ii)** to review Enterprise Risk Management reports including operational risk-mapping and to make sure that measures exist for preventing or minimizing risks; **(iii)** to examine how to optimize risk coverage on the basis of reports requested from internal audit or risk management functions; **(iv)** to examine Group internal control measures and look into the results of entities' self-assessments with respect to internal control; to ensure that a relevant process exists for identifying and processing incidents and anomalies; **(v)** to ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection and the measures implemented to ensure that these policies are circulated and applied; and **(vi)** to assess Cyber Risks and the Group's Cyber Security posture (jointly with the Digital Committee).

4.1 Governance Report

Activity in 2023

The Audit & Risks Committee reported on its work at the Board's meetings of February 15, July 26, October 25, and December 13, 2023.

Topics	Main activities
Financial statement and financial disclosures	• Review of the annual and interim financial statements and of the reports on the financial statements; • Review of goodwill, the Group's tax position, provisions and pension obligations, or similar obligations; • Review of investor relations' documents concerning the annual and interim financial statements; • Review of the Group's scope of consolidation; and • Review of pension commitments.
Internal audit, internal control, risk management, and compliance	• Review of the risk mapping; • Review of the 2024 audit and control missions plan; • Review of the main internal audits performed in 2023; • Review of risks covered by insurance; • Status report on the Enterprise Risk Management System; • Update on the EU Corporate Sustainability Reporting Directive and Gap assessment; • Update on Group Trust Standards and their implementation; • Update on the Group Ethics & Compliance system; • Cybersecurity risk review (jointly with the Digital Committee); • Review of the Management Report; and • Review of the main litigations.
Statutory auditors	• Review of the fees paid to the statutory auditors and to their networks; and • Review of the 2024 external audit program.
Corporate governance	• Recommended dividend for 2023; and • Review of the financial authorizations and proposition for their renewal by the Annual Shareholders' Meeting of May 4, 2023.

4.1.3.2 Governance, Nominations & Sustainability Committee

6	6	67%	96%
meetings in 2023*	members	of independent Directors	average attendance rate

Following the evolution of the set-up of the Committees decided by the Board of Directors, the Governance, Nominations & Sustainability Committee was created on May 4, 2023 and replaced the former Governance & Remunerations Committee. The following section describes both Committees.

Composition as of December 31, 2023

The Board of Directors' internal regulations and procedures provide that the Governance, Nominations & Sustainability Committee must have at least three members.

• Jean-Pascal Tricoire	Chairman since May 4, 2023	Non-independent
• Léo Apotheker	Member	Non-independent
• Fred Kindle	Member	Independent
• Linda Knoll	Member	Independent
• Anders Runevad	Member	Independent
• Greg Spierkel	Member	Independent

Changes in the composition in 2023

- Chairpersonship: Mr. Jean-Pascal Tricoire was appointed as Chairperson of the Committee with effect on May 4, 2023, in replacement of Mr. Fred Kindle who remains a member of the Committee.
- Membership: Mr. Jean-Pascal Tricoire was appointed as a member of the Committee with effect on May 4, 2023.

Individual attendance rate in 2023

- Jean-Pascal Tricoire **75%**
- Léo Apotheker **100%**
- Fred Kindle **100%**
- Linda Knoll **100%**
- Anders Runevad **100%**
- Greg Spierkel **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request of the Chairperson of the Board of Directors or the Chief Executive Officer.
- The agenda is drawn up by the Chairperson, after consultation with the Chairperson of the Board of Directors.
- The Committee shall meet at least three times a year.
- The Committee may hear any person it wishes.
- The Secretary of the Board of Directors is the secretary of the Committee.

* Including the joint meeting with the Human Capital & Remunerations Committee relating to the 2024 Long-term incentive plan.

Responsibilities

Items	Key responsibilities
Appointments & succession plans	• To formulate proposals to the Board of Directors in view of any appointment made to the Board of Directors' Directors or Observers, Chairperson of the Board of Directors, Vice-Chairperson & Lead Independent Director, Chairpersons and members of committees; • To formulate proposals to the Board of Directors in view of any appointment of Executive Corporate Officers: Chief Executive Officer and/or Deputy Chief Executive Officer; • To ensure the implementation of a procedure for the preparation of succession plans for the Directors and Corporate Officers in the event of an unforeseen vacancy; • To examine succession plans for key Group executives; and • To be informed of any nomination of members of the Executive Committee and of the main Group executives.
Missions aiming at reassuring both shareholders and the market that the Board of Directors carries out its duties with all necessary independence and objectivity	• To ensure that the AFEP-MEDEF Corporate Governance Code to which the Company refers is applied; • To discuss governance issues related to the functioning and organization of the Board and its committees; • To propose on the conditions in which the regular evaluation of the Board is carried out; • To discuss the qualification of Directors as independent, which is reviewed by the Board every year prior to publication of the annual report; • To conduct a review of the committees that are in charge of preparing the Board's work; • To review the implementation of the assessment process relating to the qualification of the related-party agreements as "current" or "regulated"; • To prepare the decisions by the Board with regard to the update of its Internal Regulations; and • To prepare the draft corporate governance report of the Board of Directors.
Sustainability & corporate governance	• To ensure that the long-term commitments in terms of sustainability undertaken by the Company are implemented; • To review the Group Sustainability strategy including the Climate strategy and follow up on the progress made on a regular basis; • To review the sustainability risks jointly with the Audit & Risks Committee; and • To work with the Stakeholder Committee and set its workplan each year.

Activity in 2023 of the Governance, Nominations & Sustainability Committee

The Governance, Nominations & Sustainability Committee reported on its work at the Board's meetings of July 26, October 25, and December 13, 2023.

Items	Key responsibilities
Proposals to the Board of Directors	• Composition of the Board of Directors and its committees; • Definition of the ESG criteria for long-term (LTIP) compensation of Corporate Officers (jointly with the Human Capital & Remunerations Committee); and • Training program for the Directors representing the employees for 2023.
Reports to the Board of Directors	• Review of the succession plan for the Executive Committee members; • Sustainability strategy; and • Diversity and Inclusion progress.
Self-assessment of the Board of Directors	• Review of the report and findings of the external self-assessment of the Board of Directors.
Shareholder engagement	• Reporting on the Vice-Chairman & Lead Independent Director's meetings with governance analysts within the main shareholders: 22 meetings were held, covering more than 36% of the share capital. These meetings reflect the importance given by the Company to dialogue and the direct commitment of Directors towards shareholders (see "Report of the Vice-Chairman & Lead Independent Director of the Board of Directors", section 4.1.4 of Chapter 4 of this Universal Registration Document).

Activity in 2023 of the Governance & Remunerations Committee

The Governance & Remunerations Committee reported on its work at the Board's meetings of February 15, and May 4, 2023.

Items	Key responsibilities
Proposals to the Board of Directors	• Implementation of the new governance effective May 4, 2023; • Composition of the Board of Directors and its committees; • Status of the members of the Board with regard to independence criteria; • Compensation of Corporate Officers (amount and structure of 2023 compensation, 2023 objectives, and level of achievement of 2022 objectives) and allocation to them of performance shares as part of the Long-term incentive plan; • Presentation of "*Say on Pay*" 2022 and the principles and criteria proposed for 2023 to the Annual Shareholders' Meeting; and • Directors' remuneration.
Reports to the Board of Directors	• Draft corporate governance report of the Board of Directors.

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4.1.3.3 Human Capital & Remunerations Committee

4	5	100%	100%
meetings in 2023*	members	of independent Directors**	average attendance rate

Following the evolution of the set-up of the Committees decided by the Board of Directors, the Human Capital & Remunerations Committee was created on May 4, 2023 and replaced the former Human Resources & CSR Committee. The following section describes both Committees.

Composition as of December 31, 2023

The Board of Directors' internal regulations and procedures provide that the Human Capital & Remunerations Committee must have at least three members.

• Linda Knoll	Chairwoman	Independent
• Nive Bhagat	Member since May 4, 2023	Independent
• Rita Félix	Member	Employee Director
• Fred Kindle	Member	Independent
• Anna Ohlsson-Leijon	Member since May 4, 2023	Independent

Changes in the composition in 2023

- Chairmanship: No change.
- Membership: Mrs. Nive Bhagat and Mrs. Anna Ohlsson-Leijon were appointed as members of the Committee with effect on May 4, 2023. Mrs. Xiaoyun Ma left the Committee following her appointment as a member of the Investment Committee with effect on May 4, 2023.

Individual attendance rate in 2023

- Linda Knoll **100%**
- Nive Bhagat **100%**
- Rita Félix **100%**
- Fred Kindle **100%**
- Anna Ohlsson-Leijon **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request from the Chairperson of the Board of Directors or the Chief Executive Officer.
- The agenda is drawn up by the Chairperson, after consultation with the Chairperson of the Board of Directors.
- The Committee shall meet at least three times a year.
- The Committee may hear any person it wishes.
- The Chief Human Resources Officer, Mrs. Charise Le, is the secretary of the Committee.

Responsibilities

Items	Description
Employee shareholding schemes and share allocation plans	• To prepare the Board of Directors' deliberations on employee shareholding; and • To formulate proposals to the Board of Directors on setting up the long-term incentive plans such as grant of stock options or performance/restricted shares.
Compensation of Corporate Officers and Directors	• To formulate proposals to the Board of Directors on the compensation policy of the Chairperson of the Board of Directors and/or Executive Corporate Officers: Chief Executive Officer, and/or Deputy Chief Executive Officer, if any), ensuring in particular its alignment with the corporate interest. The Committee shall prepare annual assessments of the persons concerned and make recommendations to the Board of Directors concerning the determination of the components of the compensation due to Executive Corporate Officers in accordance with the compensation policy; • To review the compensation of the members of the Executive Committee; and • To propose an amount of the remuneration package for Directors to be submitted to the annual general shareholders' meeting and the method of distribution.
Human resources	• To review the social impact of major reorganization projects and major human resource policies; and • To review risk management in relation to human resources.

Activity in 2023 of the Human Capital & Remunerations Committee

The Human Capital & Remunerations Committee reported on its work at the Board's meetings of October 25, and December 13, 2023.

Items	Description
Proposals to the Board of Directors	• Implementation of specific Performance Share plans to support the recruitment and the retention policy; • Definition of the ESG criteria for long-term (LTIP) compensation of top managers and executive Corporate Officers (jointly with the Governance, Nominations & Sustainability Committee); and • 2024 WESOP; • Directors' compensation; • Corporate Officers' compensation policy for 2024.
Reports to the Board of Directors	• Special talent deep dive.

* Including the joint meeting with the Governance, Nominations & Sustainability relating to the 2024 Long-term incentive plan.
** Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

Activity in 2023 of the Human Resources & CSR Committee

The Human Resources & CSR Committee reported on its work at the Board's meeting of February 15, 2023.

Items	Details of discussions
Proposals to the Board of Directors	• 2023 Long-term incentive plan.
Reports to the Board of Directors	• Review of the compensation, performance, and • Pay equity ratio.

4.1.3.4 Investment Committee

3 meetings in 2023 | 8 members | 67%* of independent Directors* | 90% average attendance rate

Composition as of December 31, 2023

The Board of Directors' internal regulations and procedures provide that the Investment Committee must have at least three members.

• Léo Apotheker	Chairman	Non-independent
• Giulia Chierchia	Member since May 4, 2023	Independent
• Jill Lee	Member	Independent
• Xiaoyun Ma	Member since May 4, 2023	Employee Director
• Anders Runevad	Member	Independent
• Lip-Bu Tan	Member	Independent
• Jean-Pascal Tricoire	Member since May 4, 2023	Non-independent
• Bruno Turchet	Member	Employee Director

Changes in the composition in 2023

- Chairmanship: No change.
- Membership: Mrs. Giulia Chierchia, Mrs. Xiaoyun Ma and Mr. Jean-Pascal Tricoire were appointed as members of the Committee with effect on May 4, 2023.

Individual attendance rate in 2023

- Léo Apotheker **100%**
- Giulia Chierchia **100%**
- Jill Lee **100%**
- Xiaoyun Ma **50%**
- Anders Runevad **67%**
- Lip-Bu Tan **100%**
- Jean-Pascal Tricoire **100%**
- Bruno Turchet **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request from the Chairperson of the Board of Directors or the Chief Executive Officier.
- The agenda is drawn up by the Chairperson, after consultation with the Chairperson of the Board of Directors.
- The Committee shall meet three times a year.
- In order to carry out its assignments, the Committee may hear any person it wishes.
- The Chief Executive Officer will be regularly invited to the meetings of the Committee.
- The Senior Vice-President Mergers & Acquisitions is the secretary of the Committee.

Responsibilities

Items	Details of missions
Preparation of the Board of Directors' deliberations on investment policy.	• To elaborate recommendations for the Board on major capital deployment decisions; • To advise the management team on capital deployment strategies; • To launch, at the Board's request, or suggest research projects leading to material investments for the Company, typically for capital deployment decisions of €250 million or above; • To investigate matters of smaller scale, if the strategic significance warrants it or the Board/ Chairperson of the Board specifically requires it; • To provide recommendations on major merger, alliances, and acquisition projects; • To pay special attention to reconfiguration or consolidation scenarios happening in the sectors the Company is operating in or likely to operate in; • To examine portfolio optimizations and divestment projects of financial or strategic significance; • To support management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments; and • To present to the Board, social and environmental aspects of the strategic projects submitted to it such as M&A projects.

Activity in 2023

The Investment Committee reported on its work at the Board's meetings of February 15, October 25 and December 13, 2023, and during the Strategy session.

Items	Details of discussions
Proposals to the Board of Directors	• Follow-up of investment projects and opportunities; and • Portfolio review.

* Employee Directors excluded as prescribed by the AFEP MEDEF Corporate Governance Code.

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4.1.3.5 Digital Committee

5	7	67%	94%
meetings in 2023*	members	of independent Directors**	average attendance rate

Composition as of December 31, 2023

The Board of Directors' internal regulations and procedures provide that the Digital Committee must have at least three members.

• Greg Spierkel	Chairman	Independent
• Léo Apotheker	Member	Non-independent
• Nive Bhagat	Member	Independent
• Xiaoyun Ma	Member	Employee Director
• Abhay Parasnis	Member since May 4, 2023	Independent
• Lip-Bu Tan	Member	Independent
• Jean-Pascal Tricoire	Member since May 4, 2023	Non-independent

Changes in the composition in 2023

- Chairmanship: No change.
- Membership: Mr. Abhay Parasnis and Mr. Jean-Pascal Tricoire were appointed as members of the Committee with effect on May 4, 2023.

Individual attendance rate in 2023

- Greg Spierkel **100%**
- Léo Apotheker **100%**
- Nive Bhagat **100%**
- Xiaoyun Ma **60%**
- Abhay Parasnis **100%**
- Lip-Bu Tan **100%**
- Jean-Pascal Tricoire **100%**

Operating procedures

- The Committee meets at the initiative of its Chairperson or at the request from the Chairperson of the Board of Directors or the Chief Executive Officer.
- The agenda is drawn up by the Chairperson, after consultation with the Chairperson of the Board of Directors.
- The Committee shall meet at least three times a year.
- In order to carry out its assignments, the Committee may hear any person it wishes.
- The Chief Executive Officer will be regularly invited to the meetings of the Committee.
- The Chief Digital Officer, Mr. Peter Weckesser, is the secretary of the Committee.

Responsibilities

Terms	Digital Committee's role
To assist the Board in digital matters in order to guide, support, and control the Group in its digitization efforts. To prepare the Board of Directors' deliberations on digital matters.	• To review, appraise, and follow-up projects and, generally, advise, *inter alia* on seven areas: – Development and growth of the EcoStruxure™ digital business, including (i) enhancing core businesses with Connectivity & Analytics, (ii) building new digital offers and business models, and (iii) establishing its contribution to and consistency with the overall strategy, – Assessment of the contribution of potential M&A operations to the Group's Digital strategy, – Monitoring and analysis of the digital landscape (competitors and disrupters, threats, and opportunities), – Improvement and transformation of the Group's Digital Customers & Partners Experience, – Improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities, – Checking that the Company is equipped with the right pool of talents for digital transformation, – Assessment of cyber risks and enhancement of the Group's cybersecurity posture (jointly with the Audit & Risks Committee).

Activity in 2023

The Digital Committee reported on its work at the Board's meetings of February 15, July 26, October 25, and December 13, 2023.

Terms	Digital Committee's activity
Proposals and reports to the Board of Directors.	• AI; • Digital Engineering; • EcoStruxure Platform ; • Joint review with the Audit & Risks Committee of the cybersecurity risks; and • General updates on Schneider Digital.

* Including the joint meeting with the Audit & Risks Committee relating to cybersecurity risk review.
** Employee Directors excluded as prescribed by the AFEP-MEDEF Corporate Governance Code.

4.1.4 Report of the Vice-Chairman & Lead Independent Director

Mr. Fred Kindle hereby reports on the work he carried out in 2023 as part of his responsibilities as Vice-Chairman & Lead Independent Director. He was appointed as Vice-Chairman on April 23, 2020, in replacement of Mr. Léo Apotheker.

The Vice-Chairman & Lead Independent Director is appointed by the Board of Directors in pursuance of Article 12 of the Articles of Association, which provide for the appointment of a Vice-Chairman with the function of a Lead Independent Director if the roles of Chairman & CEO are combined. In compliance with Article 12 of the Articles of Association, the duties of the Vice-Chairman & Lead Independent Director are defined by the internal regulations of the Board of Directors which provide for the compulsory appointment of a Vice-Chairperson should the Chairperson be not considered as independent according to the AFEP-MEDEF Corporate Governance Code. Those internal regulations can be found in section 4.1.5 of Chapter 4 of this Universal Registration Document.

Information on the Vice-Chairman & Lead Independent Director

To be able to carry out his duties, the Vice-Chairman & Lead Independent Director must have excellent knowledge of the Group and be particularly well informed about its business performance.

As such, the Vice-Chairman & Lead Independent Director is apprised of current events and the performance of the Group through weekly exchanges with the Chief Executive Officer. He meets regularly with members of the Group Executive Committee and pursues regular interactions with managers and other employees of the Group in various sites of Schneider Electric.

In addition, the Vice-Chairman & Lead Independent Director interacts regularly with the other members of the Board of Directors. Twice a year, in June and in December, he meets individually with each of the other Directors to obtain their feedback on the current situation of the Company, their possible concerns, and their wishes.

He is continuously kept informed of the evolution of the competitive environment, technological breakthroughs, and business opportunities. Additionally, he is a member of the Governance, Nominations & Sustainability and of the Human Capital & Remunerations Committees.

Participation in the preparation of the meetings of the Board

The Vice-Chairman & Lead Independent Director participated in the preparation for meetings of the Board of Directors. As a result, he has participated in all the "pre-Board" meetings. Each meeting of the Board of Directors is preceded by one or two pre-Board meetings, in which the Chief Executive Officer, the Chairman of the Board, the Vice-Chairman & Lead Independent Director, the Chief Financial Officer, the Chief Governance Officer, and the Secretary of the Board of Directors review the topics and issues addressed by the committees, and establish the agenda set by the Chairman of the Board of Directors and the content of the meeting file.

Executive sessions

The Vice-Chairman & Lead Independent Director convenes, whenever he deems it appropriate, and chairs the executive sessions (*i.e.*, the meetings where non-executive Board members meet and some meetings without the Chairperson attending). The employee Directors are invited to attend all executive sessions following meetings of the Board at which they are present.

The Board of Directors held five executive sessions in 2023, including two meetings without the Chairman of the Board attending, during which its members expressed their views and observations on, among others, the Group's strategic options and the succession planning of the Corporate Officer. The Vice-Chairman & Lead Independent Director reported the conclusions of the executive sessions held without the Chairperson attending to the Chairman of the Board.

Interaction with shareholders

The Vice-Chairman & Lead Independent Director is one of the designated contacts for the shareholders on matters pertaining to corporate governance. He carried out one shareholder engagement campaign in 2023 before the Annual Shareholders' Meeting to present to those who so wished, the resolutions submitted for the shareholders' approval. The other one, called "off-season engagement" to freely exchange views on topical themes of corporate governance that do not necessarily materialize in resolutions submitted for the shareholders' approval has been carried out by the Chairman in January 2024. On this occasion, the Vice-Chairman & Lead Independent Director discussed investors' representatives the growing importance of social and environmental topics at the Board of Directors and their reflection in the Corporate Officers' compensation. Overall, these two campaigns comprised 22 face-to-face or phone meetings with governance analysts of major shareholders from a wide range of corporate governance cultures and covered more than 36% of the share capital. The conclusions of these discussions have been reported in detail to the Governance, Nominations & Sustainability Committee and contributed to its on-going thought process on governance matters. A report thereon was subsequently made to the Board.

Other duties

The Vice-Chairman & Lead Independent Director conducted the annual deliberation of the Board on its composition, organization, and operations as well as those of its committees.

In 2023, this self-assessment was carried out with the assistance of an external firm (Russel Reynolds). The conclusions of this assessment, which highlighted the quest for continuous improvement, are presented in section 4.1.2.4 of Chapter 4 of this Universal Registration Document.

The Vice-Chairman & Lead Independent Director has also had frequent contacts with each of the Directors. He ensured that there was no conflict of interest within the Board of Directors, which he would have been responsible for bringing to the attention of the Chairman.

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4.1.5 Internal regulations of the Board of Directors

The Board Internal Regulations describe the rights and obligations of Board members, the composition, role and operating procedures of the Board of Directors and its committees, and the roles and powers of the Chairman and the Chief Executive Officer. They have been drawn up in application of Article 13.7 of the Company's Articles of Association and are prepared in accordance with the French Commercial Code and the AFEP/MEDEF Corporate Governance Code which Schneider Electric refers to. The present Internal Regulations shall be binding on all members of the Board of Directors who shall be deemed to adhere to them on assuming office and shall comply with them in full. These Internal Regulations were adopted by the Board of Directors on April 25, 2013 and last amended on February 14, 2024 with immediate effect.

1. Method of exercising General management – Chairpersonship and Vice-Chairpersonship of the Board of Directors

1.1. Method of exercising General management

1.1.1. General management of the Company is under the responsibility of either the Chairperson of the Board of Directors, who will then go by the title of Chairman/Chairwoman and Chief Executive Officer, or of another natural person appointed by the Board of Directors going by the title of Chief Executive Officer.

1.1.2. The Board of Directors decides between these two methods of exercising General management at the time when the Chairperson of the Board of Directors or the Chief Executive Officer is appointed or when renewing their terms of office. If the Board of Directors has decided to combine the functions of Chairman/Chairwoman and Chief Executive Officer, it will deliberate on this choice every year.

1.1.3. In order to maintain continuity in the Company's operation if the Chairperson serving as Chief Executive Officer leaves his/her role or is prevented from doing so, the Deputy Chief Executive Officer(s), if any, shall take the interim responsibility for General management functions in the Company, unless otherwise decided by the Board, until such time as a new Chief Executive Officer is appointed. The Vice-Chairperson shall temporarily take the Chair of the Board of Directors.

1.2. Chairperson of the Board of Directors

1.2.1 The Board of Directors shall elect a Chairperson amongst its members ("Chairman/Chairwoman"). The Chairperson shall be appointed for a period that can be no longer than his/her term of office as a Director. The Board shall deliberate once a year on the opportunity for the Chairperson to pursue his/her functions. The Chairperson is eligible for re-election. He/she may be removed from office by the Board of Directors at any time.

1.2.2 The statutory missions of the Chairperson of the Board of Directors are:

- to organize and direct the work of the Board;
- to convene the Board meetings, determine the agenda and preside over the meetings;
- to request any document or information necessary to help the Board of Directors for the preparation of its meetings and verify the quality of the information provided;
- to oversee the proper functioning of the Company's bodies and makes sure, in particular, that (i) the Directors are able to carry out their assignments, (ii) the Board of Directors is well organized, in a manner conducive to constructive discussion and decision-making and (iii) the Board of Directors devotes an appropriate amount of time to issues relating to the future of the Company and particularly its strategy;
- to preside over general shareholders meetings and report on the Board work to the annual general shareholders' meeting.

1.2.3 The Chairperson of the Board is entrusted with the following additional powers and missions for which he/she shall organize his/her activities so as to ensure his/her availability and put his/her experience at the Company's service:

- to be kept regularly informed by the Chief Executive Officer of significant events and situations relating to the business of the Group (including the Company's strategy, major acquisition or divestment projects, significant financial transactions, risks, major community projects and the appointment of the most senior executives of the Group) and to be consulted by him on these matters;
- to assist and advise the Chief Executive Officer on strategic, technological, leadership and human capital matters;
- to support, in coordination with the Chief Executive Officer, the representation of the Company in high-level relations with selected stakeholders (customers and institutions);
- to represent the Company with selected Asian Partners and Asian government bodies in coordination with the Chief Executive Officer;
- to be involved in dialogue with shareholders in cooperation with the initiatives taken in this respect by the Chief Executive Officer;
- to promote the Company's values and culture in particular in relation to Environmental, Social and Governance;
- to meet with the Company's leaders and managers;
- to hear the statutory auditors and the heads of the control functions in order to ensure that the Board and its committees are in a position to carry out of their duties;
- to convene the members of the Board without Executive Directors being present, in particular to allow debates on the performance and compensation of the Executive Management and succession planning;
- to participate to the recruitment process for new directors and the development of the succession plan;
- to work with the Board on the preparation and implementation of succession plan(s) for the corporate officer(s).

The Chairperson of the Board strives to develop and maintain a trustful and regular relationship between the Board and the General Management, in order to guarantee continuous, ongoing implementation by the General Management of the strategies defined by the Board. In all his/her assignments other than those conferred by law, the Chairperson of the Board of Directors acts in close conjunction with the Chief Executive Officer, who has sole responsibility for the general and operational management of the Company.

1.2.4 The Chairperson of the Board of Directors is the only person authorized to speak on behalf of the Board, with the exception of any specific assignment entrusted to the Vice-Chairperson & Lead Independent Director pursuant to the dialogue with shareholders.

1.3. Vice-Chairperson of the Board of Directors – Lead Independent Director

1.3.1 The Board of Directors may appoint a Vice-Chairperson. If the roles of Chairperson and Chief Executive Officer are combined or if the Chairperson is not considered as independent according to the AFEP/MEDEF Corporate Governance Code, the appointment of a Vice-Chairperson is compulsory. The Vice- Chairperson shall be appointed for a period that may not be any longer than his/her term of office as a Director. The Vice-Chairperson is eligible for re-election. The Vice-Chairperson may be removed from office by the Board of Directors at any time.

1.3.2 The Vice-Chairperson shall preside over Board meetings in the absence of the Chairperson.

The Vice-Chairperson shall be called upon to replace the Chairperson of the Board of Directors in the event of any temporary inability of the latter to fulfill his/her functions or in the event of death. In the event of the Chairperson's inability to fulfill his/her functions, he/she will be replaced by the Vice-Chairperson as long as his/her inability may last and, in the case of death, until the election of a new Chairperson.

1.3.3 The Vice-Chairperson also takes on the role of Lead Independent Director. In this respect, the powers and missions of the Vice-Chairperson are:

- to be kept informed of major events in Group life through regular contacts and meetings with the Chairperson and the Chief Executive Officer;
- to be consulted by the Chairperson on the agenda and the sequence of events for every Board meeting as well as on the schedule for Board meetings;
- to request that the Chairperson of the Board of Directors include additional items on the agenda of any meeting of the Board of Directors;
- to request that the Chairperson of the Board of Directors call a meeting of the Board of Directors to discuss a given agenda;
- to convene – whenever he/she deems appropriate - an executive session with non-executive members of the Board of Directors and without the Chairperson attending, over which he/she will preside. It is the Vice-Chairperson's responsibility to appreciate for each topic discussed whether the employee Directors should leave the meeting until the topic is closed. In addition, the Vice-Chairperson may convene an executive session between two Board meetings;
- to promptly report to the Chairperson on the conclusions of executive sessions held without the Chairperson attending;
- to draw the attention of the Chairperson and of the Board of Directors to any possible conflicts of interest that he/she may have identified or which may be reported to him/her;
- to meet if he so wishes the Group's leading managers and visit Company sites in order to complement his/her knowledge;
- to carry out annual assessments of the Board of Directors and, in this context, assess the actual contribution of every member of the Board to the Board's activities;
- to report on his/her actions at annual general shareholders' meetings;
- to engage with shareholders on governance matters and inform the Board of their concerns.

1.3.4 The Vice-Chairperson & Lead Independent Director must be an independent member of the Board, as defined in accordance with the criteria published by the Company.

1.4 The Chief Executive Officer shall own a minimum number of shares representing five years of base salary. Calculation of the number of shares held is based on Schneider Electric SE shares and the equivalent in shares of the corporate mutual fund units invested in Schneider Electric shares held by him. He is required to retain at least 50% of the Performance Shares granted to him until this number of shares is reached.

2. Roles and powers of the Board of Directors

2.1. The Board of Directors shall determine the business strategy of the Company and monitors its implementation, in accordance with its corporate interest and while considering its social and environmental aspects. Subject to the powers expressly conferred to annual general shareholders' meetings and within the limit of the corporate purpose, it shall deal with all matters regarding the smooth running of the Company and settles issues concerning the Company. At any time in the year, the Board carries out the controls and verifications it deems appropriate.

2.2. In accordance with legal or statutory provisions, it is the Board of Directors' responsibility:

- to determine the method of exercising General management of the Company;
- to appoint Executive Corporate Officers, remove them from office and to set their remuneration and the benefits granted to them;
- to co-opt Directors whenever necessary;
- to distribute Directors' remuneration allocated at the annual general shareholders' meeting amongst members of the Board of Directors.
- to convene general shareholders meetings;

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- to approve statutory and consolidated financial statements;
- to ensure that the Company has reported in accordance with EU sustainability reporting framework;
- to decide on the dates for the payment of dividends and any possible down-payments on dividends;
- to draw up management reports and reports for annual general shareholders' meetings;
- to draw up management planning documents and the corresponding reports;
- to draw up the corporate governance report as provided for in Article L.225-37 of the French Commercial Code;
- to decide on the use of the delegations of authority granted at annual general shareholders' meetings, more particularly for increasing Company capital, redeeming the Company's own shares, carrying out employee shareholding operations and cancelling shares;
- to grant options or restricted/performance shares within the limits of authorizations given at annual general shareholders' meetings;
- to authorize the issue of bonds;
- to authorize the issue of sureties, endorsements and guarantees;
- to authorize regulated agreements (agreements covered by Article L.225-38 and following of the Commercial Code);
- to implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective;

2.3. To enable the Board to exercise its duties as defined in 2.1. and beyond its specific powers summarized in 2.2., the Board of Directors' remits include:

- to give prior authorization for:
  - **(i)** all disposals or acquisitions of holdings or assets by the Company or by a Group company for a sum of more than 250 million euros;
  - **(ii)** significant changes to the scope and portfolio of activities outside of the strategy shared with the Board of Directors;
  - **(iii)** establishment of significant strategic alliances;
  - **(iv)** any settlement for a sum of more than 125 million euros;
  - **(v)** any off-balance sheet commitment in excess of 125 million euros other than those relating to a guarantee given to an entity of the Group;
  - **(vi)** major and very significant changes to the Group internal organization;
- to be informed by its Chairperson or by its committees of any significant event concerning the Company's efficient operation;
- to be informed about market developments, competitive environment and the most important challenges the Company has to face, including in the area of social and environmental responsibility;
- to establish the multi-annual strategic approach on social and environmental responsibility and review the results reached on a yearly basis (including on climate);
- to review, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly and to that end receive all information necessary to fulfil its remit, especially from the Chief Executive Officer;
- to seek assurance that the cyber risk management program is adequate and reduces the risk of attacks and, when necessary, will respond and recover from any attack that may happen;
- to ensure that a process to prevent and detect bribery and influence peddling is in place;
- to exercise control over management and oversee the quality of information provided to shareholders and to the markets, in particular via the financial statements or on the occasion of major corporate transactions;
- to review every year its composition, its organization and its mode of operation;
- to set up an Audit & Risks Committee on the terms specified by law and any other committees (i) which do not have decision-making powers but have the task of providing all useful information for the discussions and decisions which the Board is called upon to make, (ii) which composition and rules with regard to their modus operandi is determined by the Board;
- to be consulted prior to acceptance by the Chief Executive Officer or Deputy Chief Executive Officer(s), if any, of any corporate appointment in a listed company outside the Group;
- to appoint a Vice-Chairperson if the Board is compelled or wishes to do so;
- to appoint up to three Board Observers if the Board wishes to do so;
- to determine targets in terms of gender balance within the executive bodies and ensure that the Executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced gender representation on the executive bodies.

2.4. The activities of the Board of Directors and its committees shall be described in the corporate governance report.

3. Membership of the Board of Directors

In the proposals it makes and the decisions it takes, the Board of Directors shall ensure that:

- it reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non-French nationals;
- it protects the independence of the Board through the competence, availability and courage of its members;
- it pursues its objective of diversifying the Board of Directors in compliance with the legal principle of attaining balanced gender representation on the Board;
- it appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills and experiences;
- employee shareholders and employees shall continue to be represented on the Board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the Articles of Association;
- it preserves the continuity of the Board by changing some of its members at regular intervals, if necessary by anticipating the expiry of members' terms of office.

4. Meetings of the Board of Directors

4.1. The Board of Directors shall meet whenever the interests of the Company so require and at least six times a year, including one meeting for examining strategy in detail.

Notices to attend shall be issued by all means, including verbally. They shall be sent via the Secretary of the Board.

4.2. Board meetings shall be convened by the Chairperson or by the Vice-Chairperson in accordance with Article 1.3.3. Moreover, if no Board meeting takes place for over two months, the Chairperson shall convene a meeting of the Board at a date no later than fifteen days after at least one-third of the members of the Board have made a justified request for this purpose. If the request goes unheeded, the person or persons requesting the meeting may convene a meeting himself/herself or themselves, stating the agenda of the proposed meeting.

Similarly, the Chief Executive Officer, if he/she is not Chairperson of the Board of Directors may also address a request to the Chairperson to convene a meeting on any given agenda.

The person responsible for convening the meeting shall set its agenda. The agenda may be modified or completed at the time of the meeting.

Board meetings shall be held at the Company's registered offices or at any other place specified in the notice of the meeting, whether in France or abroad.

4.3. Any member of the Board may appoint another member to represent him/her at a Board meeting by means of a proxy form.

During the same meeting, each member of the Board may only use one proxy form that he/she has received further to the foregoing paragraph.

Members of the Board may attend Board meetings by videoconference or telecommunication links, which allow them to be identified and which guarantee their effective participation. In such a case, they are counted among the members present to the meeting. However, in accordance with applicable laws, for the purposes of checking and controlling statutory and consolidated financial statements and the management report, the members of the Board of Directors who attend the meeting by videoconference or telecommunication links shall not be taken into account for the purposes of determining the quorum or the majority.

Deliberations of the Board of Directors shall only be valid if at least half of the Directors are present. However, in application of Article 15 of the Articles of Association, the Board of Directors may only deliberate validly on the methods for exercising General management if two-thirds of the Directors are present or represented.

Decisions shall be taken on a majority vote by the Directors present or represented. In the event of equality of votes, the Chairperson of the meeting shall have the casting vote.

4.4. The Secretary of the Board shall attend Board meetings.

The Board of Directors shall hear operational managers concerned by major issues submitted to examination by the Board.

The Board of Directors may authorize persons who are not members of the Board to attend Board meetings including by videoconference or by telecommunication links.

4.5. An attendance register shall be kept at the registered office.

The proceedings of the Board of Directors shall be recorded in minutes.

The Secretary of the Board shall be authorized to certify copies or excerpts from the minutes of the Board's proceedings.

5. Information of the Board of Directors

Members of the Board of Directors shall be provided with all the information necessary to enable them to carry out their duties and this within time limits that enable them to familiarize themselves with this information in a meaningful way. They may procure any documents they require for this purpose prior to meetings.

Any request for information made by members of the Board on specific subjects shall be addressed to the Chairperson of the Board or to the Chief Executive Officer, who will reply thereto as promptly as possible.

In order to provide members of the Board of Directors with complete information, visits to sites and customers shall be organized for them. Members of the Board of Directors shall have the right to meet the main Company executives. They shall inform the Chairperson (or, if appropriate, the Chief Executive Officer) thereof.

The Chairperson and / or Vice Chairperson shall meet each member of the Board individually once a year.

6. Status of members of the Board of Directors

6.1. Members of the Board of Directors shall represent all the shareholders and shall act in the interests of the Company in all circumstances.

4.1 Governance Report

6.2. Members of the Board of Directors shall attend Board meetings and meetings of the committees of which they are members.

Any member, who has not attended at least half of the meetings held during the year, unless there are exceptional reasons, shall be deemed to wish to terminate his/her term of office and shall be invited to resign from the Board of Directors or the committee concerned, as appropriate.

6.3. Members of the Board of Directors shall be bound by a general confidentiality obligation with respect to the deliberations of the Board and the committees and with respect to information which is not in the public domain, which they receive further to performing their duties.

By exception, any natural person linked to a Board member being a legal entity (Permanent Representative) or a shareholder (either employee of such legal entity or executive) is allowed to communicate some of non public information to such legal entity as well as any advisor of such legal entity. It is being specified that:

- Such communication is authorized only if (i) it is strictly necessary to accomplish the Board member's mission, (ii) it is made in the interest of the Company (with no conflict interest existing between the Company and the legal entity), (iii) it is limited in its content as well as its recipients and (iv) it respects the applicable rules and regulations, in particular in matters of market abuses;
- Such legal entity shall take all necessary measures to ensure that the strict confidentiality of such information is maintained;
- The Lead Independent Director can, upon request, obtain from the legal entity the list of the information communicated, and of all the recipients of such information.

6.4. Directors may not exercise more than four other terms of office in listed companies outside the Group.

6.5. Members of the Board of Directors shall have a duty to inform the Board of Directors of any office they may hold or no longer hold in other companies.

6.6. Members of the Board of Directors have a permanent duty to ensure that their personal situation shall not give rise to a conflict of interest with the Company. In this respect, they shall disclose:

- the existence of any conflict of interest, even a potential one, upon assuming their duties and then each year in response to a request made by the Company at the time of preparation of its Universal Registration Document;
- any event – open occurrence during the course of the year - which would render the statement above mentioned totally or partially inaccurate.

Any member of the Board of Directors having a conflict of interest, even a potential one, has a duty to notify it to the Vice-Chairperson & Lead Independent Director who shall in turn inform the Board of Directors. The Board of Directors shall rule upon the conflict of interest and may request to the member(s) of the Board of Directors concerned to correct his/her situation. The member of the Board of Directors having a conflict of interest, even a potential one, shall not take part in the discussions or to the vote of the corresponding decision and shall leave the meeting of the Board of Directors while the decision is being debated and voted.

6.7. Within eighteen months of their appointment, members of the Board of Directors, to the exclusion of the Directors representing employees, shall own at least 1,000 Schneider Electric SE to be held during their term of office. To fulfill this obligation, putting aside the 250 shares which must be held to comply with Article 11.1 of the Articles of Association, shares held via a company mutual fund essentially invested in the Company shares can be taken into account. The Schneider Electric SE shares that they hold shall either be in purely registered (*nominatif pur*) or in managed registered (*administré*) form.

6.8. Members of the Board of Directors shall inform the French Financial Market Authority (*Autorité des Marchés Financiers*) within three business days from the completion of the operation, by e-mail at the following address: https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx, as well as the Secretary of the Board, of any acquisition, sale, subscription or exchange concerning shares issued by Schneider Electric SE or any operation on financial instruments linked thereto, conducted on their own account or on their behalf.

6.9. Members of the Board of Directors shall provide the Secretary of the Board with the list of the persons closely associated with them as defined by the European Regulation n°596/2014 ("Market Abuse Regulation"), whom they shall notify of their individual duties to inform the French Financial Market Authority and Schneider Electric SE (to the attention of the Secretary of the Board), similar to those applicable to themselves pursuant to paragraph 6.8. above.

6.10. Members of the Board of Directors undertake to abide by the compliance code governing stock-market ethics, of which they have received a copy, with respect to their personal financial transactions.

Members of the Board of Directors shall refrain from carrying out any transaction involving Company's listed shares during the 31 days before the day following publication of annual or half-yearly accounts, and during the 16-day period before the day following publication of quarterly information. The same principle applies when they hold insider information, *i.e.* precise information concerning the Company, which has not been made public and which, if it were made public, could have a marked impact on share price or on any financial instrument related to them.

6.11. Members of the Board of Directors are invited to attend the annual general shareholders' meetings.

6.12. Members of the Board of Directors shall be remunerated by the payment of an annual amount determined by the Board of Directors. The Board of Directors may grant exceptional remuneration for assignments or offices conferred upon Directors.

6.13. Travelling expenses, notably including hotel and restaurant expenses, incurred by the members of the Board of Directors in relation to the performance of their duties, shall be borne by the Company on presentation of supporting documents.

6.14. Members of the Board of Directors shall complete the on-boarding program offered to them at the beginning of their first term.

7. Observers

The Board of Directors may appoint a maximum of three Observers.

The Observers shall attend Board meetings in a consultative capacity.

They shall receive the same information as the other members of the Board. They may be appointed as members of committees, except for the Audit & Risks Committee.

They shall act in the interest of the Company under all circumstances.

They shall be bound by the same general confidentiality obligation as the members of the Board of Directors and shall be subject to the same limitations regarding transactions involving the Company's shares. Their remuneration shall be determined by the Board of Directors.

8. Committees of the Board of Directors

8.1. The committees created by the Board of Directors shall be as follows:

- Audit & Risks Committee;
- Governance, Nominations & Sustainability Committee;
- Human Capital & Remunerations Committee;
- Investment Committee;
- Digital Committee.

8.2. The role of these committees shall be to research and prepare certain matters to be considered by the Board of Directors. They shall make proposals, give recommendations and issue opinions, as appropriate, in their area of competence.

Created by virtue of Article 13 of the Articles of Association, they shall only have a consultative role and shall act under the authority of the Board of Directors.

8.3. The Chairpersons and members of the committees shall be appointed by the Board of Directors. They shall be appointed in a personal capacity and may not be represented.

The terms of office of committee members shall coincide with their terms of office as members of the Board of Directors. The terms of office of committee members may be renewed.

As a matter of good governance, committee Chairpersons should be rotated and not exceed four years for a given committee. The Board of Directors shall deliberate annually on the Chairpersonship of the concerned committee whenever such four-year limit is reached or exceeded.

8.4. Committees shall meet on the initiative of their Chairperson or on request from the Chairperson of the Board of Directors or the Chief Executive Officer.

8.5. The Chairperson and the Chief Executive Officer shall be kept informed of committee meetings. They shall be in regular contact with committee chairpersons.

8.6. Committee meetings shall be held at the Company's registered office or any other place decided upon by the Chairperson of the committee with an agenda prepared by the latter. If necessary, they may be held by audio or video conference.

Members of the Board of Directors may attend meetings of committees of which they are not a member. Only the members of the committee shall take part in the committee's recommendations.

A secretary will prepare the minutes of the meetings.

A report on each committee's activities shall be given by the committee's chairperson or one of its members at the next Board meeting. Minutes of committee meetings shall be provided to the members of the Board of Directors.

After referring the matter to the Chairperson of the Board, every committee may request studies from external consultants. Every committee may invite any person of its choice to its meetings, as and when required.

8.7. Other than the permanent specialist committees that it has created, the Board of Directors may also decide to set up any ad hoc committees for specific operations or assignments.

9. The Audit & Risks Committee

9.1. Membership and operation of the Audit & Risks Committee

The Committee shall be comprised of at least three members, two-thirds of whom must be independent members of the Board of Directors. At least one of the members must possess special skills concerning matters of finance and accountancy and be independent with regard to specified, published criteria.

4.1 Governance Report

The head of Internal Audit shall act as Secretary to the Audit & Risks Committee.

The Committee shall meet at least five times a year. The Chairperson of the Committee shall draw up agendas for meetings.

The meetings shall be attended by members of the finance department and of the Company's Internal Audit department and, with respect to meetings devoted to examining financial statements, by the statutory auditors. The Committee may invite any person it wishes to hear at its meetings. It may also require the Chief Executive Officer to provide any documents it deems to be useful.

Outside the presence of Company representatives, the Committee shall regularly hear the statutory auditors and the head of the Internal Audit.

9.2. Duties of the Audit & Risks Committee

The Audit & Risks Committee monitors questions on drawing up and controlling accounting, financial and sustainability information. It prepares the Board of Directors' decisions in these domains. It issues recommendations to the Board for the purpose of ensuring the integrity of the financial and sustainability information and gives advices. For this purpose, the Audit & Risks Committee's missions include:

- to prepare for annual and half-yearly financial statements to be approved by the Board and therefore, more particularly:
  - **(i)** checks the appropriateness and consistency of the accounting methods used for drawing up consolidated and statutory financial statements, as well as checking that significant operations on Group level have been dealt with appropriately and that rules relating to the consolidation perimeter have been complied with;
  - **(ii)** examines off-balance-sheet risks, including those of a social and environmental nature, and commitments as well as the cash situation;
  - **(iii)** examines the process for drawing up financial information;
- to examine the draft annual report, which bears the status of Universal Registration Document and contains the information on internal control, the draft half-yearly report and, where applicable, any remarks made by the French Financial Market Authority (AMF) concerning these reports, as well as the other key financial information documents;
- to monitor issues relating to the preparation and control of the sustainability information;
- to monitor the process of preparation of the sustainability information;
- to monitor the process used to determine what information to disclose in accordance with the sustainability reporting standards;
- to make recommendations to ensure the integrity of the sustainability reporting;
- to report to the Board on the results of the sustainability information certification mission as well as how this mission contributed to the integrity of sustainability information;
- to make recommendations concerning the appointment or reappointment of the statutory auditors and sustainability auditors;
- to handle follow-up on legal control of consolidated and statutory accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors;
- to handle follow-up on legal control of sustainability information made by sustainability auditors, notably by examining the external audit plan and results of controls made by sustainability auditors;
- to verify the statutory and sustainability auditors' independence, in particular, by reviewing fees paid by the Group to their firm and network and by giving prior approval for assignments that are not strictly included in the scope of the statutory audit;
- to monitor the effectiveness of the internal control and risk management systems, as well as, where applicable, internal audit, with regard to the procedures relating to the preparation and processing of the financial statements and sustainability information, and therefore, more particularly:
  - **(i)** to examine the organization and resources used for internal audit, as well as its annual work program (the Committee shall receive summaries of reports produced on audits on a quarterly basis and the Chairperson of the Committee shall receive these reports in full);
  - **(ii)** to review Enterprise Risk Management reports including operational risk-mapping and to make sure that measures exist for preventing or minimizing risks;
  - **(iii)** to examine how to optimize risk coverage on the basis of reports requested from internal audit or risk management functions;
  - **(iv)** to examine Group internal control measures and look into the results of entities' self-assessments with respect to internal control; to ensure that a relevant process exists for identifying and processing incidents and anomalies;
  - **(v)** to ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection and the measures implemented to ensure that these policies are circulated and applied; and
  - **(vi)** to assess Cyber Risks and the Group's Cyber Security posture (jointly with the Digital Committee)

The Audit & Risks Committee shall examine proposals for distribution as well as the amount of financial authorizations submitted for approval at annual general shareholders' meetings.

The Audit & Risks Committee reports to the Board on the implementation of Schneider Electric SE's Charter on the related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not.

The Audit & Risks Committee shall examine all financial and accounting questions and questions related to risk management submitted to it by the Board of Directors.

The Audit & Risks Committee reports to the Board on the findings of its works and how they contributed to the integrity of the financial and sustainability information. It informs the Board of the follow-up actions that it proposes to take. The Chairperson of the Audit & Risks Committee shall keep the Chairperson and the Vice-Chairperson & Lead Independent Director promptly informed of any difficulties encountered by the Committee.

10. Governance, Nominations & Sustainability Committee

10.1. Membership and operation of the Governance, Nominations & Sustainability Committee

The Committee shall be comprised of at least three members.

The Secretary of the Board shall be the secretary of the Governance, Nominations & Sustainability Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

10.2. Duties of the Governance, Nominations & Sustainability Committee

The Governance, Nominations & Sustainability Committee monitors questions related to the governance of the Company and its sustainability strategy. It issues recommendations and prepares the Board of Directors' decisions in these domains. For this purpose, the Governance, Nominations & Sustainability Committee's missions include:

- to formulate proposals to the Board of Directors in view of any appointment made to the Board of Directors: Directors or Observers, Chairperson of the Board of Directors, Vice-Chairperson & Lead Independent Director, Chairpersons and members of committees;
- to formulate proposals to the Board of Directors in view of any appointment of Executive Corporate Officers: Chief Executive Officer and / or Deputy Chief Executive Officer;
- to ensure the implementation of a procedure for the preparation of succession plans for the Directors and Corporate Officers in the event of an unforeseen vacancy;
- to examine succession plans for key Group executives;
- to be informed of any nomination of members of the Executive Committee and of the main Group executives;
- to ensure that the AFEP-MEDEF Corporate Governance Code to which the Company refers is applied;
- to discuss governance issues related to the functioning and organization of the Board and its committees;
- to propose on the conditions in which the regular evaluation of the Board is carried out;
- to discuss the qualification of Directors as independent, which is reviewed by the Board every year prior to publication of the annual report;
- to conduct a review of the committees that are in charge of preparing the Board's work;
- to review the implementation of the assessment process relating to the qualification of the related-party agreements as 'current' or 'regulated';
- to prepare the decisions by the Board with regard to the update of its Internal Regulations;
- to prepare the draft corporate governance report of the Board of Directors;
- to ensure that the long-term commitments in terms of Sustainability undertaken by the Company are implemented;
- to review the Group sustainability strategy including the Climate strategy and follow up on the progress made on a regular basis;
- to review the sustainability risks jointly with the Audit & Risks Committee;
- to work with the Stakeholder Committee and set its workplan each year.

11. Human Capital & Remunerations Committee

11.1. Membership and operation of the Human Capital & Remunerations Committee

The Committee shall be comprised of at least three members.

The Chief Human Resources Officer of the Group shall be the secretary of the Human Capital & Remunerations Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

11.2. Duties of the Human Capital & Remunerations Committee

The Human Capital & Remunerations Committee monitors questions related to the human resources of the Company and compensation. It issues recommendations and prepares the Board of Directors' decisions in these domains. For this purpose, the Human Capital & Remunerations Committee's missions include:

- to formulate proposals to the Board of Directors on the compensation policy of the Executive Corporate Officers (Chairperson of the Board of Directors and/or Chief Executive Officer, and/or Deputy Chief Executive Officer, if any), ensuring in particular its alignment with the corporate interest. The Committee shall prepare annual assessments of the persons concerned and make recommendations to the Board of Directors concerning the determination of the components of the compensation due to Executive Corporate Officers in accordance with the compensation policy;
- to review the compensation of the members of the Executive Committee;
- to propose an amount of the remuneration package for Directors to be submitted to the annual general shareholders' meeting and the method of distribution;
- to formulate proposals to the Board of Directors on setting up the long-term incentive plans such as, for example, grant of stock options or performance/restricted shares;
- to prepare the Board of Directors' deliberations on employee shareholding;
- to review the social impact of major re-organization projects and major human resource policies;
- to review risk management in relation to human resources.

The Committee considers questions relating to the remuneration of Corporate Officers outside their presence.

4.1 Governance Report

12. Investment Committee

12.1. Membership and operation of the Investment Committee

The Committee shall be comprised of at least three members.

The Senior Vice-President Mergers & Acquisitions shall be the secretary of the Investment Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes and call upon the Group M&A director.

12.2. Duties of the Investment Committee

The Committee prepares the Board of Directors' deliberations on investment policy.

To this purpose, the Committee:
- shall elaborate recommendations to the Board on major capital deployment decisions;
- shall advise the management team on capital deployment strategies;
- may launch, at the Board's request, or suggest research projects leading to material investments for the Company, typically for capital deployment decisions of 250 million euros or above;
- may investigate matters of smaller scale, if the strategic significance warrants it or the Board/Chairperson of the Board specifically requires it;
- shall provide recommendations on major merger, alliances and acquisition projects;
- shall pay special attention to reconfiguration or consolidation scenarios happening in the sectors the Company is operating in or likely to operate in;
- shall examine portfolio optimizations and divestment projects of financial or strategic significance;
- shall support the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments;
- shall present to the Board social and environmental aspects of the strategic projects submitted to it such as M&A projects.

13. Digital Committee

13.1. Membership and operation of the Digital Committee

The Committee shall be comprised of at least three members.

The Chief Digital Officer or the Chief Information Officer shall be the secretary of the Digital Committee.

The Committee shall meet at the initiative of its Chairperson. The agenda shall be drawn up by the Chairperson of the Committee after consultation with the Chairperson of the Board of Directors. The Committee shall meet at least three times a year.

In order to carry out its assignments, the Committee may hear any person it wishes.

13.2. Duties of the Digital Committee

The purpose of the Digital Committee is to assist the Board in digital matters in order to guide, support and control the Group in its digitization efforts. The Digital Committee prepares the Board of Directors' deliberations on digital matters.

For this purpose, the Digital Committee will review, appraise and follow-up on projects and, generally, advise, *inter alia* on seven areas:
- development and growth of the EcoStruxure digital business, including (i) enhancing Core Businesses with Connectivity & Analytics, (ii) building new digital offers and business models, (iii) establishing its contribution to and consistence with the overall strategy;
- assessment of the contribution of potential M&A operations to the Group's Digital strategy;
- monitoring and analysis of the Digital landscape (competitors and disrupters, threats and opportunities);
- improvement and transformation of the Group's Digital Customers & Partners Experience;
- improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities;
- checking that the Company is equipped with the right pool of talents for digital transformation;
- assessment of Cyber Risks and enhancement of the Group's Cyber Security posture (jointly with the Audit & Risks Committee).

14. Perimeter of Internal regulations

The present Internal regulations have been unanimously approved by the Board of Directors. A purely internal act, their objective is to complete the Articles of Association by stipulating the main conditions of organization and operation of the Board of Directors. Their purpose is not to replace the Articles of Association. They may not be relied upon by shareholders or third parties for use against members of the Board of Directors, the Company, or any company in Schneider Electric Group. They may be modified at any time solely by deliberation of the Board of Directors.

4.1.6 Regulated agreements and commitments

4.1.6.1 Review of the Regulated Agreements and Commitments entered into by Schneider Electric SE

No agreements were concluded during the year that would have required approval by the Annual General Meeting in accordance with article L. 225-38 of the French Commercial Code.

4.1.6.2 Procedure for assessing agreements relating to ordinary business operations concluded under normal conditions

The Board of Directors, at its meeting of December 11, 2019, established a procedure for regularly assessing whether agreements relating to ordinary business operations concluded under normal conditions meet these conditions. Any persons directly or indirectly concerned by any of these agreements shall not participate in its assessment.

The procedure is comprised of two phases:

- The assessment of the application of Schneider Electric SE's internal charter for regulated agreements approved by the Board of Directors on February 19, 2020, which results in an annual business report drawn up jointly by the legal department and the Secretary of the Board of Directors. This report is made available to the Audit & Risks Committee for preparing the evaluation report it draws up for the Board of Directors; and
- The assessment by the Board of Directors of criteria for qualifying agreements relating to ordinary business operations concluded under normal conditions which deliberates on the basis of the above-mentioned assessment report drawn up by the Audit & Risks Committee.

According to this procedure, the Governance, Nominations & Sustainability Committee reviewed at its meeting of December 13, 2023, the relevance of criteria for qualifying agreements relating to ordinary business operations concluded under normal conditions as defined by the procedure and decided not to amend it.

4.1.6.3 Statutory auditors' report on related party agreements (For the year ended December 31, 2023)

Annual General Meeting of the fiscal year ended December 31, 2023

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Schneider Electric S.E.,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

Agreements authorized and concluded during the past fiscal year

We hereby inform you that we have not been notified of any agreements authorized during the year to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (Code de commerce).

Agreements previously approved by the Annual General Meeting

Agreements authorized and concluded during previous past fiscal years

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year.

The Statutory Auditors

Mazars
Paris La Défense on February 29, 2024
Juliette Decoux Guillemot Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on February 29, 2024
Jean-Christophe Georghiou Séverine Scheer

4.1 Governance Report

4.1.7 Stakeholder Committee

In order to reinforce its sustainability governance further with solid external insights, Schneider Electric created a Stakeholder Committee in 2021.

4.1.7.1 Composition

The internal regulations of the Stakeholder Committee provide that the Committee consists of no less than five and no more than ten members. The members of the Stakeholder Committee are appointed by the Chairperson of the Board of Directors of the Company after consultation of its Governance, Nominations & Sustainability Committee.

As of December 31, 2023, the Stakeholder Committee consisted of 9 members. In addition to the Chief Executive Officer of the Company, it is mainly composed of global experts, recognized for their high level of expertise and engagement on sustainability issues, including from non-governmental, international, or academic organizations, an independent Director and an employee Director of the Company.



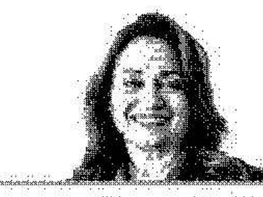
Peter Herweck
Chief Executive Officer
57 years, German



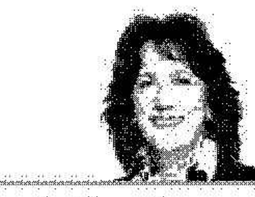
Bertrand Piccard
Chairman of Solar Impulse Foundation
65 years, Swiss



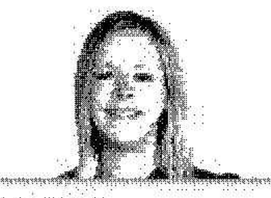
Lan Xue (Dr.)
Cheung Kong Chair Distinguished Professor and Dean of Schwarzman College in Tsinghua University
64 years, Chinese



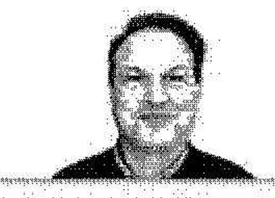
Amani Abou-Zeid (Dr.)
African Union Commissioner in charge of Infrastructure, Energy, ICT and Tourism
62 years, Egyptian



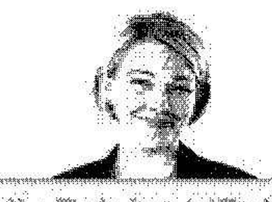
Linda Knoll
Director of Schneider Electric SE, Human Capital & Remunerations Committee Chair
63 years, American



Rita Félix
Employee Director of Schneider Electric SE
40 years, Portuguese



Salvo Lombardo
Former Chief of Staff, UNHCR
64 years, Italian



Emily Reichert (Dr.)
CEO, Greentown Labs
49 years, American



Michela Conterno
CEO, LATI
48 years, Italian

4.1.7.2 Responsibilities

The primary mission for the Stakeholder Committee is to advise Schneider Electric on its journey to deliver the long and short-term Sustainability commitments undertaken by the Company in accordance with its Purpose and Sustainability strategy.

More precisely, the mandate of the Stakeholder Committee is:

- To present the regulatory framework, customer expectations, best practice sharing, insights of the possible future opportunities, and possible business positioning on two topics defined each year by the Board;
- To monitor the progress of the current Schneider Sustainable Impact and support in the next Schneider Sustainable Impact cycle; and
- To give advice on any questions submitted by the Board or the management.

The Stakeholder Committee reports to the Chairperson of the Board. Its recommendations are submitted to the Board for consideration on a continuous basis.

4.1.7.3 Activity in 2023

In 2023, the Stakeholder Committee held three meetings on April 3, July 26 and November 2, 2023 devoted to the following topics:

- Self-assessment of the Committee;
- Update on Sustainability;
- International Energy Agency global annual conference on energy efficiency;
- Mega trends;
- Update on Stakeholders engagements; and
- Topical deep-dive: Advocacy, Supply Chain and Circularity.

4.1.8 Senior management

The Senior Management of Schneider Electric SE consists of the Chief Executive Officer supported by the Executive Committee.

The Executive Committee

The operational organization of the Senior Management of the Group is supported by the Executive Committee, which is chaired by the Chief Executive Officer. The Executive Committee meets every month to analyze and evaluate the financial performance of the Group's various businesses compared with the budget, strategic developments, and major events affecting the Group.

As of the date of this Universal Registration Document, the Executive Committee comprises of the 17 following members. As per its Diversity & Inclusion Policy, Schneider Electric pays a lot of attention to the composition of its Executive Committee, in particular to ensure a diversity of culture and gender. Thus, seven nationalities from three continents are part of the Executive Committee. According to the objective to comprise at least 40% of women, the Executive Committee includes 41% of women (no change compared to 2022).

Name of Executive Committee member	Gender	Age	Nationality	Responsibility
Peter Herweck	M	57	German	Chief Executive Officer
Gwenaelle Avice-Huet	F	44	French	Executive Vice-President Europe Operations
Laurent Bataille	M	45	French	Executive Vice-President France Operations
Olivier Blum	M	53	French	Executive Vice-President Energy Management
Annette Clayton	F	60	American	Chairwoman North America
Hervé Coureil	M	53	French	Chief Governance Officer & Secretary General
Barbara Frei	F	53	Swiss	Executive Vice-President Industrial Automation
Caspar Herzberg	M	51	German	CEO AVEVA & EVP Schneider Electric Software
Charise Le	F	51	Chinese	Chief Human Resources Officer
Chris Leong	F	56	Malaysian	Executive Vice-President Chief Marketing Officer
Hilary Maxson	F	46	American	Chief Financial Officer
Manish Pant	M	54	Indian	Executive Vice-President International Operations
Aamir Paul	M	46	American	President & CEO North America Operations
Nadège Petit	F	44	French	Executive Vice-President Innovation
Mourad Tamoud	M	52	French	Executive Vice-President Global Supply Chain
Peter Weckesser	M	55	German	Chief Digital Officer
Zheng Yin	M	52	Chinese	Executive Vice-President China & East Asia Operations

The Business Pulse Community

The Business Pulse Community consists in approximatively 2,200 leaders of Schneider Electric's businesses, functions, and operations. Its responsibly is to ensure the sharing and cascading of the Group's objectives and key strategic priorities. The Business Pulse community met digitally seven times in total in 2023 to exchange on these matters.

The Top Pulse Community

The Top Pulse Community includes the Executive Committee members, for a total of approximately 350 leaders of Schneider Electric's businesses, functions, and operations to be inclusive of the key decision makers across the organization. The group meets once a year, preferably in person, to ensure in depth discussion and decision making, as well as smooth and efficient implementation of such decisions.

4.2 Compensation Report

The Compensation Report presents the compensation paid or granted in 2023 to the Corporate Officers and Directors, as well as the compensation policies applicable to them in 2024. In 2023, the Board of Directors announced a new governance structure to separate the roles of the Chairman of the Board of Directors and of the Chief Executive Officer. In line with this new governance structure, the Group had:

- a Chairman of the Board of Directors & Chief Executive Officer ("Chairman & Chief Executive Officer") (Mr. Jean-Pascal Tricoire) from January 1, 2023 until May 3, 2023; and
- a Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire) and a Chief Executive Officer (Mr. Peter Herweck) as of May 4, 2023.

This section includes a complete description of the components of remuneration for the Corporate Officers, including the following components on which the Annual Shareholders' Meeting of May 23, 2024 is invited to vote:

- with regard to 2023:
  - for the Chairman & Chief Executive Officer (Mr. Jean-Pascal Tricoire): the components which make up the total remuneration and the benefits of all kinds paid during 2023 or awarded in respect of 2023 (for the period running from January 1, 2023 to May 3, 2023) (subject of the 8th resolution proposed to the Annual Shareholders' Meeting);
  - for the Chief Executive Officer (Mr. Peter Herweck): the components which make up the total remuneration and the benefits of all kinds paid during 2023 or awarded in respect of 2023 (for the period running from May 4, 2023 to December 31, 2023) (subject of the 9th resolution proposed to the Annual Shareholders' Meeting);
  - for the Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire): the components which make up the total remuneration and the benefits of all kinds paid during 2023 (for the period running from May 4, 2023 to December 31, 2023) (subject of the 10th resolution proposed to the Annual Shareholders' Meeting);
  - for the Board members of Schneider Electric: the components of remuneration presented in the Corporate governance report pursuant to Article L. 22-10-9 I of the French Commercial Code (subject of the 7th resolution proposed to the Annual Shareholders' Meeting); and
- with regard to 2024, the remuneration policies which will be applicable:
  - to the Chief Executive Officer (Mr. Peter Herweck) (subject of the 11th resolution proposed to the Annual Shareholders' Meeting);
  - to the Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire) (subject of the 12th resolution proposed to the Annual Shareholders' Meeting);
  - to the Board members (subject of the 13th resolution proposed to the Annual Shareholders' Meeting).

The information included in this section also takes into account the provisions of the AFEP-MEDEF Corporate Governance Code for listed companies, as interpreted by the *Haut Comité de Gouvernement d'Entreprise* (French High Committee on Corporate Governance), and the AMF's (*Autorité des Marchés Financiers*, French Financial Market Authority) recommendations.

4.2.1 Overview

All resolutions linked to compensation were approved by the 2023 Annual Shareholders' Meeting.

The 2023 compensation policies (say on pay *ex-ante*) were largely approved by shareholders as follows:

- by more than 88% for the Chairman & Chief Executive Officer (Mr. Jean-Pascal Tricoire) from January 1, 2023 until May 3, 2023;
- by more than 89% for the Chief Executive Officer (Mr. Peter Herweck) from May 4, 2023 until December 31, 2023;
- by more than 88% for the Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire) from May 4, 2023 until December 31, 2023;
- by more than 95% for the members of the Board of Directors.

The 2022 Compensation Report for the Board members of Schneider Electric (say on pay *ex-post*) was approved by more than 92% of the shareholders.

The 2022 Compensation Report for the Chairman & Chief Executive Officer (say on pay *ex-post*) raised some concerns and was approved by 65.66% of our shareholders at the 2023 Annual Shareholders' Meeting. Those concerns were linked to the decision to maintain Mr. Jean-Pascal Tricoire's rights to his previously granted but still unvested Performance Shares (LTIP 2021 and LTIP 2022). The Board of Directors would like to express its deepest thanks to all shareholders with whom the Company has extensively engaged and which then decided by a huge majority to support this resolution. The key rationale behind the Board's decision not to apply any *prorata* for Mr. Jean-Pascal Tricoire lies on the fact that those rights were clearly mentioned in the applicable compensation policies previously approved by shareholders, hence forming an agreement between all parties. Also, Mr. Tricoire was also not granted any LTIP in his last year in office. Hearing the concerns raised by some shareholders, the Board demonstrated its responsiveness in the letter from Mr. Fred Kindle, Vice-Chairman & Lead Independent Director, dated April 13, 2023, which acknowledged the growing preference for a *prorata* vesting rule in case of departure of the Chief Executive Officer. In accordance with this Letter, the Board of Directors committed to introduce a strict *prorata* rule in the next compensation policy, subject to the shareholders approval.

As in previous years, key remuneration topics were discussed with Schneider Electric's largest shareholders ahead of the 2023 Annual Shareholders' Meeting. Schneider Electric representatives notably interacted with 57 investors during the year, representing more than 57% of the issued share capital during the governance roadshow. The Vice-Chairman & Lead Independent Director took part in discussions with 17 of these investors. Feedback was reported to the Human Capital & Remunerations Committee and to the Board of Directors. This dialogue will be pursued in 2024 to ensure that the Board takes feedback into account while determining the compensation policy of the Corporate Officers. The Board values the comments received during these engagements with shareholders and takes them into consideration when making a decision regarding compensation.

2023 performance highlights

Business performance

2023 was another year of record performance for Schneider Electric, with +12.7% organic growth in revenues coupled with excellent organic margin progression, highest Free Cash Flow and a strong step-up in net income for the full year.

Revenue
€36B

Adjusted EBITA
€6.4B

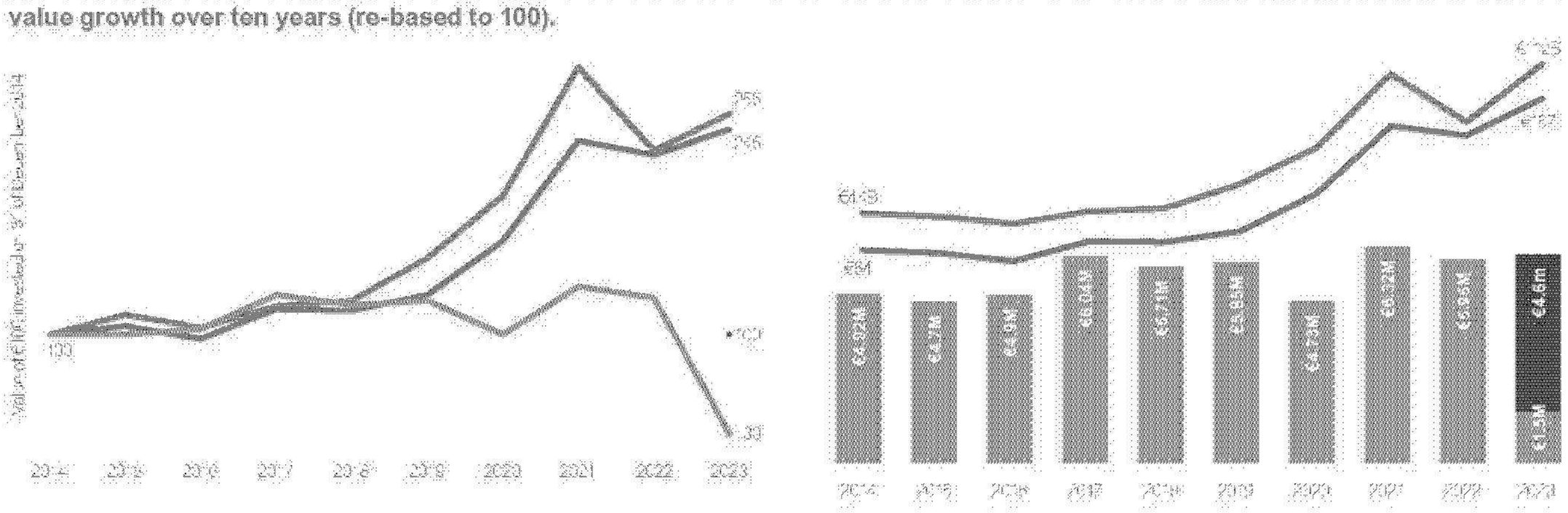
Progress on Schneider Sustainability Impact
6.13

Cash conversion
115%

Net Satisfaction Score
+5.2pts

Positioning in relation to the Company's performance

2023 compensation of Mr. Jean-Pascal Tricoire and Mr. Peter Herweck vs. shareholder value creation - share price and enterprise value growth over ten years (re-based to 100).



- Total awarded compensation to Jean Pascal Tricoire, Chairman & Chief Executive Officer (annualized salary + prorated annual incentive paid, no LTI granted)
- Total awarded compensation to Peter Herweck, Chief Executive Officer (annualized salary + annual incentive at target + IFRS value of LTI granted at target)
- Schneider Electric share price
- Enterprise value

Summary of the compensation realized during the year 2023

Jean-Pascal Tricoire, Chairman & Chief Executive Officer (euros) - January 1 to May 3, 2023

Salary	STIP	LTIP	Other
341,398	479,322	5,612,639(1)	173,109

(1) LTIP represents realized value of shares vested which performance evaluation ended in 2023 (LTIP 2021).

Jean-Pascal Tricoire, Chairman (euros) - May 4 to December 31, 2023

Salary	STIP	LTIP	Other
612,500	0	0	39,330

Peter Herweck, Chief Executive Officer (euros) - May 4 to December 31, 2023

Salary	STIP	LTIP	Other
790,323	853,549	2,410,221(2)	272,970

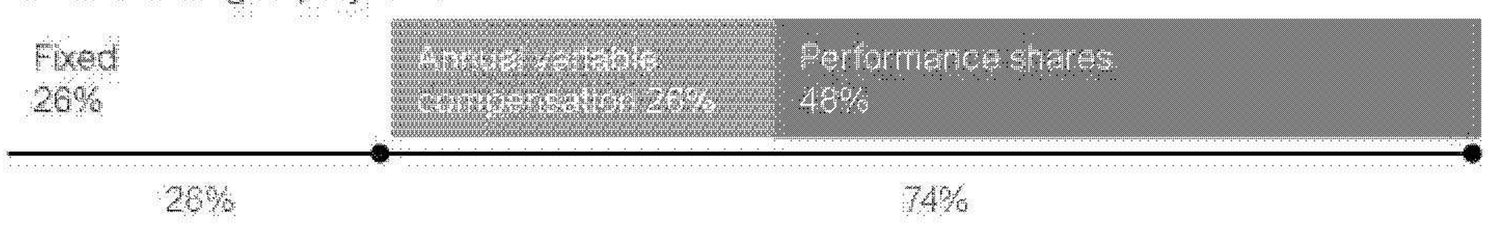
(2) LTIP represents realized value of shares vested which performance evaluation ended in 2023 (LTIP 2021).

4.2 Compensation Report

4.2.2 Report on the compensation granted or paid during the 2023 fiscal year (say on pay *ex-post*)

4.2.2.1 Pillars and principles

The principles and criteria determining the 2023 compensation described in this section were supported by the shareholders at the Annual Shareholders' Meeting on May 4, 2023. They are deemed to constitute the last policy approved by the shareholders in the meaning of Article L. 22-10-8 of the French Commercial Code and govern the entirety of the compensation granted by the Group to the Corporate Officers until the next policy is approved by the shareholders.

Pillar	How it is reflected in the Group 2023 compensation policy
Pay-for-performance	**Principle 1: Prevalence of variable components: circa 80% for Chief Executive Officer (at target).** A prevalent part of the Corporate Officer target package shall be variable; the 2023 target package (on an annualized basis) thus consists of approximately 74% variable pay component (excluding pension payments). Chief Executive Officer; 2023 on target pay mix  **Principle 2: Performance evaluated via economic and measurable criteria.** Performance is evaluated via criteria that are mainly economic (70% of variable cash compensation and 75% of multi-year Performance Shares) and measurable, which are selected based on key performance indicators (KPIs) used in the market communication and drivers of the Group's strategy. All criteria have measurable targets approved by the Board at the beginning of the performance period, ensuring targets are achievable but demanding. **Principle 3: Financial and sustainability objectives are fairly balanced and distributed between short-term (annual incentive) and medium-term (long-term incentive) components.** 2023 annual incentive (70% financial/ 30% customer satisfaction and sustainability): • 35% Group organic sales growth • 25% Adjusted EBITA margin (organic) improvement • 10% Group cash conversion rate • 10% Net Satisfaction Score • 20% Schneider Sustainability Impact (SSI) 2023 long-term incentive (75% financial/ 25% sustainability): • 40% Adjusted Earnings per Share (EPS) • 35% Relative Total Shareholder Return (TSR) • 25% Schneider Sustainability External & Relative Index (SSERI)
Alignment with shareholders' interests	**Principle 4: Significant proportion of the total compensation delivered in shares.** The Corporate Officer's target package consists of approximately 48% long-term share-based compensation, meaning their compensation is subject to the same share price volatility that shareholders experience. **Principle 5: Performance conditions aligned to shareholders' expectations and Schneider Electric's strategic priorities.** Performance criteria were selected from financial indicators that are most representative of Group performance and that are closely linked to shareholder value creation. Performance levels required to reach targets were set at the beginning of the performance period in line with the objectives disclosed to the market at the same time as the results of the previous fiscal year and were supplemented by factors that enable the Group to offer a long-term and satisfactory development outlook for all stakeholders in the Company's success.

Pillar	How it is reflected in the Group 2023 compensation policy
Competitiveness	Principle 6: To benchmark the Corporate Officer's compensation package "at target" in the median range of the Company's peer group.

Schneider Electric competes for talents in a global marketplace. Most of the Group's key competitors are headquartered outside France. To reflect this, the international peer group consists of 24 French, European, and US companies that are comparable to Schneider Electric in size or industry sector, or that represent a potential source of recruitment or attrition. Compensation levels for the Corporate Officer are reviewed annually and benchmarked by reference to the median of this peer group to ensure they remain reasonable and appropriately competitive. This benchmarking is primarily used to establish a frame of reference for what competitors are paying to comparable roles, rather than as the main factor for making compensation decisions.

The 2023 peer group comprises European and US-based companies:

- Business competitors (in particular, those identified in the Long-term incentive plan as performance peers for TSR comparison purposes);
- Talent competitors for operational and functional roles; and
- "Acceptance" peers (*i.e.* similar groups in terms of size, business, or structure).

Group 1: European (Capital Goods)	**Group 2:** European (Construction)	**Group 3:** European (Technology Hardware & Software)	**Group 4:** European (Industrial B2B)	**Group 5:** US (Capital Goods)	**Group 6:** US (Technology Hardware & Software)
ABB Atlas Copco Legrand Siemens CNH Industrial	ACS Laferge Holcim Saint-Gobain Vinci	Dassault Systèmes Hexagon SAP TE Connectivity	Airbus Group Air Liquide Bayer BASF	Eaton Emerson Honeywell Johnson Controls Rockwell Automation	Autodesk PTC

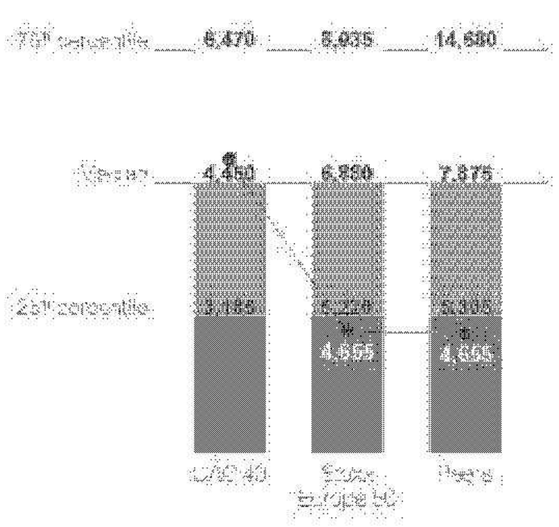
Principle 7: To reference the CAC 40 third quartile and the STOXX Europe 50 median.

The Board reviews the Corporate Officer's compensation with reference to the upper quartile of the CAC 40 companies and the median of the STOXX Europe 50 companies, in line with the Group's position within these panels.

Positioning relative to the market benchmarks

2023 Chief Executive Officer's compensation relative to the market benchmarks

Total compensation package 2023: Fixed compensation + targeted annual variable compensation + LTI granted



Total compensation includes annualized base salary, annual incentive at target, and IFRS value of Performance Shares granted during the year.

4.2 Compensation Report

4.2.2.2 Corporate Officers' compensation in relation to the 2023 fiscal year

At its meeting on February 14, 2024, after examining the suitability and fairness of the outcome of the 2023 compensation policy for the Corporate Officers and its alignment with the Group's performance, upon recommendation of the Human Capital & Remunerations Committee, the Board determined the Corporate Officers' compensation for 2023 in accordance with the principles and criteria previously approved by the shareholders in May 4, 2023 at the Annual Shareholders' Meeting. The outcome is detailed and commented on hereinafter along with the performance results for each Corporate Officer and each component of their respective compensation.

4.2.2.2.1 Chairman & Chief Executive Officer's compensation from January 1 to May 3, 2023

Table summarizing the compensation paid or granted to the Chairman & Chief Executive Officer from January 1 to May 3, 2023

The following table summarizes the compensation and benefits awarded or paid to the Chairman & Chief Executive Officer for the period from January 1 to May 3, 2023 and the fiscal year 2022, presented on a reported basis in accordance with AFEP-MEDEF guidelines as well as on a realized basis, where performance conditions assessment have ended in the reported fiscal year.

Jean-Pascal Tricoire Chairman & Chief Executive Officer	Compensation & benefits awarded for the fiscal year		Compensation & benefits granted in the fiscal year	
(Euro)	From January 1 to May 3, 2023	2022	From January 1 to May 3, 2023	2022
A – CASH COMPENSATION				
Fixed compensation	**341,398**	1,000,000	**341,398**	1,000,000
Annual variable compensation[1]	**479,322**	1,493,700	**479,322**	1,493,700
Compensation in relation to the Director's office	**0**	0	**0**	0
SUBTOTAL (A) (CASH)	**820,720**	2,493,700	**820,720**	2,493,700
B – LONG-TERM INCENTIVE				
Valuation of the Performance Shares	**0**[2]	3,457,692[2]	**5,612,639**[3]	7,585,289[3]
SUBTOTAL (B) LONG-TERM INCENTIVE	**0**	3,457,692	**5,612,639**	7,585,289
C – PENSION CASH BENEFIT				
Complementary payment for pension building (fixed)	**65,412**	191,600	**65,412**	191,600
Complementary payment for pension building (variable)	**91,838**	286,193	**91,838**	286,193
SUBTOTAL (C) PENSION CASH BENEFIT	**157,250**	477,793	**157,250**	477,793
D – OTHER BENEFITS				
Other benefits[4]	**15,859**	58,853	**15,859**	58,853
SUBTOTAL (D) OTHER BENEFITS	**15,859**	58,853	**15,859**	58,853
TOTAL COMPENSATION AND BENEFITS (A)+(B)+(C)+(D)	**993,829**	**6,488,038**	**6,606,468**	**10,615,635**

(1) The annual incentive for the fiscal year 2022 was paid in 2023 after approval by the shareholders at the Annual Shareholders' Meeting of May 4, 2023 of the 6th resolution relating to the compensation paid, due, or awarded to Jean-Pascal Tricoire in respect of the 2022 fiscal year. Hence, the **total compensation in cash actually paid** in the fiscal year 2023 to Jean-Pascal Tricoire amounts to **EUR 2,186,703** (2023 fixed compensation + 2022 annual incentive – fixed portion of pension benefit for 2023 + variable portion of pension benefit for 2022). Likewise, in accordance with Article L. 22-10-34 II of the French Commercial Code, the variable elements in cash awarded to Jean-Pascal Tricoire for the financial year 2023 will only be paid in 2024, subject to their prior approval by the shareholders at the Annual Shareholders' Meeting of May 23, 2024 under the 8th resolution.

(2) **Value of Performance Shares granted during fiscal year** As per AFEP-MEDEF Corporate Governance Code methodology, compensation is presented on a reported basis. Long-term incentives for the fiscal year include Performance Shares granted during the fiscal year, the performance period of which has not elapsed. The value of Performance Shares corresponds to the number of shares granted, before reduction on account of performance, multiplied by the share price determined in line with IFRS accounting standards. No Performance Shares were granted to Jean-Pascal Tricoire in the period January 1 to May 3, 2023.

(3) **Value of Performance Shares deemed vested during the fiscal year** In order to facilitate the analysis, the Long-term incentives are also presented on realized value basis, where the value of Performance Shares corresponds to the actual number of shares (granted in previous years) deemed vested at the end of the fiscal year, after reduction for performance conditions, multiplied by the share price on December 31, 2022 or 2023, as the case may be.

(4) **Other benefits** include a company car.

Say on pay table relating to the compensation paid or granted to the Chairman & Chief Executive Officer from January 1 to May 3, 2023

The fixed, variable, and exceptional components of the total compensation and benefits paid or awarded for the fiscal year 2023 for the period from January 1 to May 3, 2023 to the Chairman & Chief Executive Officer, as detailed below, will be submitted to the shareholders for approval at the 2024 Annual Shareholders' Meeting of May 23, 2024 under the 8th resolution.

The tables below summarize the compensation paid and awarded during the period from January 1 to May 3, 2023, along with a description of how each component was calculated in compliance with the compensation policy in force.

Elements of compensation submitted to the vote	Amounts	Description
Fixed compensation	**€341,398** (amount due for period January 1 to May 3, 2023, paid in 2023) Reminder: €1,000,000 (amount due for 2022 paid in 2022)	Reminder of the 2023 compensation policy For the fiscal year 2023, his theoretical gross annual fixed compensation was set by the Board of Directors at €1,000,000 upon recommendation from the Governance & Remunerations Committee. Application of the 2023 compensation policy Mr. Jean-Pascal Tricoire received in 2023 a fixed compensation of €341,398 corresponding to his fixed annual compensation prorated for the period from January 1 to May 3, 2023.
Annual variable compensation	**€479,322** (amount due for period January 1 to May 3, 2023 to be paid in 2024) Reminder: €1,493,700 (amount due for 2022 paid in 2023)	Reminder of the 2023 compensation policy The annual variable compensation rewards achievement of the short-term financial, and sustainability (corporate and social responsibility) objectives of the Group. The pay-out opportunity is as follows: • at threshold performance: 0% of the fixed compensation; • at target: 130% of the fixed compensation; and • at maximum over-performance: 260% of the fixed compensation. The payment of the variable annual cash compensation is conditional upon approval by shareholders of the compensation granted to the concerned Corporate Officer. The structure of the 2023 annual variable compensation focuses on what matters to Schneider Electric in delivering value to shareholders. 100% of the variable compensation depends on measurable objectives: • 70% depends on financial criteria which closely align pay outcomes for the Chairman & Chief Executive Officer to Schneider Electric's financial performance: – organic sales growth (35%); – adjusted EBITA margin improvement (25%); and – cash conversion rate (10%); • 10% depends on Net Satisfaction Score highlighting the importance of building trust with customers and focus on quality; and • 20% depends on the Schneider Sustainability Impact (SSI) highlighting the importance of sustainability in Schneider Electric's business agenda. The Board also ensured that stringent targets were set for the annual variable compensation with maximum award only payable if a strong performance is delivered on each performance metric.

4.2 Compensation Report

Elements of compensation submitted to the vote	Amounts	Description
Annual variable compensation (continued)		Application of the 2023 compensation policy The annual incentive due for the period January 1 to May 3, 2023 was determined by the Board at the meeting of February 14, 2024, based on the attainment rate of the objectives set for fiscal year 2023. The targets of the objectives determining the annual variable compensation of the Chairman & Chief Executive Officer were the same as those used for the new Chief Executive Officer since May 4, 2023. The detail of these targets and achievements is described in section 4.2.2.2.2 of this Universal Registration Document relating to the Chief Executive Officer's compensation from May 4 to December 31, 2023. As a result of the achievement rate being set at 108% by the Board of Directors, the 2023 annual variable compensation pay-out for the Chairman & Chief Executive Officer was calculated on the base of his fixed compensation as follows: [Annual target pay-out] [Achievement rate] **2023 (Jan. 1 - May 3) Actual pay-out** [as a % of salary] [Amount (€)] [as a % of target] **as a % of base salary** **Amount (€)** 130% €443,817 108% **140.4%** **€479,322** In compliance with Article L.22-10-34 II of the French Commercial Code, the payment of this annual variable compensation is subject to approval by the shareholders of the compensation granted to the Corporate Officer for the fiscal year 2023 (see 8th resolution to be submitted to the Annual Shareholders' Meeting of May 23, 2024). *As a reminder, an amount of €1,493,700 was paid in 2023 to Mr. Jean-Pascal Tricoire for the annual variable compensation due for the fiscal year 2022 after the approval of the 6th resolution by the Annual Shareholders' Meeting on May 4, 2023 (see page 381 of the 2022 Universal Registration Document).*
Long-term incentive (Performance shares)	**0 Performance Shares** granted in March 2023 Reminder: 31,305 Performance Shares granted in March 2022 (€3,157,692 according to IFRS valuation)	Reminder of the 2023 compensation policy The 2023 compensation policy provided that Mr. Jean-Pascal Tricoire, given that he left the Corporate Officer position on May 3, 2023, was not entitled to any grant in 2023. Application of the 2023 compensation policy The Chairman & Chief Executive Officer has not been granted any Performance shares during the period from January 1 to May 3, 2023.
Pension benefits	**€157,250** (amount due for the period January 1 to May 3, 2023 (fixed portion of €65,412 paid in 2023 and variable portion of €91,838 to be paid in 2024)) Reminder: €477,793 (amount due for 2022 (fixed portion of €191,600 paid in 2022 and variable portion of €286,193 paid in 2023))	Reminder of the 2023 compensation policy Complementary payments are intended to take account of the fact that, following the decision of the Board of Directors on February 18, 2015 to remove the benefit of the defined-benefit pension scheme (Article 39) for Corporate Officers, Mr. Jean-Pascal Tricoire is personally responsible for building up his pension. He undertook to redirect these complementary payments, net of taxes, to investment vehicles devoted to financing his additional pension. To determine this authorized complementary compensation, the Board of Directors sought the recommendation of an independent expert, namely the firm WTW, and ensured that the mechanism implemented therefore, was in line with shareholders' interests.

Elements of compensation submitted to the vote	Amounts	Description
Pension benefits (continued)		Accordingly, Mr. Jean-Pascal Tricoire is entitled to receive annually a complementary component, split into a fixed and variable portion as follows:

		Variable portion				
Corporate Officer	Fixed portion	Target (%)	Target amount	Minimum	Maximum	Total target
Full year amount	€191,600	130%	€0	€249,080	€498,160	€440,680
Amount prorated for the period from January 1 to May 3, 2023	€65,412	130%	€0	€85,035	€170,071	€150,447

The variable part is dependent on performance criteria aligned with the variable annual compensation (see above).

Application of the 2023 compensation policy

At the meeting held on February 14, 2024, the annual complementary variable portion for pension for 2023 to be paid after the Annual Shareholders' Meeting if the latter approves it, was set by the Board of Directors at 140.4% of the annual complementary fixed portion, *i.e.* an achievement rate of 108%.

For the period January 1 to May 3, 2023, Mr. Jean-Pascal Tricoire is entitled to receive:

Fixed amount for period Jan. 1 to May 3, 2023	Variable amount for period Jan. 1 to May 3, 2023	Total due for period Jan. 1 to May 3, 2023
€65,412	€91,838	**€157,250**

(1) Calculated by applying to the variable portion at target of the pension above (€85,035) the percentage of target achievement determined for the calculation of the 2023 annual variable compensation, *i.e.* 108%.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders' approval (see 8th resolution submitted to the Annual Shareholders' Meeting of May 23, 2024).

Reminder: an amount of €286,193 was paid in 2023 to Mr. Jean-Pascal Tricoire for the variable portion of his pension due for the fiscal year 2022 after its approval by the Annual Shareholders' Meeting on May 4, 2023 (see page 385 of the 2022 Universal Registration Document).

Other benefits	**€15,859** received in period January 1 to May 3, 2023 Reminder: €58,853 received in 2022	Reminder of the 2023 compensation policy The compensation policy provides that the Chairman & Chief Executive Officer may benefit from: • the employer matching contributions; • the profit-sharing; • a company car, and • supplementary Life & Disability scheme. Application of the 2023 compensation policy For the period from January 1 to May 3, 2023, the Chairman & Chief Executive Officer was eligible for the use of a company car, representing a equivalent cost of €15,859.	

Employer matching contributions to Employee Savings Plan	Employer matching contributions to collective pension savings plan (PERECO)	Profit-sharing	Company car	Total benefits for period Jan. 1 to May 3, 2023
N/A	N/A	N/A	€15,859	**€15,859**

The Chairman & Chief Executive Officer is eligible for (i) the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death and (ii) additional coverages conditional on the fulfillment of some conditions as described in the compensation policy (see Chapter 4, section 4.2.3.1.2 of the 2022 Universal Registration Document).

4.2 Compensation Report

Elements of compensation submitted to the vote	Amounts	Description
Termination benefits	No payment	Involuntary Severance Pay The Board had decided that, upon leaving the position as Chief Executive Officer on May 3, 2023, Mr. Jean-Pascal Tricoire was not entitled to receive any severance pay (see Chapter 4, section 4.2.3.1.2 of the 2022 Universal Registration Document). Non-compete compensation The Board had decided that, upon leaving the position as Chief Executive Officer on May 3, 2023, Mr. Jean-Pascal Tricoire was not entitled to receive any non-compete compensation (see Chapter 4, section 4.2.3.1.2 of the 2022 Universal Registration Document).

For the period from January 1 to May 3, 2023, Mr. Jean-Pascal Tricoire was not awarded nor benefited from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or Directors' fees.

Employer social contributions paid by the Group's companies in respect of Mr. Jean-Pascal Tricoire's compensation amounted to EUR 260,352 for the period from January 1 to May 3, 2023.

Mr. Jean-Pascal Tricoire was granted 30% of his cash compensation described above (fixed compensation, annual variable compensation, and pension complementary payments) in consideration for his duties as a Corporate Officer (Chairman & Chief Executive Officer) of Schneider Electric SE exclusively. The remainder was granted to him for the discharge of his operational duties as Regional Asia President, Chairman of Schneider Electric Asia Pacific, and executive Director of Schneider Electric USA Inc.

Details relating to the 2021 Long-term incentive plan realized in 2023 (LTIP 2021)

The performance period for shares granted in 2021 finished on December 31, 2023 and shares under the Plans n° 38 and 39 are therefore deemed vested. Their final acquisition is, however, still subject to the satisfaction of the presence condition at the delivery date.

The performance conditions upon which the vesting of the Performance Shares depended were the same as those used for the new Chief Executive Officer since May 4, 2023. The detail of these targets and achievements is described in section 4.2.2.2.2 of this Universal Registration Document relating to the Chief Executive Officer's compensation from May 4 to December 31, 2023.

The Board of Directors at its meeting of February 14, 2024 as well as the Chief Executive Officer on March 1, 2024 pursuant to the delegation of powers granted by the Board of Directors on February 14, 2024 assessed the achievement rate of the performance criteria based on the Group's performance over the three-year period 2021 – 2023 and set the final rate of achievement at **81.46%**, *i.e.* a reduction of 18.54% in relation to the number of shares originally granted.

The Chairman & Chief Executive Officer was conditionally granted 11,371 shares under Plan n° 38 and 26,532 shares under Plan n° 39. After applying the reduction for performance not achieved, the resulting outcomes were as follows:

Corporate Officer	Number of shares (Plan n° 38)(1)	Number of shares (Plan n° 39)	Number of shares conditionally vested	Number of shares issued	Value of granted shares issued(2)
Jean-Pascal Tricoire	11,371	26,532	30,876	7,027	**€5,612,639**
Vesting date	March 25, 2024	March 25, 2024			

(1) Plan n° 38 – Performance Shares granted under this plan to the Corporate Officer are subject to one year holding period following vesting, therefore shares will only become unrestricted on March 24, 2025.
(2) Vested shares are valued at the closing share price of December 30, 2023, *i.e.* EUR 181.78.

4.2.2.2.2 Chief Executive Officer's compensation from May 4 to December 31, 2023

Table summarizing the compensation paid or granted to the Chief Executive Officer in 2023

The following table summarizes the compensation and benefits awarded or paid to the Chief Executive Officer for the period from May 4 to December 31, 2023, presented on a reported basis in accordance with AFEP-MEDEF guidelines.

These amounts correspond to the period from May 4 to December 31, 2023 and do not include the compensation paid to Mr. Peter Herweck before this period in his former positions including as Chief Executive Officer of AVEVA for the period from January 1 to February 28, 2023 and Executive Vice President from March 1 to May 3, 2023.

Peter Herweck Chief Executive Officer (EUR)	Compensation & benefits awarded for the fiscal year 2023	2022	Compensation & benefits received in the fiscal year 2023	2022
A – CASH COMPENSATION				
Fixed compensation	**790,323**	N/A	**790,323**	N/A
Annual variable compensation[1]	**853,549**	N/A	**853,549**	N/A
Compensation in relation to the Director's office	**0**	N/A	**0**	N/A
SUBTOTAL (A) (CASH)	**1,643,872**	N/A	**1,643,872**	N/A
B – LONG-TERM INCENTIVE				
Valuation of the Performance Shares	**2,255,301**[2]	N/A	**2,410,221**[3]	N/A
SUBTOTAL (B) LONG-TERM INCENTIVE	**2,255,301**	N/A	**2,410,221**	N/A
C – PENSION CASH BENEFIT				
Complementary payment for pension building (fixed)	**118,548**	N/A	**118,548**	N/A
Complementary payment for pension building (variable)	**128,032**	N/A	**128,032**	N/A
SUBTOTAL (C) PENSION CASH BENEFIT	**246,580**	N/A	**246,580**	N/A
D – OTHER BENEFITS				
Other benefits[4]	**26,390**	N/A	**26,390**	N/A
SUBTOTAL (D) OTHER BENEFITS	**26,390**	N/A	**26,390**	N/A
TOTAL COMPENSATION AND BENEFITS (A)+(B)+(C)+(D)	**4,172,143**	**N/A**	**4,327,063**	**N/A**

(1) Due to the start as Chief Executive Officer on May 4, 2023, no annual incentive in respect of the fiscal year 2022 was paid to Peter Herweck in 2023 in his Corporate Officer role. Hence, the **total compensation in cash actually paid** in the period May 4 to December 31, 2023 amounts to **EUR 908,871** (2023 fixed compensation + fixed portion of pension benefit for the period May 4 to December 31, 2023). In accordance with Article L.22-10-34 II of the French Commercial Code, the variable elements in cash awarded to Peter Herweck for the period May 4 – December 31, 2023 will only be paid in 2024, subject to their prior approval by the shareholders at the Annual Shareholders' Meeting of May 23, 2024 under the 9th resolution.

(2) **Value of Performance Shares granted during fiscal year** – As per AFEP-MEDEF Corporate Governance Code methodology, compensation is presented on a reported basis. Long-term incentives for the period May 4 to December 31, 2023 include Performance Shares granted during the period May 4 to December 31, 2023, the performance period of which has not elapsed. The value of Performance Shares corresponds to the number of shares granted, before reduction on account of performance, multiplied by the share price determined in line with IFRS accounting standards.

(3) **Value of Performance Shares deemed vested during the fiscal year** – In order to facilitate the analysis, the Long-term incentives are also presented on realized value basis, where the value of Performance Shares corresponds to the actual number of shares (granted in previous years) deemed vested at the end of the fiscal year, after reduction for performance conditions, multiplied by the share price on December 31, 2022 or 2023, as the case may be. Performance Shares deemed vested in 2023 were granted to Peter Herweck in 2021 when he was not yet Chief Executive Officer.

(4) **Other benefits** include company car as well as employer matching contributions to the capital increase for employees or contributions to the Employee Saving Plan.

4.2 Compensation Report

Say on pay table relating to the compensation paid or granted to the Chief Executive Officer from May 4 to December 31, 2023

The fixed, variable, and exceptional components of the total compensation and benefits paid or awarded for the period from May 4 to December 31, 2023 to the Corporate Officer, as detailed below, will be submitted to the shareholders for approval at the 2024 Annual Shareholders' Meeting of May 23, 2024 under the 9th resolution.

The tables below summarize the compensation paid and awarded during the period from May 4 to December 31, 2023, along with a description of how each component was calculated in compliance with the compensation policy in force.

Elements of compensation submitted to the vote	Amounts	Description
Fixed compensation	**€790,323** (amount due for period May 4 to December 31, 2023 paid in 2023) Reminder: N/A	Reminder of the 2023 compensation policy For the fiscal year 2023, his theoretical gross annual fixed compensation was set by the Board of Directors at €1,200,000 upon recommendation from the Governance & Remunerations Committee. Application of the 2023 compensation policy Mr. Peter Herweck received in 2023 a fixed compensation of €790,323 corresponding to his fixed annual compensation prorated for the period from May 4 to December 31, 2023.
Annual variable compensation	**€853,549** (amount due for the period May 4 to December 31, 2023 to be paid in 2024) Reminder: N/A	Reminder of the 2023 compensation policy The annual variable compensation rewards achievement of the short-term financial, and sustainability (corporate and social responsibility) objectives of the Group. The pay-out opportunity is as follows: • at threshold performance: 0% of the fixed compensation; • at target: 100% of the fixed compensation; and • at maximum over-performance: 200% of the fixed compensation. The payment of the variable annual cash compensation is conditional upon approval by shareholders of the compensation granted to the concerned Corporate Officer. The structure of the 2023 annual variable compensation focuses on what matters to Schneider Electric in delivering value to shareholders. 100% of the variable compensation depends on measurable objectives: • 70% depends on financial criteria which closely align pay outcomes for the Corporate Officer to Schneider Electric's financial performance: – organic sales growth (35%); – adjusted EBITA margin improvement (25%); and – cash conversion rate (10%); • 10% depends on Net Satisfaction Score highlighting the importance of building trust with customers and focus on quality; and • 20% depends on the Schneider Sustainability Impact (SSI) highlighting the importance of sustainability in Schneider Electric's business agenda. The Board also ensured that stringent targets were set for the annual variable compensation with maximum award only payable if a strong performance is delivered on each performance metric.

Elements of compensation submitted to the vote	Amounts	Description
Annual variable compensation (continued)		Application of the 2023 compensation policy The annual incentive due for 2023 was determined by the Board at the meeting of February 14, 2024, based on the attainment rate of the objectives set for fiscal year 2023 as follows:

2023 performance criteria	Weighting	Performance ranges: Threshold (0%)	Target (100%)	Maximum (200%)	2023 Results	Achievement rate (non-weighted)	Achievement rate (weighted)
Group financial indicators (70%)							
Organic sales growth	35%	11%	14%	17%	**12.7%**	**56.7%**	**19.8%**
Adjusted EBITA margin improvement (org.)	25%	1.2 pts	1.7 pts	2.3 pts	**1.8 pts**	**116.7%**	**29.2%**
Cash conversion rate	10%	85%	100%	115%	**115%**	**200.0%**	**20.0%**
Net Satisfaction score (10%)	10%	3.0 pt	4.0 pt	6.0 pt	**5.2 pts**	**148.0%**	**14.8%**
Sustainability (20%)							
Schneider Sustainability Impact (score)	20%	5.4	6.0	6.6	**6.13**	**121.7%**	**24.2%**
Total	**100%**						**108%**

Overall, 2023 annual variable compensation resulted in a total achievement rate of 108%, above target, reflecting record levels in revenues and adjusted EBITA, and excellent level of Free Cash Flow delivered by Schneider Electric in 2023.

Indeed, after having set the compensation targets on February 15, 2023, aligned with the targets disclosed to the market at that time, the Board decided on July 26, 2023 to use the discretion clause provided in the 2023 compensation policy approved by shareholders at the 2023 Annual Shareholders' Meeting.

The targets set at the beginning of 2023 did not appear adequate anymore considering the strong volume and strong net price impact achieved in the first half of the year Therefore, the Board resolved to increase the targets linked to revenue growth and adjusted EBITA margin in order to align them with the new guidance announced to the market at that time:

- Revenue growth of +11% to +13% organic (previously +10% to +13% organic in February 2023);
- Adjusted EBITA margin up +120 bps to +150 bps organic (previously +100 bps to +130 bps organic in February 2023).

At the same time, the Board decided also to increase the targets set in February for the Net Satisfaction score which had strongly recovered during the first half of the year with +3 pts already achieved.

These decisions have been made to ensure a better alignment with the shareholders' experience and to make sure that the Chief Executive Officer was compensated only for the Company's intrinsic performance. Without this adjustment:

- the indicator linked to revenue growth would have been achieved by 70% delivering 24.5% of target variable compensation for this criteria instead of the 19.8% which was delivered after taking into consideration the targets adjustment resolved by the Board;
- the indicator linked to Adjusted EBITA margin would have been overachieved by 200% delivering 50% of target variable compensation for this criteria instead of the 29.2% which was delivered after taking into consideration the targets adjustment resolved by the Board;
- the indicator linked to Net Satisfaction Score would have been ovachieved by 200% delivering 20% of target variable compensation for this criteria instead of the 14.8% which was delivered after taking into consideration the targets adjustment resolved by the Board.

4.2 Compensation Report

<table>
<tr><th>Elements of compensation submitted to the vote</th><th>Amounts</th><th>Description</th></tr>
<tr><td>Annual variable compensation (continued)</td><td></td><td>Detailed achievement of each criterion:
• Organic sales growth: The Group delivered an organic sales growth of +12.7%, which was almost at the top end of the guidance communicated to the market in July of +11% to +13%. However, as a consequence of a more stringent target setting methodology, this good performance results only in an achievement rate of this criterion of 19.8% on the range between 0% to 70%.
• Adjusted EBITA margin improvement: In 2023, Adjusted EBITA margin rate improved by +1.8pts organically to reach 17.9%, as a consequence of good volumes and the strong gross margin improvement, combined with control over support function cost growth. This result is above the guidance communicated to the market in July of an Adjusted EBITA margin up +1.2pts to +1.5pts organic. However, as a consequence of a more stringent target setting methodology, this excellent performance results only in an achievement rate of this criterion of 29.2% on a scale from 0% to 50%.
• Cash conversion: Free Cash Flow was €4.594 billion. Therefore, cash conversion rate was 115% in 2023 which represented an achievement rate of 20% on this criterion, on a scale from 0% to 20%.
• Net Satisfaction score: The Net Satisfaction score was at +5.2pts from 48.5% in 2022 to 53.7% in 2023 as a result of an outstanding recovery. This good result led to an achievement rate of 14.8% on a scale from 0% to 20%.
• Schneider Sustainability Impact: the Schneider Sustainability Impact (SSI) is the translation of our six long-term commitments into a selection of 11 highly transformative and innovative sustainability programs. It's the Group's five-year (2021–2025) plan with progress tracked and published quarterly, as well as audited annually. In 2023 the SSI achieved a score of 6.13/10 exceeding its target for the year, representing an achievement rate of 24.8% on a scale from 0% to 40%.

As a result, the 2023 annual variable compensation pay-out for the Corporate Officer was calculated on the base of his fixed compensation as follows:
<table><tr><th colspan="2">Annual target pay-out</th><th colspan="2">Achievement rate</th><th colspan="2">2023 (May 4-Dec. 31) Actual pay-out</th></tr><tr><th>as a % of salary</th><th>Amount (€)</th><th>as a % of target</th><th>as a % of base salary</th><th>Amount (€)</th></tr><tr><td>100%</td><td>€1,200,000</td><td>108%</td><td>108%</td><td>€853,549</td></tr></table>
In compliance with Article L.22-10-34 II of the French Commercial Code, the payment of this annual variable compensation is subject to approval by the shareholders of the compensation granted to the Corporate Officer for the fiscal year 2023 (see 9th resolution to be submitted to the Annual Shareholders' Meeting of May 23, 2024).</td></tr>
<tr><td>Long-term incentive (Performance shares)</td><td>17,559 Performance Shares granted in May 2023 (€2,255,301 according to IFRS valuation)

Reminder: N/A</td><td>Reminder of the 2023 compensation policy
The 2023 compensation policy provided:
• a maximum annual award to the Chief Executive Officer capped at 150% of the combined fixed and annual variable compensation at the date of the grant;
• a vesting period of three years with an additional mandatory one-year holding period for 60% of shares granted under the plan reserved to the Corporate Officer except for the sale of shares necessary to cover his tax; and
• performance conditions as follows:
<table><tr><td>40%
Improvement of Adjusted Earnings per Share (EPS)</td><td>Average of the annual rates of achievement of Adjusted EPS improvement targets for the 2023 to 2025 fiscal years. Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. Significant unforeseen scope impact could be restated from this calculation upon decision of the Board.</td></tr></table></td></tr>
</table>

Elements of compensation submitted to the vote	Amounts	Description		
Long-term incentive (Performance shares) (continued)		35% **Relative Total Shareholder Return (TSR)**	**17.5% vs. CAC 40 companies**	• 0% below median • 50% at median (rank 20) • 100% at rank 10 • 120% at ranks 1 to 4* *Vesting linear between these points*
			17.5% vs. a panel of 11 peer companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa)	• 0% at rank 7 and below • 50% at median (rank 6) • 100% at rank 4 • 150% at ranks 1 to 3* *Vesting linear between these points*
		25% Schneider Sustainability External & Relative Index (SSERI)	**6.25% DJSIW**	• 0%: not in World • 50%: included in World • 100%: sector leader
			6.25% Euronext Vigeo	• 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120
			6.25% Ecovadis	• 0%: Silver medal or less • 50%: Gold medal (top 5%) • 100%: Platinum medal (top 1%)
			6.25% CDP Climate Change	• 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)

* The over achievement of relative TSR performance condition can off set the under achievement of the objectives under the adjusted EPS performance condition.

Application of the 2023 compensation policy

The volume of the maximum annual award was set in consideration of:

- The market practice and competitive positioning of the Chief Executive Officer's compensation package;
- The Group's performance, acknowledged by the market;
- The performance criteria applicable to the final acquisition of LTIP awards; and
- The culture of ownership deeply rooted in Schneider Electric's DNA.

According to the authorization given by the Annual Shareholders' Meeting on May 5, 2022 in its 15th resolution, the Board of Directors, during its meeting of May 4, 2023 decided to grant Mr. Peter Herweck a total of 17,559 Performance Shares (representing 0.003% of Schneider Electric's share capital) subject to the performance criteria described above and measured over a period of three years:

- 14,047 Performance Shares under Plan n° 43 in his capacity as Chief Executive Officer of Schneider Electric SE;
- 3,512 Performance Shares under Plan n° 42bis in his capacity as Chairman of Schneider Electric Software & Digital Hub AG.

This grant was set for the full year 2023 including the months where Mr. Peter Herweck was Chief Executive Officer of AVEVA (January 1 to February 28, 2023) and Executive Vice President (March 1 to May 3, 2023), before transitioning to his new role. This value of this LTIP grant in accordance with IFRS standards was EUR 2,255,301, *i.e.* 94% of the combined fixed and target short-term variable compensation[1] (or 188% of the fixed compensation), well below the maximum grant authorized under the compensation policy.

(1) In the 2022 Universal Registration Document, it was stated that the Board intended to grant Mr. Peter Herweck an amount of LTIP, which value in accordance with IFRS standards would be around 85% of the combined fixed and target short-term variable compensation (*i.e.* 170% of the fixed compensation). At the date of the grant, the IFRS value cannot be known with certainty as it is computed only at the end of the calendar year. For the 2023 grant, as disclosed in the 2022 Universal Registration Document, the value of the grant to the Chief Executive Officer was based on the assumption that the discount rate applied according to the IFRS rules would be 26% as it was for the 2022 grant. The final discount rate applied according to the IFRS rules to the 2023 grant was finally equal to 18.19%, hence the final IFRS value for the 2023 grant represented 94% of the combined fixed and target short-term variable compensation (or 188% of the fixed compensation).

4.2 Compensation Report

Elements of compensation submitted to the vote	Amounts	Description
Pension benefits	**€246,580** (amount due for period May 4 to December 31, 2023 (fixed portion of €118,548 paid in 2023 and variable portion of €128,032 to be paid in 2024)). Reminder: N/A	Reminder of the 2023 compensation policy The Chief Executive Officer receives complementary cash payments whose purpose is to provide a competitive retirement benefit in a way that is cost effective to the Company and that allows the Chief Executive Officer to build his retirement benefits independently. The cash payments will be equal to: • a fixed portion equal to 15% of the fixed compensation; and • a variable portion equal to 15% of the actual annual variable compensation paid to the Chief Executive Officer. The total pension amount actually paid will thus depend on the Company's performance, since the calculation base of the variable portion of the pension includes the actual variable compensation paid to the Chief Executive Officer depending on performance conditions linked to the Group's results. The Chief Executive Officer has committed to depositing these additional payments, after taxes, into investment vehicles of his choice, dedicated to the supplementary financing of pensions.Accordingly, Mr. Peter Herweck is entitled to receive annually a complementary component, split into a fixed and variable portion as follows:

		Variable portion			
	Fixed portion	Minimum	At target	Maximum	Total at target
Full year amount	€180,000	€0	€180,000	€360,000	€360,000
Amount prorated for the period from May 4 to December 31, 2023	€118,548	€0	€118,548	€237,096	€237,096

The variable part is dependent on performance criteria aligned with the variable annual compensation (see above).

Application of the 2023 compensation policy

At the meeting held on February 14, 2024, the achievement rate of the annual complementary variable portion for pension for 2023 to be paid after the Annual Shareholders' Meeting of May 23, 2024, if the latter approves it, was set by the Board of Directors at 108%.

For the period May 4 to December 31, 2023, Mr. Peter Herweck is entitled to receive:

Fixed amount for period May 4 to Dec. 31, 2023	Variable amount for period May 4 to Dec. 31, 2023[1]	**Total for period May 4 to Dec. 31, 2023**
€118,548	€128,032	**€246,580**

(1) Calculated by applying to the variable portion at target of the pension above (€118,548) the percentage of target achievement determined for the calculation of the 2023 annual variable compensation, *i.e.* 108%.

In compliance with applicable law, the payment of the variable amount will be subject to shareholders' approval (see 9th resolution submitted to the Annual Shareholders' Meeting of May 23, 2024).

Elements of compensation submitted to the vote	Amounts	Description
Other benefits	**€26,390** (received in the period May 4 to December 31, 2023) Reminder: N/A	Reminder of the 2023 compensation policy The compensation policy provides that the Chief Executive Officer may benefit from: • the employer matching contributions; • the profit-sharing; • a company car; • a tax assistance; and • supplementary Life & Disability scheme. Application of the 2023 compensation policy For the period May 4 to December 31, 2023 the Chief Executive Officer is eligible for the employer matching contributions paid to Employee Saving Plan subscribers. In addition, he was eligible for the employer matching contributions paid to subscribers to the collective pension fund (PERECO) for the retirement of workers in France. The use of a company car during the period from May 4 to December 31, 2023 represented an equivalent cost of €24,986. Employer matching contributions to Employee Saving Plan: €1,404 Employer matching contributions to collective pension saving plan (PERECO): €0 Profit sharing: N/A Company car: €24,986 **Total 2023 benefits: €26,390** The Chief Executive Officer is eligible for (i) the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death and (ii) additional coverages conditional on the fulfillment of some conditions as described in the compensation policy (see Chapter 4, section 4.2.3.1.3 of the 2022 Universal Registration Document).
Termination benefits	No payment	Involuntary Severance Pay The Chief Executive Officer is entitled to involuntary termination benefits in case of change of control or strategy and taking into account the non-compete compensation described below, is capped at twice the arithmetical average of his annual fixed and variable cash compensation paid over the last three years (see Chapter 4, section 4.2.3.1.3 of the 2022 Universal Registration Document). Non-compete compensation The Chief Executive Officer is entitled to non-compete compensation for a period of one year capped at 60% of annual fixed and target variable parts (excluding complementary payments) (see Chapter 4, section 4.2.3.1.3 of the 2022 Universal Registration Document).

For the period May 4 to December 31, 2023, Mr. Peter Herweck was not awarded nor benefited from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or Directors' fees.

Employer social contributions paid by the Group's companies in respect of Mr. Peter Herweck's compensation amounted to EUR 373,501 in the period May 4 to December 31, 2023.

Mr. Peter Herweck was granted 80% of his cash compensation described above (fixed compensation, annual variable compensation, and pension complementary payments) in consideration for his duties as a Corporate Officer (Chief Executive Officer) of Schneider Electric SE exclusively. The remainder is granted to him for the discharge of his operational duties as President of Schneider Electric Software & Digital Hub AG.

4.2 Compensation Report

Details relating to the 2021 Long-term incentive plan realized in 2023 (LTIP 2021)

The performance period for shares granted in 2021 finished on December 31, 2023 and shares under the Plan n° 39 are therefore deemed vested. Their final acquisition is, however, still subject to the satisfaction of the presence condition at the delivery date.

The Board of Directors at its meeting of February 14, 2024 as well as the Chief Executive Officer on March 1, 2024 pursuant to the delegation of powers granted by the Board of Directors on February 14, 2024 assessed the achievement rate of the performance criteria based on the Group's performance over the three-year period 2021 - 2023 and set the final rate of achievement at **81.46%**, *i.e.* a reduction of 18.54% in relation to the number of shares originally granted.

The Chief Executive Officer was conditionally granted 16,276 shares under Plan n° 39 in 2021 (*i.e.* when he was not yet Chief Executive Officer). After applying the final achievement rate base on performance, the outcomes are as follows:

Corporate Officer	Number of shares granted (Plan n°39)	Number of shares deemed vested	Number of shares vested	Value of shares vested (1)
Peter Herweck	16,276	13,259	3,017	**€2,410,221**
Vesting date	March 25, 2024			

(1) Vested shares are valued at the closing share price of December 30, 2023, *i.e.* EUR 181.78.

Shares granted under the 2021 LTIP were subjected to performance conditions as follows:

40%
Adjusted Earnings per Share (EPS) improvement

2021 – 2023 payout rate: 40%

17.5%
Relative Total Shareholder Return (TSR) *vs.* CAC 40

2021 – 2023 payout rate: 0.00%

17.5%
Relative Total Shareholder Return (TSR) *vs.* panel of competitors

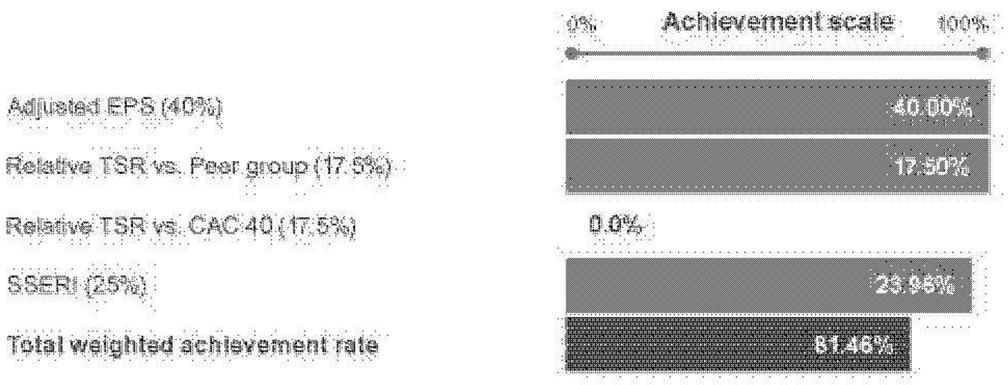
2021 – 2023 payout rate: 17.50%

25%
Schneider Sustainability External and Relative Index (SSERI)

2021 – 2023 payout rate: 23.96%

2023 was the final year of performance measurement for the LTIP 2021 running from 2021 to 2023. Schneider Electric delivered robust organic adjusted EPS improvement year-on-year and demonstrated consistent progress on the Group's sustainability targets which are at the heart of the Group's strategy. Schneider Electric delivered 43.7% return to shareholders over the same three-year period, above the average of 36.5% for the CAC 40 companies, demonstrating a strong value creation for the shareholders. Despite this performance over the period, Schneider Electric ranked 22nd on relative TSR among the CAC 40 companies, and the criterion was not deemed met as per the applicable principle of the compensation policy. Schneider Electric ranked 3rd among the panel of competitors. These results across the range of performance criteria led to a vesting outcome of 81.46% out of 100%.

2021 LTIP performance criteria achievement



- **Adjusted Earnings per Share (EPS) improvement (40%)**
  During the three-year plan, the Adjusted EPS improved organically by more than +19% on average. This result reflects the successful execution of the strategy combining top line growth, positive net pricing, better mix, industrial productivity, and better efficiency to reduce support function costs. Overall, the achievement rate for this criterion was 40% (out of 40%).

	Reference period	Weighting	Target: Min 50%	75%	Max 150%	Actual achievement	Pay-out ratio	Weighted pay-out ratio
Adjusted Earnings per Share improvement rate	2021	13.33%	11.5%	15.5%	17.0%	31.77%	100%	13.33%
	2022	13.33%	1.1%	5.9%	8.3%	13.13%	100%	13.33%
	2023	13.33%	3.0%	5.0%	8.0%	16.50%	100%	13.33%
Total		**40%**						**40%**

- **Relative Total Shareholder Return (TSR)**
  vs. CAC 40 (17.5%) – Schneider Electric delivered 43.7% return to shareholders over the three-year performance period, way above the average of 36.5% for the CAC 40 companies, demonstrating a strong value creation for the shareholders. However, Schneider Electric ranked 22nd on relative TSR among the CAC 40 companies, at less than 0.7 pts of the median company (Safran with a TSR of 44.4%). Consequently, the achievement rate for this criterion was set at 0% (out of 17.5%).

  vs. panel of peer companies (17.5%) – Over the period, Schneider Electric's TSR was ranked 3rd versus the selected peers (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa). The achievement rate for this criterion was set at 17.50% (out of 17.5%). This criterion delivered an over-performance of 8.75% but considering the full achievement of the EPS criterion, no off-setting mechanism was used for the 2021 LTIP.

		Weight	Target					Actual	Payout rate	Weighted payout rate
			0%	50%	75%	100%	125%	150%		
Relative Total Shareholder Return	*vs.* CAC 40 companies	17.5%	21	20	15	10	4-1	22nd rank	0%	0%
	vs. panel of peer companies	17.5%	8			4	3-1	3rd rank	150%	17.50%

- **Schneider Sustainability External and Relative Index – SSERI (25%)**
  The Schneider Sustainability External and Relative Index measures the long-term sustainability performance of the Group in terms of relative performance, through a combination of external indices: (i) DJSI World which covers three dimensions: economic, environmental, and social; (ii) Euronext Vigeo which covers environment, community involvement, business behavior, human rights, corporate governance, and human resources; (iii) Ecovadis which covers four dimensions: environment, labor and human rights, sustainable procurement, and ethics; and (iv) CDP Climate Change which covers climate change, water, and forests and represents a major reference for climate change leadership globally. The different rating achieved by Schneider Electric in 2021, 2022, and 2023 in those indexes resulted in an achievement rate of the SSERI of 23.96% (out of 25%).

			Actual performance				
			2021	2022	2023	Payout rate	Weighted payout rate
Schneider Sustainability External & Relative Index (SSERI)	**6.25% DJSIW**	• 0%: not in World • 50%: included in World • 100%: sector leader	World	sector leader	sector leader	83.33%	5.21%
	6.25% Euronext Vigeo	• 0%: out • 50%: included in World 120 or Europe 120 • 100%: included in World 120 & Europe 120	World 120 & Europe 120	World 120 & Europe 120	World 120 & Europe 120	100%	6.25%
	6.25% Ecovadis	• 0%: Silver Medal or less • 50%: Gold Medal (top 5%) • 100%: Platinum Medal (top 1%)	Platinum Medal	Platinum Medal	Platinum Medal	100%	6.25%
	6.25% CDP Climate Change	• 0%: C score • 50%: B score (25% at B-) • 100%: A score (75% at A-)	A score	A score	A score	100%	6.25%
Total	**25%**						23.96%

Historical vesting of the Corporate Officers' Performance Share plans:

LTIP 2021	LTIP 2020	LTIP 2019	LTIP 2018	LTIP 2017	LTIP 2016
81.46%	96.71%	96.86%	98.18%	99.54%	91.46%

4.2 Compensation Report

4.2.2.2.3 Chairman of the Board's compensation from May 4 to December 31, 2023

Table summarizing the compensation paid or granted to the Chairman of the Board of Directors in 2023

The following table summarizes the compensation and benefits awarded or paid to the Chairman of the Board of Directors for the period from May 4 to December, 31, 2023 presented on a reported basis in accordance with AFEP-MEDEF guidelines.

Jean-Pascal Tricoire Chairman of the Board of Directors	Compensation & benefits awarded for the fiscal year		Compensation & benefits received in the fiscal year	
(in €)	2023	2022	2023	2022
A – CASH COMPENSATION				
Fixed compensation	**612,500**	N/A	**612,500**	N/A
Annual variable compensation	**0**	N/A	**0**	N/A
Compensation in relation to the Director's office	**0**	N/A	**0**	N/A
SUBTOTAL (A) (CASH)	**612,500**	N/A	**612,500**	N/A
B – LONG-TERM INCENTIVE				
Valuation of the Performance Shares	**0**	N/A	**0**	N/A
SUBTOTAL (B) LONG-TERM INCENTIVE	**0**	N/A	**0**	N/A
C – PENSION CASH BENEFIT				
Complementary payment for pension building (fixed)	**0**	N/A	**0**	N/A
Complementary payment for pension building (variable)	**0**	N/A	**0**	N/A
SUBTOTAL (C) PENSION CASH BENEFIT	**0**	N/A	**0**	N/A
D – OTHER BENEFITS				
Other benefits[1]	**39,330**	N/A	**39,330**	N/A
SUBTOTAL (D) OTHER BENEFITS	**39,330**	N/A	**39,330**	N/A
TOTAL COMPENSATION AND BENEFITS (A)+(B)+(C)+(D)	**651,830**	**N/A**	**651,830**	**N/A**

(1) **Other benefits** include company car, employer matching contributions to capital increase for employees or contributions to Employee Saving Plan and to collective pension saving plan (PERECO) as well as benefits from French profit sharing plan.

Say on pay table relating to the compensation paid or granted to the Chairman of the Board from May 4 to December 31, 2023

The fixed components of the total compensation and benefits paid for the period from May 4 to December 31, 2023 to the Chairman of the Board, as detailed below, will be submitted to the shareholders for approval at the 2024 Annual Shareholders' Meeting of May 23, 2024 under the 10th resolution.

The tables below summarize the compensation paid for the period from May 4 to December 31, 2023, along with a description of how each component was calculated in compliance with the compensation policy in force.

Elements of compensation submitted to the vote	Amounts	Description
Fixed compensation	**€612,500** (due for period May 4 to December 31, 2023 paid in 2023)	Reminder of the 2023 compensation policy For the fiscal year 2023, his theoretical gross annual fixed compensation was set by the Board of Directors at €930,000 upon recommendation from the Governance & Remunerations Committee. Application of the 2023 compensation policy Mr. Jean-Pascal Tricoire received a fixed compensation of €612,500 for the period from May 4 to December 31, 2023.
Annual variable compensation	**€0**	Reminder of the 2023 compensation policy The 2023 compensation policy provided that the Chairman of the Board of Directors does not benefit from any annual variable compensation. Application of the 2023 compensation policy The Chairman of the Board of Directors did neither receive nor was awarded any annual variable compensation for the period from May 4 to December 31, 2023.

Elements of compensation submitted to the vote	Amounts	Description
Long-term incentive (Performance shares)	**0 Performance shares**	Reminder of the 2023 compensation policy The 2023 compensation policy provided that the Chairman of the Board of Directors does not benefit from any long-term incentive plan. Application of the 2023 compensation policy The Chairman of the Board of Directors was not granted any Performance shares during the period from May 4 to December 31, 2023.
Pension benefits	**€0**	Reminder of the 2023 compensation policy The 2023 compensation policy provided that the Chairman of the Board of Directors does not benefit from any Company pension arrangement or pension allowance. Application of the 2023 compensation policy The Chairman of the Board did not receive any pension benefits during the period from May 4 to December 31, 2023.
Other benefits	**€39,330** (received in period May 4 to December 31, 2023)	Reminder of the 2023 compensation policy The compensation policy provides that the Chairman of the Board may benefit from: • the employer matching contributions; • the profit-sharing; • a company car; • a tax assistance; and • supplementary Life & Disability scheme. Application of the 2023 compensation policy For period from May 4 to December 31, 2023, the Chairman of the Board was eligible for profit-sharing and the employer matching contributions paid to Employee Saving Plan subscribers. In addition, he was eligible for the employer matching contributions paid to subscribers to the collective pension fund (PERECO) for the retirement of workers in France. The use of a company car represented an equivalent cost of €29,702.

Employer matching contributions to Employee Saving Plan	Employer matching contributions to collective pension saving plan (PERECO)	Profit-sharing	Company car	**Total 2023 benefits**
€1,404	€800	€7,424	€29,702	**€39,330**

The Chairman of the Board is eligible for the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death (see Chapter 4, section 2.3.1.4 of the Universal Registration Document).

Termination benefits	No payment	Involuntary Severance Pay The 2023 compensation policy provided that the Chairman of the Board of Directors does not benefit from any severance pay (see Chapter 4, section 4.2.3.1.4 of the 2022 Universal Registration Document). Non-compete compensation The 2023 compensation policy provided that the Chairman of the Board of Directors does not benefit from any non-compete indemnity (see Chapter 4, section 4.2.3.1.4 of the 2022 Universal Registration Document).

For the period from May 4 to December 31, 2023, Mr. Jean-Pascal Tricoire was not awarded nor benefited from multi-annual variable compensation, exceptional compensation, stock options, welcome bonus, or Directors' fees.

Employer social contributions paid by the Group's companies in respect of Mr. Jean-Pascal Tricoire's compensation amounted to EUR 187,538 for the period May 4 to December 31, 2023.

Mr. Jean-Pascal Tricoire was granted 65% of his cash compensation described above (fixed compensation) in consideration for his duties as Chairman of the Board of Schneider Electric SE exclusively. The remainder was granted to him for the discharge of his duties as Chairman of Schneider Electric Asia Pacific.

4.2 Compensation Report

4.2.2.3 Non-executive Directors' compensation in relation to the 2023 fiscal year

Amounts granted to non-executive Directors are determined by taking into account the Board member's responsibilities, the expected commitment for the role and the competitive market rates among international peers. Besides the fixed base amount, Directors' compensation mostly depends upon the said Directors' attendance at Board and committee meetings.

Upon the recommendation from the Human Capital & Remunerations Committee, the Board of Directors is responsible for setting the allocation of the Directors' fees among Board members accordingly with the maximum annual amount of Directors' fees that can be paid to the Board members set at EUR 2,800,000 by the Annual Shareholders' Meeting held on May 4, 2023. The 2023 compensation policy approved by said Annual Shareholders' Meeting provides the allocation rules of the fees to the non-executive Directors which are as follows:

- Non-executive Directors will be paid:
  - a fixed basic amount of EUR 25,000 for membership of the Board;
  - an amount of EUR 7,000 per Board meeting attended;
  - an amount of EUR 4,000 per committee meeting attended;
  - an amount of EUR 25,000 for the yearly strategy week (half in case of digital assistance);
  - an amount of EUR 5,000 (for intercontinental travel) or EUR 3,000 (for intra-continental travel) per Board session physically attended.
- Additional annual payments are made to non-executive Directors who chair a committee to reflect the additional responsibilities and workload:
  - Audit & Risks Committee: EUR 20,000;
  - Governance, Nominations & Sustainability Committee, Human Capital & Remunerations Committee, Digital Committee, and Investment Committee: EUR 15,000; and
  - Lead Independent Director: EUR 250,000.
- For an observer, an annual fixed payment of EUR 20,000 is paid, unless they become a non-executive Director at the next General Meeting. In this case, they will receive the same fees for attending the Board and committee meetings as non-executive Directors.
- All payments are prorated for time served during the year and are paid in cash.

Directors' compensation earned in 2022 and 2023 was as follows, noting that Jean-Pascal Tricoire, Chairman of the Board, and Xiaoyun Ma who represents the employee shareholders, waived the payments of the compensation they were entitled to as members of the Board.

	Fixed remuneration (€)		Other remuneration & benefits (€)		Total (€)	
	2023[1]	2022[2]	**2023**[1]	2022[2]	**2023**[1]	2022[2]
Léo Apotheker	**177,000**	178,000	–	–	**177,000**	178,000
Nive Bhagat	**138,000**	125,000	–	–	**138,000**	125,000
Cécile Cabanis	**114,000**	128,000	–	–	**114,000**	128,000
Giulia Chierchia	**87,000**	–	–	–	**87,000**	–
Rita Felix[6]	**122,000**	134,000	–	–	**122,000**	134,000
Fred Kindle	**389,000**	411,000	–	–	**389,000**	411,000
Willy Kissling[5]	**–**	59,699	–	–	**–**	59,699
Linda Knoll	**161,000**	179,000	**20,000**[7]	25,000[7]	**181,000**	204,000
Jill Lee	**163,000**	158,000	–	–	**163,000**	158,000
Xiaoyun Ma[3][4]	**–**	–	–	–	**–**	–
Anna Ohlsson-Leijon	**135,000**	127,000	–	–	**135,000**	127,000
Abhay Parasnis	**115,000**	75,822	–	–	**115,000**	75,822
Fleur Pellerin[5]	**–**	45,699	–	–	**–**	45,699
Anders Runevad	**138,000**	140,000	–	–	**138,000**	140,000
Gregory Spierkel	**184,000**	202,000	–	–	**184,000**	202,000
Lip-Bu Tan	**129,000**	130,000	–	–	**129,000**	130,000
Bruno Turchet[4][6]	**109,000**	112,000	–	–	**109,000**	112,000
Total	**2,161,000**	2,205,220	**20,000**	25,000	**2,181,000**	2,230,220

(1) Awarded for the fiscal year 2023 and paid in 2024.
(2) Awarded for the fiscal year 2022 and paid in 2023.
(3) Employee Directors are separately entitled to the compensation granted to them for the performance of their duties as an employee, such compensation is not affected by their office as a Director and is not disclosed.
(4) Xiaoyun Ma waived the payment of the sum of EUR 87,000 she was entitled to.
(5) Board member whose term of office ended in 2022.
(6) Bruno Turchet waived the payment of 30% of the sum he was entitled to, *i.e.* EUR 32,700, in favor of the trade union which appointed him.
(7) Amount paid to Linda Knoll as a member of the Stakeholder Committee.

The total amount awarded to the Board members for their office as Directors for 2023 was EUR 2,161,000 compared to EUR 2,205,220 for 2022, *i.e.* a decrease of 2.0%, the drop of the number of meetings from nine to seven being compensated by the increase of number of Directors from fourteen to sixteen. Excluding the special fee paid to the Vice-Chairman & Lead Independent Director, the amount is composed of approximately 20% fixed compensation and 80% variable.

4.2.2.4 Pay equity ratio

Employees experience at Schneider Electric

Delivery of the strategy, both short term and long term, depends upon Schneider Electric's success in attracting and engaging a highly talented workforce, and on equipping people with the skills for the future. The Group is committed to fair pay, which is at the forefront of the Group's and executives' agenda, ensuring that all Schneider Electric employees are appropriately and fairly rewarded for their contribution. The progress is monitored *via* the Schneider Sustainability Impact indicators. More information can be found in Chapter 2 of this Universal Registration Document.

Pay equity	Living wage	Recognition	Well-being	Engagement
Fair and equitable pay is a core component of the Group's compensation philosophy. Since 2015, the Company has adopted a Global Pay equity framework. With the help of this Framework, Schneider Electric has committed to reaching <1% pay gap for both females and males by 2025. Furthermore, pay equity is fully integrated during the annual global salary review and technology is embedded at the core of the process for managers to take the right decision during hiring and promotion process through a tool called Fair Pay Simulator.	Schneider Electric believes earning a decent wage is a basic human right and a key element to decent work. The Group is committed to paying employees in the lower salary ranges at or above the living wage to meet their family's basic needs. By basic needs, the Group considers food, housing, sanitation, education, and healthcare, plus discretionary income for a given local standard of living. Schneider Electric was certified as the "Living Wage Certified" organization through Fair Wage Network in 2023.	Schneider Electric is committed to creating a culture where employees receive regular feedback and coaching from their managers and colleagues, celebrating people who constantly demonstrate the Company's Core Values and go above and beyond – using global recognition portal "Step Up" and encouraging the recognition of small and big achievements by simply saying "Thank you".	Health and well-being are embedded in the Schneider Electric strategic people priorities and contribute to its core sustainability mission. The Company has a commitment to a comprehensive well-being at work program translated into dual standards of access to healthcare and well-being training programs.	The Group listens to employees through a number of different channels, both formally and informally. Three of the Board Directors are employees of the Company, appointed through a formal designation process. The Group runs OneVoice internal survey designed to measure employee satisfaction and engagement; the Group also recognizes the importance of dialogue and engages with the local work councils on compensation matters on a regular basis.

Pay equity ratio

Pay equity ratio measures the ratio between the level of compensation of the Chairman and the Chief Executive Officer and the average and median compensation of the employees, as required by Article L. 22-10-9 I 6° and 7° of the French Commercial Code.

Calculation methodology

The compensation comparisons and pay ratios set out below were calculated based on the AFEP-MEDEF guidelines. The calculation includes employees who were continuously employed during the financial years concerned. For part-time employees, compensation was established on a full-time equivalent basis.

Compensation elements taken into account:

For the Chairman & Chief Executive Officer (January 1 to May 3, 2023)
- Annualized 2023 fixed compensation;
- Variable incentive paid in 2023 (for the performance year 2022);
- Annualized relevant benefits (cost of the company car, profit-sharing, and employer matching contributions to Employee saving plan) for 2023.

For the Chief Executive Officer (May 4 to December 31, 2023)
- Annualized 2023 fixed compensation;
- Annualized 2023 annual incentive at target;
- Annualized relevant benefits (cost of the company car and employer matching contributions to Employee saving plan) for 2023; and
- Value of the Performance shares granted in the period May 4 to December 31, 2023 at their fair value (IFRS) on the grant date.

For the Chairman (May 4 to December 31, 2023)
- Annualized 2023 fixed compensation; and
- Annualized relevant benefits (cost of the company car, profit-sharing and employer matching contributions to Employee saving plan) for 2023.

For the employees:
- 2023 fixed compensation;
- Variable compensation paid in 2023 (for the performance year 2022);
- Relevant bonuses and benefits (in cash and kind) for 2023;
- Profit sharing and employer matching contributions to employee saving plan for 2023; and
- Value of the Performance shares granted in 2023 at their fair value (IFRS) on the grant date.

4.2 Compensation Report

Scope

France perimeter:

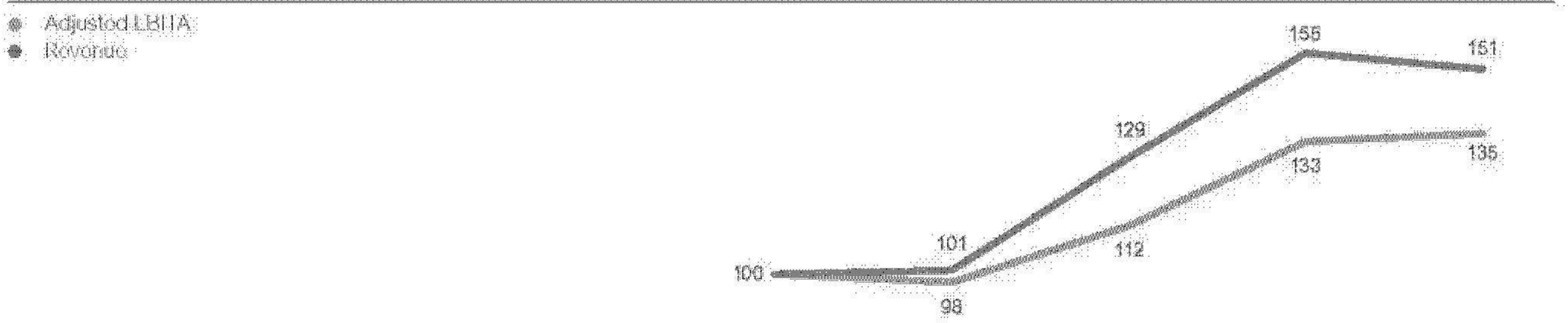
The legal scope, the issuer, comprises of only two employees, therefore, an alternate "relevant scope" was defined to reflect a larger representative employee population in France as prescribed by Article 27.2 of the AFEP-MEDEF Code. It is based on the French holding entity Schneider Electric Société Européenne (SESE) (the issuer) as well as all employees in France of the operational company Schneider Electric Industries (SAS). This group of employees is employed on comparable terms to the Corporate Officer(s) and the Chairman and represents more than 4,000 employees in France on a full-time equivalent basis.

Global perimeter:

In addition, from 2021 the Board of Directors, upon recommendation of the Human Capital & Remunerations Committee, decided to voluntarily report the evolution of the pay ratio between the Chairman & Chief Executive Officer and the average and median compensation of the employees on a broader scope which includes approximately 131,000 Schneider Electric employees across the top 30 countries ("Global perimeter"). This represents *circa* 89% of all Schneider Electric employees globally. There is no historical data for this ratio before 2021 as the HR Information System was not ready before this date to report on this extended scope.

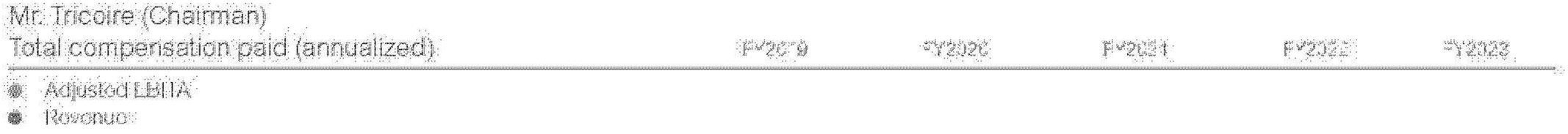
Evolution of the Corporate Officers' and employees' compensation, pay ratios, and Group's performance over five years

Mr. Tricoire (Chairman & Chief Executive Officer)
Total compensation paid (annualized)



	FY2019	FY2020	FY2021	FY2022	FY2023
French perimeter					
Mr. Tricoire total compensation paid (in €)	5,754,154	5,525,324	5,430,941	6,506,045	2,548,889
% change in total compensation	-7%	-4%	-2%	+20%	-61%
Pay ratio – average compensation	64	60	57	67	25
% change in average pay ratio	-6%	-6%	-5%	+18%	-62%
Pay ratio – median compensation	78	73	70	81	31
% change in median pay ratio	-7%	-6%	-4%	+16%	-62%
Employees average compensation (in €)	90,369	92,861	94,950	97,391	101,133
% change in employment average compensation	-1%	+3%	+2%	+3%	+4%
Global perimeter					
Pay ratio – average compensation			110	126	47
% change in average pay ratio				+15%	-63%
Pay ratio – median compensation			156	185	67
% change in median pay ratio				+19%	-64%

Mr. Tricoire (Chairman)
Total compensation paid (annualized)



No graph since new starting point in 2023

French perimeter					
Mr. Tricoire total compensation paid (in €) % change in total compensation	N/A	N/A	N/A	N/A	985,189
Pay ratio – average compensation % change in average pay ratio	N/A	N/A	N/A	N/A	10
Pay ratio – median compensation % change in median pay ratio	N/A	N/A	N/A	N/A	12
Employees average compensation (in €) % change in employment average compensation	N/A	N/A	N/A	N/A	101,133
Global perimeter					
Pay ratio – average compensation % change in average pay ratio	N/A	N/A	N/A	N/A	16
Pay ratio – median compensation % change in median pay ratio	N/A	N/A	N/A	N/A	26

Mr. Herweck (Chief Executive Officer)
Total compensation paid (annualized)



No graph since new starting point in 2023

French perimeter					
Mr. Tricoire total compensation paid in FY (in €) % change in total compensation	N/A	N/A	N/A	N/A	4,694,643
Pay ratio – average compensation % change in average pay ratio	N/A	N/A	N/A	N/A	46
Pay ratio – median compensation % change in median pay ratio	N/A	N/A	N/A	N/A	57
Employees average compensation (in €) % change in employment average compensation	N/A	N/A	N/A	N/A	101,133
Global perimeter					
Pay ratio – average compensation % change in average pay ratio	N/A	N/A	N/A	N/A	87
Pay ratio – median compensation % change in median pay ratio	N/A	N/A	N/A	N/A	124

4.2.3 Compensation policy for the 2024 fiscal year (say on pay *ex-ante*)

The compensation policy intention is to provide a clear link between delivery of Schneider Electric's strategy and the Corporate Officers' compensation, while reflecting outcomes for shareholders. Set out below is the Corporate Officers' and non-executive Directors' compensation policy for 2024. It will be submitted to the shareholders at the 2024 Annual Shareholders' Meeting (11th to 13th resolutions) and, subject to shareholders approval, will remain in force until the next policy is approved by the shareholders.

For the fiscal year 2024, as a consequence of the change of governance, three different compensation policies will be applicable:

- to the Chief Executive Officer (Mr. Peter Herweck) (subject of the 11th resolution proposed to the Annual Shareholders' Meeting);
- to the Chairman of the Board of Directors (Mr. Jean-Pascal Tricoire) (subject of the 12th resolution proposed to the Annual Shareholders' Meeting);
- to the Board members (subject of the 13th resolution proposed to the Annual Shareholders' Meeting).

4.2.3.1 Executive compensation policy

4.2.3.1.1 Overview

Schneider Electric follows a rigorous process for determining executive compensation, under the leadership of committed and independent Directors.

Role of the Human Capital & Remunerations Committee

The general principles and criteria forming part of the compensation policy for Corporate Officers, and their individual compensation packages are prepared and reviewed by the Human Capital & Remunerations Committee which makes recommendations to the Board of Directors for decision. The Board also receives inputs and recommendations from the Human Capital & Remunerations Committee on the incentive structure and performance criteria (annual variable compensation and Long-term incentive plan) applied to the members of the Executive Committee (see section 4.2.4 of the Universal Registration Document), as well as the Group's other employees.

To help the Board in the decision process, the Human Capital & Remunerations Committee is authorized to call upon external experts for specific topics, benchmarking data and analyses. In 2023, the Committee held one joint meeting with the Governance, Nominations & Sustainability Committee to discuss the definition of the ESG criteria for long-term (LTIP) compensation of executive Corporate Officers and top managers.

One of the two Directors representing the employees is a member of the Human Capital & Remunerations Committee.

As part of its preparatory work for its proposals to the Board, the Committee:

Defines performance criteria

Defines performance criteria based on Schneider Electric's executive compensation pillars and business strategy. Targets are determined at the beginning of the performance period in accordance with the goals of the Strategic Plan.

Based on circumstances and priorities, the targets also encompass risks raised by the Audit & Risks Committee as well as the recommendations of the Governance, Nominations & Sustainability Committee.

Benchmarks Corporate Officers' pay

Benchmarks Corporate Officers' pay against the median of a peer group consisting of 24 French and international companies that are comparable to Schneider Electric in terms of market capitalization, revenue, and industry, or that represent a potential source of recruitment or attrition.

This benchmarking is used as an indicator, not as a target, and is done *ex-post* only for reference.

Engages with shareholders

Relies on the Vice-Chairman & Lead Independent Director to directly engage with shareholders to ensure their perspectives and feedback on Schneider Electric's compensation policy are heard and considered in decision-making.

The topic of Corporate Officers' compensation is usually discussed at four Board meetings every year. Corporate Officers do not take part in the debates of the Board concerning their own compensation.

This process ensures consistency and alignment between the compensation policy applied to the other executives and employees and the compensation policy applied to Corporate Officers. They share the same objectives and priorities and their rewards are aligned with the Group's performance and shareholder value creation.

Use of discretion

In determining executive compensation, the Board could use its discretionary power to ensure the execution of the compensation policy and related payouts remain in line with the performance of the Company.

As such, and only in exceptional circumstances external to Schneider Electric such as unexpected changes in the industry environment and in compensation practice generally, not taken into account when determining the current compensation policy, the Board could exercise discretion, upwards or downwards, to adjust the formulaic outcome for annual or long-term incentive awards resulting from the strict application of the approved policy, where a qualitative assessment of performance is required to ensure that the awarded compensation is fair in light of the Corporate Officers' actual contribution to the Company's overall performance, its positioning vs. competition, and the outcomes for shareholders and employees.

If necessary, the Board could also adjust one or several parameters of the remuneration schemes, such as weights, targets, or criteria, being specified that in any event, these adjustments or modifications will not result in exceeding the maximum of annual variable compensation and LTIP award as set in the current compensation policy.

Any use of discretion will be explained and an appropriate disclosure would be provided, so that shareholders understand the basis for the Board's decisions.

Changes in the 2024 compensation policy

The Committee reviewed the existing policy and reassessed the pillars and principles formulated in 2018, as well as the compensation elements and criteria in light of shareholders' feedback received during the shareholder engagement process described above.

Upon recommendations of the Human Capital & Remunerations Committee, the Board wishes to maintain the overall stability of the compensation policy which appears balanced, ensuring a strong link between pay and performance, strong alignment with both employees and shareholders, and long-term focus, while at the same time taking into account the shareholders' feedback.

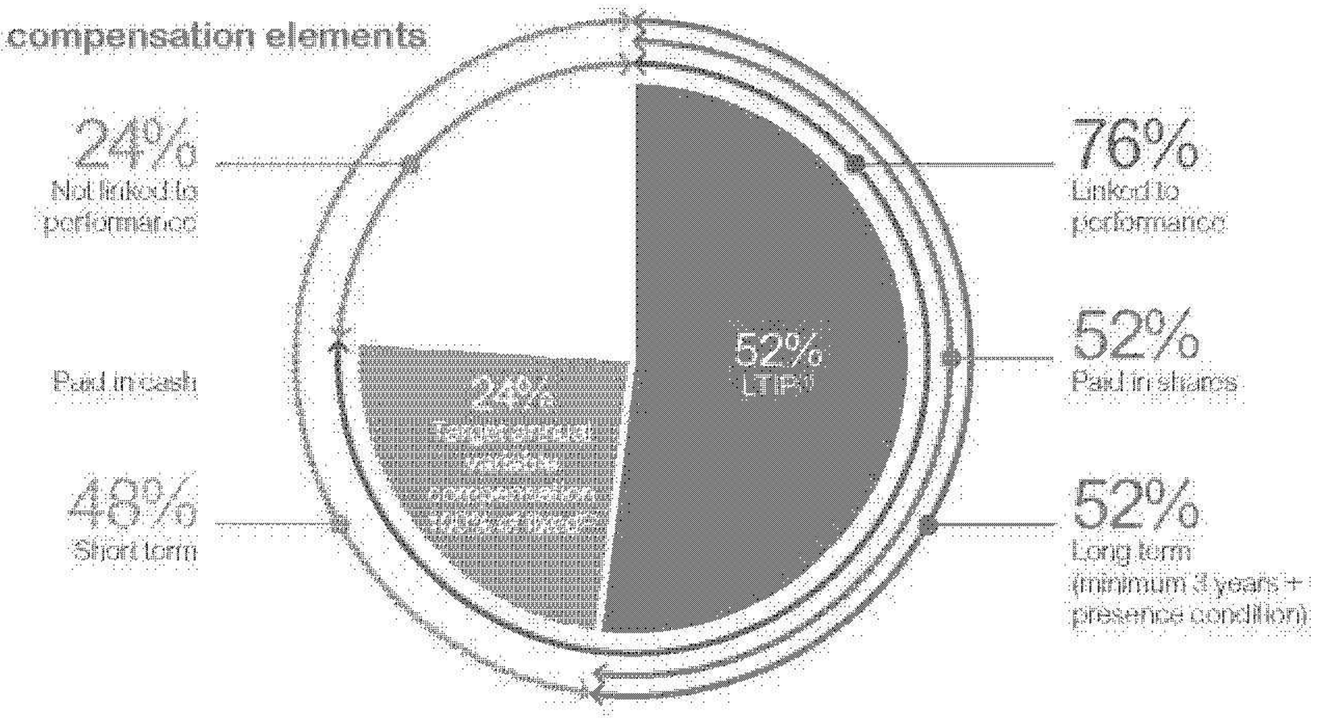
In 2023, several changes were implemented including (i) the review of the targeted amounts for the different components of the compensation which has led to a decrease of the on-target global remuneration opportunity by 23% compared to the previous Chairman & Chief Executive Officer compensation policy, (ii) the strengthening of the performance targets linked to the involuntary severance indemnity, and (iii) the inclusion of a clawback provision.

Also, as announced in the letter from Mr. Fred Kindle, Vice-Chairman & Lead Independent Director, dated April 13, 2023 and to remedy to the concerns raised by shareholders, the Board proposes to implement two changes to the 2024 compensation policy.

Introduction of a strict post-mandate vesting rule	The Board acknowledges the preference of some investors for a *prorata* vesting rule in case of departure of the Chief Executive Officer. The post-mandate vesting rules will be modified to provide that, in case of retirement or change of assignment within the Group, the Chief Executive Officer will keep his right to the unvested Performance Shares granted to him previously, subject to the applicable performance conditions and to a *prorata* for the time the Chief Executive Officer remained with the Group in this capacity during the vesting period.
New sustainability targets for the LTIP	In line with investors' expectations and the Company's commitment ahead of the 2023 Annual Shareholders' Meeting, the Board, on recommendation of the Human Capital & Remunerations Committee, has considered moving away from the SSERI performance condition to integrate sustainability criteria in line with most material CSR topics of the Group. The Board proposes to introduce sustainability criteria linked to the reduction of our Scope 1, 2, and 3 (upstream) CO_2 emissions, in order to align executive remuneration with the Group commitment in terms of climate transition and Schneider Electric's sustainable value creation direction.

How are performance criteria linked to Schneider Electric strategic priorities?

Balance between compensation elements



(1) Estimated valued, in accordance with IFRS standards, of the LTIP to be granted during 2024 fiscal year.
(2) Between 0% and 200%.

4.2 Compensation Report

Group's strategic priorities

- Organic growth
- Value for customers
- Sustainability
- Continuous efficiency
- Value & returns to shareholders

How the strategy links to the Corporate Officers' variable compensation

Annual incentive plan

Delivering strong execution and creating value for customers and shareholders every year to contribute to Schneider Electric's long-term success

Group organic sales growth	Group Adjusted EBITA margin improvement	Group cash conversion rate	Net Satisfaction score	Schneider Sustainability Impact
35%	25%	10%	10%	20%

Long-term incentive plan

Building an integrated and leading company with strong sustainability focus and attractive returns to shareholders

Adjusted Earnings per Share	Relative Total Shareholder Return	Carbon emissions reduction targets
40%	35%	25%

Variable pay is linked to performance metrics designed to deliver Schneider Electric's strategy. At the start of each year, the Board reviews the measures, targets, and weightings to ensure they remain consistent with the annual priorities and Group strategy. For the annual variable compensation and the Performance Shares, the approach to performance measurement is intended to provide a balance of measures to assess performance focusing on execution of the Group's strategic priorities.

Considerations of wider workforce compensation and shareholders' views

The Board monitors and reviews the effectiveness of the compensation policy for Corporate Officers and senior management and has regard to its impact and consistency with compensation policies in the wider workforce. During the year, the Board is provided with information and context on pay in the wider workforce and various HR initiatives to enable its decision-making. This includes the approach to gender pay gap and living wage programs rolled out globally, the annual variable compensation results, and the total cost of LTIP awards.

The Board is committed to an open and transparent dialogue with Schneider Electric's shareholders through the Vice-Chairman & Lead Independent Director. Where appropriate, Schneider Electric actively engages with shareholders and shareholder representative bodies, taking their views into account when making any decisions about the Corporate Officers' compensation. The Vice-Chairman & Lead Independent Director is also available to answer questions at the Annual Shareholders' Meeting.

2024 compensation pillars and principles

Pay-for-performance

- **Principle 1:** Prevalence of variable components: *circa* 80% for Chief Executive Officer (at target).
- **Principle 2:** Performance is evaluated via economic and measurable criteria.
- **Principle 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

- **Principle 4:** Significant proportion of the total compensation delivered in shares.
- **Principle 5:** Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.

Competitiveness

- **Principle 6:** To benchmark the Corporate Officers' compensation package "at target" in the median range of the Company's updated peer group.
- **Principle 7:** To reference the CAC 40 third quartile and the STOXX Europe 50 median.

4.2.3.1.2 Compensation policy of Mr. Peter Herweck as Chief Executive Officer

Fixed compensation

The Board decided to set the fixed compensation of the Chief Executive Officer at €1,200,000 for the fiscal year 2024, unchanged compared to 2023 on a full year basis.

The fixed compensation will be reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate Governance Code, unless there are specific circumstances that would warrant a salary increase, for example a major change in the duties.

Corporate Officer	FY 2024
Peter Herweck, Chief Executive Officer	€1,200,000

Annual variable compensation

Annual variable compensation provides variable cash compensation which rewards achievement of the short-term financial and sustainability targets of the Group.

At the start of the fiscal year, financial and sustainability performance criteria, weightings, and annual targets are reviewed in detail by the Committee and recommended to the Board for approval. Outcomes will be determined based on performance against each of those targets. The Board has the flexibility to review targets during the year to ensure continuous alignment with shareholders' interests. The pay-out opportunity at threshold performance is 0%, with 50% of maximum annual variable compensation payable for achieving target. The maximum annual variable compensation will only be earned where a strong performance is delivered on each performance metric. Pay-outs between threshold and target, and between target and maximum, are determined on a straight-line basis.

For 2024, the Board proposes that the measurable financial performance criteria determine 70% and sustainability and customer satisfaction criteria 30% of the variable cash compensation of Mr. Peter Herweck.

Performance criteria	Measurement and link to strategy
35% Group organic sales growth	Fostering organic growth through deployment of strategic priorities in key markets
25% Adjusted EBITA organic margin improvement	Enabling shareholder value creation through continuous efficiency
10% Group cash conversion	Enabling returns to shareholders
10% Net Satisfaction score improvement	Focusing the Company on clients' satisfaction and quality
20% Schneider Sustainability Impact	Promoting continuous progress towards more sustainability and value for customers

For business confidentiality reasons and as in previous years, the targets cannot be disclosed; however, the targets have been set precisely by the Board at the meeting of February 14, 2024 and will be communicated *ex-post*. In case of unforeseen scope impact or exceptional events, the Board may decide to adjust and restate from the calculation of the achievement of these criteria the impact of such events. These adjustments or restatements would be disclosed *ex-post* in the Universal Registration Document.

The Net Satisfaction score is measured since 2018, it is a weighted average of the grade given by customers on six Critical Touch Points: 1) Select offer, 2) Get quotation, 3) Get delivered, 4) Get delivered solutions, 5) Get technical support, and 6) Get failure support. More than 240,000 answers of customers are provided to the survey each year. The grades given by customers range from 0 (very dissatisfied) to 10 (very satisfied). The Net Satisfaction score is calculated by subtracting the percentage of customers who are dissatisfied (grade 0 to 6) from the percentage who are very satisfied (grade 9 and 10). It generates a score between -100% and 100%:

- At one end of the spectrum, if all of the customers gave a grade lower or equal to 6, this would lead to an Net Satisfaction score of -100%;
- On the other end of the spectrum, if all of the customers gave a grade of 9 or 10, then the Net Satisfaction score would be 100%.

In consideration of all elements described above, the Board decided to set the annual variable compensation opportunity at target and maximum as follows:

Minimum	At target	Maximum
0% of fixed compensation	100% of fixed compensation	200% of fixed compensation
Nil	€1,200,000	€2,400,000

The payment of the annual variable compensation is conditional upon approval by shareholders of the compensation granted to the Chief Executive Officer.

Schneider Electric does not operate a deferral program for its Chief Executive Officer.

4.2 Compensation Report

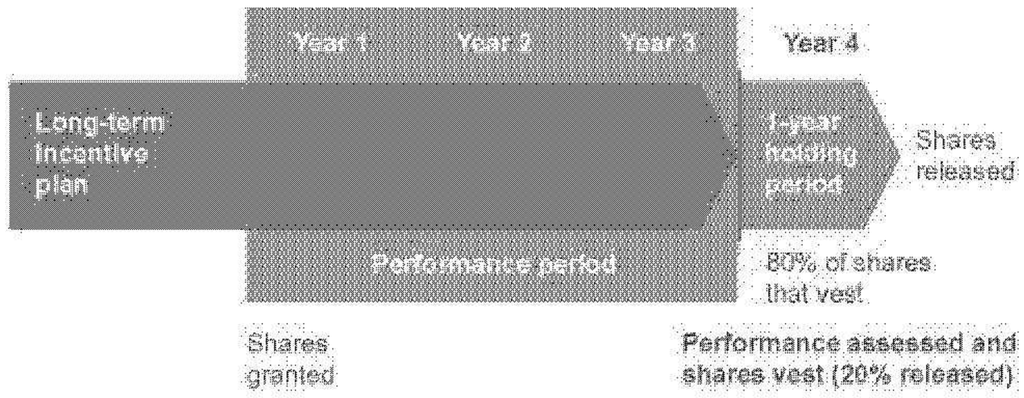
Performance Shares (Long-term incentive plan – LTIP)

LTIP links the largest part of the Chief Executive Officer's compensation with the long-term performance of the Group and the actual outcome varies with performance against criteria linked directly to strategic priorities.

Shares granted are subject to a vesting period of three years with an additional mandatory one-year holding period for 80% of shares which are granted under the Plan reserved to the Corporate Officers, except for the sale of shares necessary to cover his tax.

For threshold performance, 0% of shares granted will vest, for maximum, 100% will vest. Vesting will normally operate on a straight-line basis between these points.

LTIP time horizon



In line with the commitment taken by the Board ahead of the 2023 Annual Shareholders' Meeting to review and strengthen the structure of LTIPs in line with Schneider Electric's most material CSR topics and strategy, the sustainability criteria that will be used to determine the Chief Executive Officer's long-term remuneration will change starting from 2024. Other criteria and their respective weight will remain unchanged compared to 2023, in line with Company's objectives and the proposals approved by shareholders under the LTIP resolution at the Annual Shareholders' Meeting on May 5, 2022 (15th resolution).

In order to align the interests of the Group's executives to those of the shareholders, in 2024, the Board will allocate Performance Shares to more than 4,000 Group executives and senior management, leaders, and key talents. For the Group senior management, 100% of shares allocated will be subject to performance conditions measured over three years.

The maximum annual award to the Corporate Officer, valued in accordance with IFRS standards, will be capped at 150% of the combined fixed and target annual variable compensation at the date of grant to ensure that it does not represent a disproportionate percentage of his overall compensation.

The volume of the annual award will be set in consideration of:

- the market practice and competitive positioning of the Chief Executive Officer's compensation package;
- the Group's performance, acknowledged by the market;
- the performance criteria applicable to the final acquisition of LTIP awards; and
- the culture of ownership deeply rooted in Schneider Electric's DNA.

For 2024, the Board intends to grant Mr. Peter Herweck an amount of LTIP, which value in accordance with IFRS standards will be around 108.5% of the combined fixed and target short-term variable compensation (*i.e.* 217% of the fixed compensation), well below the maximum grant authorized under the compensation policy (150% of the combined fixed and target annual variable compensation, or 300% of the fixed compensation). To determine the LTI grant level, the Board took into consideration the market practice (see section 4.2.3.1 of the Universal Registration Document), the Group's performance in 2023, and the strong and ambitious objectives as announced during the Capital Market Day in November 2023 and adjusted upward the LTIP grant in value, within the maximum limit provided by the compensation policy, to reflect the importance of the strategic orientation.

In the context described above, the Board decided that the number of shares granted to the Chief Executive Officer continues to be reasonable in terms of quantum and market practice for comparable roles; it rewards the Company's good performance in a challenging year and supports the culture of ownership strongly promoted by Schneider Electric.

(1) At the date of the grant, the IFRS value cannot be known with certainty as it is computed only at the end of the year. For the 2024 grant, the value of the grant to the Chief Executive Officer will be based on the assumption that the discount rate applied according to the IFRS rules will be 18.19% as it was for the 2023 grant.

Performance conditions

100% measurable and quantifiable criteria — 75% financial and TSR, and 25% sustainability

Performance conditions and weightings applicable to the 2024 LTIP:

- 40%, improvement of Adjusted EPS;
- 35%, relative TSR performance of Schneider Electric:
  - 17.5% measured *vs.* a bespoke panel of 11 companies: ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa,
  - 17.5% measured *vs.* CAC 40 companies; and
- 25%, based on Schneider Electric's carbon emissions reduction targets.

- **Adjusted EPS (40%)**

Adjusted EPS is a key long-term performance metric which promotes the execution of Schneider Electric's strategy to deliver profitable growth, thus reinforcing alignment with shareholders. Performance Shares could vest subject to the achievement of the following targets as set by the Board of Directors at the beginning of each year:

- a minimum Adjusted EPS improvement threshold under which there will be no vesting;
- an intermediary targeted Adjusted EPS improvement objective that the Company will have to achieve in order to vest 75% of the shares under this condition;
- a targeted Adjusted EPS improvement objective that the Company will have to achieve in order to vest all shares under this condition; and
- the Performance Shares will vest progressively, on a linear basis, if the Adjusted EPS improvement is between these objectives.

As explained above, the Board commits to disclose *ex-post*, at the end of each Long-term incentive plan, the minimum Adjusted EPS improvement thresholds and the targeted Adjusted EPS improvement objectives.

Adjusted EPS performance is published in the external financial communications and its annual variance will be calculated using adjusted EBITA at constant FX from year N-1 to year N. Foreign exchange impacts below adjusted EBITA will be taken in full. In case of unforeseen scope impact or exceptional events, the Board may decide to adjust and restate from the calculation of the achievement of these criteria the impact of such events. These adjustments or restatements would be disclosed *ex-post* in the Universal Registration Document.

- **Relative TSR (35%)**

This criterion strengthens the alignment between the shareholders' interests and compensation of the Corporate Officer.

- For 17.5% of the shares, Schneider Electric TSR will be compared to a bespoke industry panel consisting of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa) with a vesting scale as follows: 0% at rank 7 or below, 50% at median (rank 6), 100% at rank 4, 150% for ranks 3 to 1, and linear between these points.
- For the remaining 17.5%, Schneider Electric TSR will be compared with the TSR of the companies in the CAC 40 index to reflect the macro-economic and stock-market specific trends which influence the performance of the share and in turn, the return to shareholders with a vesting scale as follows: 0% below median, 50% at median (rank 20), 100% at rank 10, 120% in ranks 1 to 4, and linear between these points.

In case of over-performance, if Schneider Electric's TSR ranks first to third of the bespoke industry panel or within top nine of the CAC 40 companies, this criterion may compensate the under-performance under the Adjusted EPS criterion up to the same number of shares. This compensation mechanism allows only an over-performance of the Schneider Electric TSR criterion to compensate an under-performance of the Adjusted EPS criterion. The under-performance of the Schneider Electric TSR criterion or sustainability criterion cannot be compensated in any way. This mechanism ensures that the experience of the management is perfectly aligned with that of the shareholders. Over the last three years (2021, 2022 and 2023), the compensation mechanism occurred twice, *i.e.* in 2021 and 2022, and has been implemented to compensate the under-performance of the internal financial criteria for the COVID year in 2020 while the Board decided to maintain the targets although the guidance was adjusted downward.

If the Schneider Electric TSR is closely clustered with that of other companies in the panel, then the Board of Directors will apply its judgment to decide whether Schneider Electric's TSR shall be deemed to be ranked in the same position as those companies.

4.2 Compensation Report

- **Carbon emissions reduction targets (25%)**

This criterion aims at linking the Chief Executive Officer's compensation with Schneider Electric's greenhouse gas (GHG) reduction targets as validated by the Science Based Targets initiative (SBTi), aligned with its "Corporate Net-Zero Standard" published in October 2021. The Board thus decided to link the LTIP:

- For 12.5% to an absolute number of tons of CO_2 emissions (carbon budget) that the Group would have to reach for its Scope 1 & 2 emissions for the full year 2026 (last year before the vesting in March 2027) with (i) a minimum objective (159,163 tons of CO_2 emissions, *i.e.* a reduction of 20% *vs.* the 2023 emissions) under which no vesting will occur for this criteria; (ii) a targeted objective (151,584 tons of CO_2 emissions, *i.e.* a reduction of 25% *vs.* the 2023 emissions) that the Group will have to achieve in order to vest all shares under this criteria, and (iii) a linear vesting if the actual achievement is between these two objectives.
- For 12.5% to an absolute number of Scope 3 upstream CO_2 emissions per euro of revenue (carbon intensity) that the Group would have to reach for the full year 2026 (last year before the vesting in March 2027) with (i) a minimum objective (185 g of CO_2 emissions per euro of revenue, *i.e.* a reduction of 15% *vs.* the 2023 Scope 3 upstream carbon intensity) under which no vesting will occur for this criteria, (ii) a targeted objective (165 g of CO_2 emissions per euro of revenue *i.e.* a reduction of 25% *vs.* the 2023 Scope 3 upstream carbon intensity) that the Group will have to achieve in order to vest all shares under this criteria, and (iii) a linear vesting if the actual achievement is between these two objectives.

In case of significant change in the consolidation scope or in the methods used to calculate GHG emissions, Schneider Electric will apply the recalculation rules defined by the GHG Protocol and the Science Based Target Initiative. In case of significant regulatory changes or any other external event significantly impacting this condition, the Board may adjust the target or decide not to take in consideration this criteria.

The table below summarizes the performance conditions that will apply to the plan:

40% Improvement of Adjusted Earnings per Share (EPS)		• 0% at the minimum Adjusted EPS improvement threshold • 75% at the intermediary Adjusted EPS improvement objective • 100% at the targeted Adjusted EPS improvement objective Vesting linear between these points
35% Relative TSR	**17.5% *vs.* CAC 40**	• 0% below median • 50% at median (rank 20) • 100% at rank 10 • 120% at ranks 1 to 4 Vesting linear between these points
	17.5% *vs.* a panel of 11 companies (ABB, Legrand, Siemens, Eaton, Emerson, Honeywell, Johnson Controls, Rockwell Automation, Fuji Electric, Mitsubishi Electric, and Yokogawa)	• 0% at rank 7 and below • 50% at median (rank 6) • 100% at rank 4 • 150% at ranks 3 to 1 Vesting linear between these points
25% Carbon emissions reduction targets	**12.5% Scope 1 & 2 carbon emissions target**	• 0% if the carbon emissions are above or equal to 159,163 ton of CO_2 • 100% if the carbon emissions are below or equal to 151,584 ton of CO_2 Vesting linear between these points
	12.5% Scope 3 upstream carbon intensity target	• 0% if the carbon intensity is above or equal to 185 g of CO_2 per euro of revenue • 100% if the carbon intensity is below or equal to 165 g of CO_2 per euro of revenue Vesting linear between these points

For each grant, the performance conditions will be determined by the Board and, although the Board favors stability, they could be adapted from the ones presented above. Depending on the evolution of the Group's strategic objectives, should they cease to be relevant or new criteria be deemed more appropriate based on their review by the Board of Directors, the latter would elect for criteria with similar long-term stringency, that will ensure a strong link between pay and performance.

Pension benefits

The Chief Executive Officer receives complementary cash payments whose purpose is to provide a competitive retirement benefit in a way that is cost effective to the Company and that allows the Chief Executive Officer to build his retirement benefits independently. The cash payments will be equal to:

- a fixed portion equal to 15% of the fixed compensation; and
- a variable portion equal to 15% of the actual annual variable compensation paid to the Chief Executive Officer.

The total pension amount actually paid will thus depend on the Company's performance, since the calculation base of the variable portion of the pension includes the actual variable compensation paid to the Chief Executive Officer depending on performance conditions linked to the Group's results.

The Chief Executive Officer has committed to depositing these additional payments, after taxes, into investment vehicles of his choice, dedicated to the supplementary financing of pensions.

	Variable portion			
Fixed portion	Minimum	At target	Maximum	Total at target
€180,000	€0	€180,000	€360,000	€360,000

Other benefits

Schneider Electric aims to provide an appropriate level of benefits considering market practice and the level of benefits provided for other employees in the Group. The benefits currently provided are described below, but may also include, for example, relocation assistance if required and subject to the Board's decision.

Employer matching contributions and profit-sharing

The Chief Executive Officer is eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees. He is also eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERECO), for the retirement of employees in France.

Company car

The Corporate Officer may use the cars made available to Group Senior Management with or without chauffeur services. In addition, the Chief Executive Officer is provided with a company car.

Tax assistance

The Corporate Officer may benefit from tax assistance.

Health, life and disability schemes

The Corporate Officer is eligible for:

i. a private medical cover;

ii. the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death;

iii. additional coverage of the Group's French executives for risks of illness, incapacity, disability, and death. The main features of this coverage are:

   1) In case of illness or accident resulting in a temporary stoppage or incapacity (of any category), the Corporate Officer shall be entitled to continue to receive 18 months' worth of his compensation (fixed and target variable) authorized by the Board,

   2) In case of death, the policyholder's beneficiaries shall be entitled to the compensation (fixed and target variable) authorized by the Board of Directors for the current month, along with a death benefit equal to six months of the average compensation authorized by the Board of Directors (monthly average of the fixed and variable compensation paid during the last 12 months of employment);

iv. the entitlement to a life annuity pension paid to the surviving spouse in the event of death before his retirement, or if he left the Company after the age of 55 without returning to work, equal to 60% of 25% of the average of compensation paid during the three years before the date of death, with a deduction made from the theoretical pension payment that may be obtained under insurance conditions from the additional payments that will have been made;

v. in the event of disability causing the Corporate Officer to completely stop working, the right to pension payments (payable to the surviving spouse at a rate of 60%) beginning from his retirement equal to 25% of the average of the total cash compensation paid over the three years preceding the date of disability minus 1.25% per quarter of absence so as to obtain a full rate of pension and minus the amount of additional compensation that may be obtained under insurance conditions at the time the disability occurred; and

4.2 Compensation Report

vi. in the event of an accident, the Group insurance covering the executive's accident risk, stipulating the payment of a benefit the sum of which may be up to four times the annual compensation based on the type and circumstances of the accident.

Eligibility for benefits (iii) through (vi) above is conditional on the fulfillment of one of the following conditions:
- the average of the net income of the last five fiscal years preceding the event is positive, and
- the average of the Free Cash Flow of the last five fiscal years preceding the event is positive.

Director's fee

The Chief Executive Officer will not receive any attendance fees.

Extraordinary awards

The compensation policy does not include any provisions for extraordinary payments. The Board decided to maintain the prohibition of one-off payments that are not provided for in the compensation policy approved by the shareholders.

Clawback provision

In the event of gross misconduct or fraud causing a material adverse impact to the Group, in particular, resulting in a financial restatement, the Board reserves the right to reduce or cancel unvested LTIP or annual variable compensation amounts (malus), seek reimbursement of paid annual variable compensation or vested LTIP and/or obtain damages.

Post-mandate benefits

As announced in the letter from Mr. Fred Kindle, Vice-Chairman & Lead Independent Director, dated April 13, 2023 and in response to the concerns raised by shareholders, the Board proposes to implement a strict *prorata* vesting rule in case of departure of the Chief Executive Officer. The post-mandate vesting rules will provide that, in case of retirement or change of assignment within the Group, the Chief Executive Officer will keep his right to the unvested Performance Shares granted to him previously, subject to the applicable performance conditions and to a *prorata* for the time the Chief Executive Officer remained with the Group in this capacity during the vesting period.

The table below presents a summary of the benefits that could be granted to the Chief Executive Officer on leaving office depending on the terms of the departure. The information provided in this summary is without prejudice to any decisions that may be made by the Board. In determining overall termination arrangements, the Board will ensure that termination benefits shall be granted only in case of forced departure and regardless of the form of the departure.

	Voluntary resignation/Removal from office for wrongful or gross misconduct	Forced departure	Retirement or change of assignment within the Group
Involuntary Severance Pay	Not applicable	Payment of an indemnity (twice the average of the annual fixed and variable cash compensation paid over the last three years subject to performance conditions)	Not applicable
Non-compete indemnity	If not waived by the Board, 60% of annual fixed and target variable compensation (excluding pension payments)		Not applicable
Retention of unvested share awards	Forfeited in full	Rights retained on *prorata* basis to presence within Schneider Electric	Rights retained subject to a *prorata* basis to the time serve in executive functions

- **Definition of a forced departure**: the termination benefits only become payable if the departure of the Chief Executive Officer is forced, including requested resignation, in the following cases:
  - dismissal, non-renewal, or requested resignation of the Chief Executive Officer, within the six months following a material change in Schneider Electric's shareholder structure that could change the membership of the Board of Directors;
  - dismissal, non-renewal, or requested resignation of the Corporate Officer, in the event of a reorientation of the strategy pursued and promoted by the Chief Executive Officer until that time, whether or not in connection with a change in shareholder structure as described above; and
  - dismissal, non-renewal, or requested resignation of the Chief Executive Officer, although, on average, two-thirds of the Group performance criteria have been achieved for the last four fiscal years from the day of departure.

In any case, involuntary severance indemnity will not be paid if the resignation is a consequence of wrongful or gross misconduct.

- **Amount of the involuntary severance indemnity**: the "Maximum Amount" of the involuntary severance indemnity will be twice the arithmetical average of the annual fixed and variable cash compensation, to the exclusion of complementary pension payments, paid by the Group over the last three years taking into account the non-compete compensation, if any, and subject to the attainment of performance conditions.
  The aggregate amount of the involuntary severance indemnity and the non-compete compensation, if any, shall not exceed the Maximum Amount.
  During the first 12 months from the appointment date, a ratio will be applied to the amount of involuntary severance indemnity equivalent to: (i) half of the Maximum Amount, plus (ii) 1/ 24th of the Maximum Amount for each additional month of service until the 12th month is completed (as which point the involuntary severance indemnity will be computed based on the full Maximum Amount).

- **Performance conditions**: Payment of the involuntary severance indemnity is subject to fulfillment of the following performance conditions based on the average rate of achievement of the Group's performance criteria used in the annual variable compensation for the last three fiscal years preceding the date of the Board's decision:

Group criteria achievement	Severance payment
<80%	No payment
80–100%	80–100% of the Maximum Amount, calculated on a straight-line basis
>100%	100% of the Maximum Amount

It being specified that in case of departure during the first three years of office, the above performance conditions will be calculated on the fiscal year where the Corporate Officer was Chief Executive Officer (in case of forced departure in 2024, the performance condition will be calculated on the 2023 results; in case of forced departure in 2025, the performance condition will be calculated on the 2023 and 2024 results; in case of forced departure in 2026, the performance condition will be calculated on the 2023, 2024 and 2025 results).

- **Non-compete agreement**: The Chief Executive Officer is bound by a non-compete agreement in case of departure. The one-year agreement calls for compensation to be paid at 60% of annual fixed and target variable compensation (excluding complementary payments). In line with the recommendations of the AFEP-MEDEF Corporate Governance Code, the Board will determine whether to apply the non-compete clause at the time of departure of the Corporate Officer.

- **Retention of unvested share awards**: In case of voluntary resignation or removal from office for wrongful or gross misconduct, the Chief Executive Officer will lose all his unvested Performance Shares. If the Chief Executive Officer leaves the Group in circumstances of a forced departure or in case of retirement or change of assignment within the Group, the Chief Executive Officer will keep his right to the unvested Performance Shares granted to him previously, subject to the applicable performance conditions and which will be pro-rated for the time the Chief Executive Officer remained with the Group in this capacity during the vesting period.

- **Best practices**: In conformity with the recommendations of the AFEP-MEDEF Corporate Governance Code:
  - the entitlement to involuntary severance indemnity is subject to strict performance conditions, assessed over a period not less than two years;
  - only circumstances of a forced departure, regardless of the form of the departure, could trigger the entitlement to involuntary severance indemnity;
  - together with the non-compete indemnity, if any, the involuntary severance indemnity could not exceed twice the average of the Corporate Officer's annual compensation (fixed and variable part, to the exclusion of the pension benefits);
  - the Board shall determine unilaterally whether or not to apply the non-compete clause at the time of the departure of the Corporate Officer; and
  - the Corporate Officer shall not be entitled to involuntary severance indemnity in the case that he is entitled to benefit from his/her pension rights.

Corporate Officer	Employment contract	Top-Hat pension benefits	Payments or benefits that may be due in the event of termination of assignment	Payments in relation to a non-compete agreement
Peter Herweck Chief Executive Officer	NO	NO	YES	YES

4.2 Compensation Report

Recruitment policy

On appointment of a new Corporate Officer, the Board expects any new Corporate Officer to be engaged on terms that are consistent with, and in no case more favorable than the policy approved by the shareholders at the last Annual Shareholders' Meeting, until the next policy is approved. However, it is recognized that all circumstances in which Corporate Officer may be appointed cannot be anticipated. The Board will aim to set compensation that is appropriate to attract, motivate, retain, and reward an individual of the quality required to run the Group successfully, while avoiding paying more than is necessary. If the Board determines that it is in the best interests of the Company and shareholders to secure the services of a particular individual not promoted within the Group, it may require considering the terms of that individual's existing employment and/or their personal circumstances.

The table below summarizes the policy on appointment of a new Corporate Officer.

Fixed compensation	Salaries are set by the Board, taking into consideration a number of factors including the current pay for other Corporate Officers, the experience, skill, and current pay level of the individual, and external market forces. The Board may choose to set the salary below that of the market or the other Corporate Officers with the intention of applying staged increases as the individual gains experience in the role.
Annual variable compensation	Annual variable compensation will be awarded within the parameters of the policy in force.
Pension	The Board would set the pension cash supplementary payments at the appropriate level based on an individual's circumstances.
Other benefits	The Board would expect any new Corporate Officer to participate in the benefit schemes that are open to other senior employees (where appropriate, referencing the candidate's home country) but would take into account the individual's existing arrangements, market norms, and their status as a Corporate Officer.
Buy-out awards	The Board may offer compensatory payments or buy-out awards where an individual forfeits outstanding variable pay opportunities or contractual rights as a result of their appointment. The specifics of any buy-out awards would be dependent on the individual circumstances of recruitment and would be determined on a case-by-case basis. On assessing such awards, the Board will seek to make awards on a like-for-like basis to ensure that the value awarded would be no greater than the value forfeited by the individual. The Board may choose to apply performance conditions to these awards.
Relocation	Where an individual relocates in order to take up the role, the Board may approve certain one-off benefits such as reasonable relocation expenses, accommodation for a defined period following appointment, assistance with visa applications or other immigration issues, and ongoing arrangements such as tax equalization, annual flights home, and a housing allowance.
Internal promotion	Where an existing employee is appointed to the Board, he/she will be required to resign from his/her employment contract and the Board will consider all existing contractual commitments including any outstanding share awards or pension entitlements.

In making any decision on the compensation of a new Corporate Officer, the Board would balance shareholder expectations, current best practice and the circumstances of any new Corporate Officer. It would strive not to pay more than is necessary to recruit the right candidate and would give full details in the next compensation report.

4.2.3.1.3 Compensation policy of Jean-Pascal Tricoire as non-executive Chairman of the Board

Fixed compensation

The Board decided to set the fixed compensation of the Chairman of the Board at €930,000 for the fiscal year 2024, unchanged compared to 2023 on a full year basis.

This compensation is explained by the enlarged mission given by the Board to its Chairman (which is described in section 4.1.2.1.2 of the Universal Registration Document) in order to ensure a smooth and efficient transition.

The fixed compensation will be reviewed at long intervals by the Board in accordance with the AFEP-MEDEF Corporate Governance Code, unless there are specific circumstances that would warrant a salary increase, for example a major change in the duties.

Other benefits

The Chairman of the Board will be entitled to receive the following benefits.

Employer matching montributions and mrofit-sharing

The Chairman is eligible for profit-sharing and the employer matching contribution paid to subscribers to the capital increase reserved for employees. He is also eligible for the employer matching contribution paid to subscribers to the collective pension fund (PERECO), for the retirement of employees in France.

Company car

The Chairman may use the cars made available to Group Senior Management with or without chauffeur services. In addition, the Chairman is provided with a company car.

Health, life and disability schemes

The Chairman will be eligible to the collective welfare plan applicable to employees of Schneider Electric SE and Schneider Electric Industries SAS covering the risks of illness, incapacity, disability, and death.

Tax assistance

The Chairman may benefit from tax assistance.

Annual variable compensation, Long-term incentive plan, Director's fee, extraordinary awards, post-mandate benefits

The Chairman will not benefit from:
- any annual variable compensation;
- any Long-term incentive plan;
- any Director's fee;
- any extraordinary awards;
- any Company pension arrangement or pension allowance;
- any severance pay; or
- any non-compete indemnity.

Chairman of the Board	Employment contract	Top-Hat pension benefits	Payments or benefits that may be due in the event of termination of assignment	Payments in relation to a non-compete agreement
Jean-Pascal Tricoire, Chairman	NO	NO	NO	NO

Voluntary non-compete undertaking

The Board asked Mr. Jean-Pascal Tricoire to undertake that, in the event of termination of his duties as Chairman for whatever reasons, he will be required, for a period of twelve months following termination, not to work, in whatever manner it may be, for the benefit of any entity carrying on operations which are in direct competition with Schneider Electric in any country. This commitment will not be indemnified in any way by the Company.

4.2.3.2 Non-executive Directors' compensation policy

Changes in the 2024 compensation policy

The Human Capital & Remunerations Committee reviewed the existing non-executive Directors' policy at the end of 2023. This review aims at (i) taking better account of the increasing workload of the Board and its Committees as well as the time and efforts required to prepare their meetings, (ii) encouraging good attendance at these meetings, and (iii) considering the travel time for Directors attending Board meetings physically.

Upon recommendations of the Human Capital & Remunerations Committee, the Board proposes to implement the following changes for the 2024 non-executive Directors' compensation policy:

Differentiate the Board's attendance fee between physical and digital attendance	Increase to €11,000 for physical attendance and decrease to €6,000 for digital attendance (*vs.* €7,000 per meeting).
Increase the additional fee for travel	Increase to €6,000 for inter-continental travel (*vs.* €5,000) and €3,500 for intra-continental travel (*vs.* €3,000)
Increase the attendance fee per committee meeting	Increase to €4,500 per committee meeting (*vs.* €4,000)

4.2 Compensation Report

2024 compensation policy subject to the approval by the 2024 Annual Shareholders' Meeting under the 13th resolution

At the 2023 Annual Shareholders' Meeting, the shareholders approved under the 10th resolution the maximum total amount of the annual compensation that can be paid to the members of the Board which stands at EUR 2,800,000. It is proposed:

- to maintain the cap of annual total compensation payable to the members of the Board of Directors at EUR 2,800,000; and
- to review the allocation rules as detailed below.

Director's individual compensation

- Non-executive Directors will be paid:
  - a fixed basic amount of €25,000 for membership of the Board;
  - an amount of €11,000 per Board meeting physically attended, and €6,000 per Board meeting digitally attended;
  - an amount of €4,500 per committee meeting attended;
  - an amount of €25,000 for the yearly strategy week (half in case of digital attendance); and
  - an amount of €6,000 (for intercontinental travel) or €3,500 (for intra-continental travel) per Board session physically attended.
- Additional annual payments are made to non-executive Directors who chair a committee to reflect the additional responsibilities and workload:
  - Audit & Risks Committee: €20,000;
  - Other committees: €15,000; and
  - Lead Independent Director: €250,000.
- For an observer, an annual fixed payment of €20,000 is paid, unless they become non-executive Director at the next General Meeting. In this case, they will receive the same fees for attending the Board and committee meetings as non-executive Directors.
- All payments are prorated for time served during the year and are paid in cash.

4.2.4 Compensation of Group Senior Management (excluding Corporate Officers)

Scope of Senior Management in 2023

On December 31, 2023, Group Senior Management is composed of 17 Executive Committee members. The Executive Committee is chaired by the Chief Executive Officer and includes:

- Executive Vice-Presidents of Corporate Functions: Finance, Supply Chain, Digital, Innovation, Governance, Marketing, and Human Resources;
- Chief Executive Officer Aveva & Executive Vice-President Schneider Electric Software;
- Executive Vice-Presidents of Operations: North America Operations, China & East Asia Operations, France Operations, Europe Operations, International Operations, and Chief Executive Officer North America;
- Executive Vice-Presidents of Businesses: Industry Automation and Energy Management.

41% of the Group Senior Management (including Chief Executive Officer) is composed of women.

Compensation policy

The compensation principles of the Group Senior Management (excluding the Corporate Officer) and their individual analyses are reviewed by the Human Capital & Remunerations Committee for information and consultation with the Board of Directors. The Human Capital & Remunerations Committee may consult external experts for specific analyses.

The compensation policy of the Group Senior Management follows the principles of competitiveness, pay-for-performance, and alignment with shareholders' long-term interests, aligned with the principles applicable to the Corporate Officer as described in this report, with the following variations:

- the competitiveness of the Group Senior Management compensation is considered using a relevant geographical panel and the scope of responsibilities as prepared by the consultancy firm WTW; and
- the proportion of variable components within their on target compensation package is around 75% *vs.* around 80% for the Corporate Officer.

Compensation paid in 2023

Gross compensation, including benefits in kind, paid by Group companies in 2023 to the members of Group Senior Management other than the Corporate Officer, amounted to EUR 37.8 million, including EUR 10.6 million in variable compensation paid in the 2023 fiscal year.

The performance objectives for the annual incentive for the fiscal year 2023 were:

- Group organic sales growth;
- improvement of Group adjusted EBITA margin (organic);
- Group cash conversion rate;
- improvement of Net Satisfaction Score; and
- Schneider Sustainability Impact.

Long-term incentive plans

During the last three financial years, 497,792 Performance shares have been allocated to the Group Senior Management, excluding Corporate Officers. No stock options and no Stock Appreciation Rights (SARs) have been granted during the last three financial years.

In 2023, Performance shares were allocated under the 2023 Long-term incentive plan 42.

Pension benefits

Schneider Electric's policy concerning pension benefits states that:

- the Group's Senior Management who are not subject to the French Social Security System are covered by pension plan arrangements in line with local practices in their respective countries; and
- the Group's Senior Management subject to the French Social Security system, with the exception of the Corporate Officer, are covered by the additional defined-contribution pension (Article 83) plans for employees, and/or Group Senior Management. Their defined-benefit pension plan (Article 39) was canceled on March 22, 2016.

4.2 Compensation Report

4.2.5 Long-term incentive plans

Grant policy

As part of its overall staff pay policy, Schneider Electric sets up a Long-Term Incentive Plan (LTIP) every year. These plans allow the Group to ensure the competitiveness of the compensation offered by the Group, in dynamic and competitive international markets, and in sectors where the ability to attract talent is a key factor to success. These plans also aim at mobilizing Schneider Electric's management for the achievement of the Group's long-term objectives and align their interest with those of our shareholders.

The LTIPs are based on an allocation of Performance Shares. No stock options or SARs have been granted since December 2009 and the last plan of stock options implemented expired on December 31, 2019.

These plans are granted by the Board of Directors, based on the recommendation from the Human Capital & Remunerations Committee.

Beneficiaries include members of Group Senior Management, top managers, high-potential managers, and employees in all countries whose performance was judged remarkable. The grants made in 2023 are characterized by:

- a total of 4,259 beneficiaries in the 2023 LTIP (*vs.* 3,963 beneficiaries in the 2022 LTIP);
- allocations to Executive Committee members, including the Corporate Officers, represented 14.6% of the total attributions in the framework of the 2023 LTIP (*vs.* 13.9% in the framework of the 2022 LTIP); and
- 30.2% of the beneficiaries were women in the 2023 LTIP to whom 29.1% of the shares were granted (*vs.* 29.0% of women in the 2022 LTIP to whom 27.5% of the shares were granted).

Corporate Officers formally undertake, for each grant of shares, not to engage in hedging transactions until the end of their duties as executive officers.

Past share plans (as of December 31, 2023)

	LTIP 2020	LTIP 2021	LTIP 2022	LTIP 2023
Plan number	Plans 36, 37, 37bis	Plans 38, 39, 39bis, 39ter	Plans 40, 41, 41bis, 41ter	Plans 42, 43, and 43 (Czech Republic)
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019 May 5, 2022	May 5, 2022
Date of the grant by the Board	Mar. 24, 2020 Oct. 21, 2020	Mar. 25, 2021 Jul. 29, 2021 Oct. 26, 2021	Mar. 24, 2022 Jul. 27, 2022 Oct. 26, 2022	Mar. 28, 2023 May 4, 2023 Jul. 26, 2023 Oct. 25, 2023
Number of shares at grant of which:	2,216,791	1,557,170	1,423,568	1,510,001
– Jean-Pascal Tricoire	60,000	37,903	31,105	
– Peter Herweck	25,000	16,276	16,028	17,559
– Top ten employee beneficiaries	207,000	134,114	129,031	149,661
Vesting/delivery date	Mar. 24, 2023 Oct. 23, 2023	Mar. 25, 2024 Jul. 29, 2024 Oct. 26, 2024	Mar. 24, 2025 Jul. 27, 2025 Oct. 26, 2025	Mar. 28, 2026 May 4, 2026 Jul. 26, 2026 Oct. 25, 2026
End of holding period	Mar. 24, 2024 for Plan 36 (only for 18,000 shares granted to Jean-Pascal Tricoire)	Mar. 25, 2025 for Plan 38 (only for 11,371 shares granted to Jean-Pascal Tricoire)	Mar. 24, 2026 for Plan 40 (only for 9,932 shares granted to Jean-Pascal Tricoire)	May 4, 2027 for Plan 43 (only for 14,047 shares granted to Peter Herweck
Number of rights outstanding as of Dec. 31, 2022	2,013,503	1,479,719	1,402,324	N/A
Number of rights granted in 2023	N/A	N/A	N/A	1,510,001
Number of shares delivered in 2023	1,951,976	403	397	0
Number of rights canceled in 2023	61,527	77,061	67,912	21,071
Number of rights outstanding as of Dec. 31, 2023	0	1,402,255	1,334,015	1,488,930
Total number of rights outstanding as of Dec. 31, 2023	4,225,200			

LTIP 2020

Plan number	Plan 36	Plan 37	Heritages
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019
Date of the grant by the Board	Mar. 24, 2020	Mar. 24, 2020	Oct. 21, 2020
Number of shares at grant of which:	18,000	2,095,740	103,051
– Jean-Pascal Tricoire	18,000	42,000	
– Peter Herweck		25,000	
Number of rights outstanding as of Dec. 31, 2022	18,000	1,899,740	95,763
Number of shares granted in 2023	N/A	N/A	N/A
Number of shares delivered in 2023	17,408	1,843,341	91,227
Number of rights canceled in 2023	592	56,399	4,536
Number of rights outstanding as of Dec. 31, 2023	0	0	0
Vesting date/vesting period	Mar. 24, 2023 3 years	Mar. 24, 2023 3 years	Oct. 23, 2023 3 years
End of holding period	Mar. 24, 2024	N/A	N/A
Presence condition	Yes		
Performance conditions	• Yes for 70% of the shares/100% for the Corporate Officer and Executive Committee • 2020, 2021, 2022 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2022 *vs.* bespoke peer group and CAC 40 (35%) • 2020, 2021, 2022 Schneider Sustainability External and Relative Index (25%)**		
% achievement of the performance conditions	96.71%		
Detailed achievement of the performance conditions of Plans 36, 37, and 37*bis*	At its meeting of February 15, 2023, the Board of Directors assessed the achievement rate of performance criteria for Plans n° 36, 37, and 37*bis* granted in 2020 based on the Group's performance over the three-year period 2020 – 2022, and set the final rate of achievement at 96.71%, *i.e.* a reduction of 3.29% in relation to the number of shares originally granted.		

Performance conditions of Plans 36, 37, and 37*bis*		Reference period	Weight (%)	Actual achievement	Pay-out rate	Weighted pay-out rate
Adjusted Earnings per Share (EPS) improvement rate		2020	13.33%	-4.66%	0.00%	37.75%
		2021	13.33%	31.77%	100.00%	
		2022	13.33%	13.13%	100.00%	
Relative Total Shareholder Return (TSR)	*vs.* CAC 40 companies	2020 – 2022	17.50%	6th rank	113.33%*	17.50%*
	vs. panel of peer companies	2020 – 2022	17.50%	3rd rank	150.00%*	17.50%*
Schneider Sustainability External and Relative Index (SSERI)**		2020	8.33%	100.00%	100.00%	23.96%
		2021	8.33%	87.50%	87.50%	
		2022	8.33%	100.00%	100.00%	
Total			**100%**			**96.71%**

* The over-performance of the two relative TSR performance condition off-set the under-performance of the Adjusted Earnings per Share (EPS) improvement condition (for 11.08%).

** Plan rules n° 36, 37, and 37*bis* have been modified to replace FTSE4GOOD, which is decommissioned, by Ecovadis for 2021 and 2022.

4.2 Compensation Report

LTIP 2021

Performance bond Plans 38, 39, 39*bis* and 39*ter*		Reference per GC	Weight (%)	Actual achievement	Payout (%)	Weighted pay-out (%)
Adjusted Earnings per Share (EPS) improvement rate		2021	13.33%	31.77%	100.00%	40.00%
		2022	13.33%	13.13%	100.00%	
		2023	13.33%	16.50%	100.00%	
Relative Total Shareholder Return (TSR)	*vs.* CAC 40 companies	2021 – 2023	17.50%	22nd rank	0.00%	0.00%
	vs. panel of peer companies	2021 – 2023	17.50%	3rd rank	150.00%	17.50%*
Schneider Sustainability External and Relative Index (SSERI)		2021	8.33%	87.50%	87.50%	23.96%
		2022	8.33%	100.00%	100.00%	
		2023	8.33%	100.00%	100.00%	
Total			**100%**			**81.46%**

* The relative TSR criterion delivered an over performance but considering the full achievement of the EPS criterion, no off-setting mechanism was used for the 2021 LTIP.

	Plan 38	Plan 39	Plan 39*bis*	Plan 39*ter*
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019	Apr. 25, 2019
Date of the grant by the Board	Mar. 25, 2021	Mar. 25, 2021	Jul. 29, 2021	Oct. 26, 2021
Number of shares at grant of which: – Jean-Pascal Tricoire – Peter Herweck	11,371 11,371	1,463,997 26,532 16,276	48,720	33,082
Number of rights outstanding as of Dec. 31, 2022	11,371	1,388,697	47,150	32,301
Number of shares granted in 2023	N/A	N/A	N/A	N/A
Number of shares delivered in 2023	0	403	0	0
Number of rights canceled in 2023	0	75,461	1,600	0
Number of rights outstanding as of Dec. 31, 2023	11,371	1,313,033	45,550	32,301
Vesting date/vesting period	Mar. 25, 2024 3 years	Mar. 25, 2024 3 years	Jul. 29, 2024 3 years	Oct. 26, 2024 3 years
End of holding period	Mar. 25, 2025	N/A	N/A	N/A
Presence condition	Yes			
Performance conditions	• Yes for 70% of the shares/100% for the Corporate Officer and Executive Committee • 2021, 2022, 2023 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2023 *vs.* bespoke peer group and CAC 40 (35%) • 2021, 2022, 2023 Schneider Sustainability External and Relative Index (25%)			
Achievement of the performance conditions	81.46%			
Detailed achievement of the Performance conditions of Plans 38, 39, 39*bis*, and 39*ter*	The Board of Directors at its meeting of February 14, 2024 as well as the Chief Executive Officer on March 1, 2024 pursuant to the delegation of powers granted by the Board of Directors on February 14, 2024 assessed the achievement rate of performance criteria for Plans n° 38, 39, 39*bis*, and 39*ter* granted in 2021 based on the Group's performance over the three-year period 2021 – 2023, and set the final rate of achievement at 81.46%, *i.e.* a reduction of 18.54% in relation to the number of shares originally granted.			

LTIP 2022

Plan number	Plan 1C	Plan 2A	Plan 2Abis	Plan 2Ater
Date of Annual Shareholders' Meeting	Apr. 25, 2019	Apr. 25, 2019	May 5, 2022	May 5, 2022
Date of the grant by the Board	Mar. 24, 2022	Mar. 24, 2022	Jul. 27, 2022	Oct. 26, 2022
Number of shares at grant of which: – Jean-Pascal Tricoire – Peter Herweck	9,332 9,332	1,321,546 21,773 16,028	67,590	25,090
Number of rights outstanding as of Dec. 31, 2022	9,332	1,300,312	67,590	25,090
Number of shares granted in 2023	0	0	0	0
Number of shares delivered in 2023	0	397	0	0
Number of rights canceled in 2023	0	65,011	1,950	951
Number of rights outstanding as of Dec. 31, 2023	9,332	1,234,904	65,640	24,139
Vesting date/vesting period	Mar. 24, 2025 3 years	Mar. 24, 2025 3 years	Jul. 27, 2025 3 years	Oct. 26, 2025 3 years
End of holding period	Mar. 24, 2026	N/A	N/A	N/A
Presence condition	Yes			
Performance conditions	• Yes for 70% of the shares/100% for the Corporate Officer and Executive Committee • 2022, 2023, 2024 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2024 *vs.* bespoke peer group and CAC 40 (35%) • 2022, 2023, 2024 Schneider Sustainability External and Relative Index (25%)			
Achievement of the performance conditions	To be assessed by the Board of Directors in February 2025			

LTIP 2023

Plan number	Plan 1C	Plan 2A	Plan 2Abis	Plan 2Ater	Plan 2Quater
Date of Annual Shareholders' Meeting	May 5, 2022	May 5, 2022	May 5, 2022	May 5, 2022	May 5, 2022
Date of the grant by the Board	Mar. 28, 2023	May 4, 2023	May 4, 2023	Jul. 26, 2023	Oct. 25, 2023
Number of shares at grant of which: – Peter Herweck	1,414,309	14,047 14,047	3,512 3,512	47,528	30,605
Number of rights outstanding as of Dec. 31, 2022	N/A	N/A	N/A	N/A	N/A
Number of shares granted in 2023	1,414,309	14,047	3,512	47,528	30,605
Number of shares delivered in 2023	0	0	0	0	0
Number of rights canceled in 2023	20,958	0	0	113	0
Number of rights outstanding as of Dec. 31, 2023	1,393,351	14,047	3,512	47,415	30,605
Vesting date/vesting period	Mar. 28, 2026 3 years	May 4, 2026 3 years	May 4, 2026 3 years	Jul. 26, 2026 3 years	Oct. 25, 2026 3 years
End of holding period	N/A	May 4, 2027	N/A	N/A	N/A
Presence condition	Yes				
Performance conditions	• Yes for 70% of the shares/100% for the Corporate Officer and Executive Committee • 2023, 2024, 2025 Adjusted EPS improvement average achievement rate (40%) • TSR ranking at end of 2025 *vs.* bespoke peer group and CAC 40 (35%) • 2023, 2024, 2025 Schneider Sustainability External and Relative Index (25%)				
Achievement of the Performance conditions	To be assessed by the Board of Directors in February 2026				

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Consolidated financial statements at December 31, 2023

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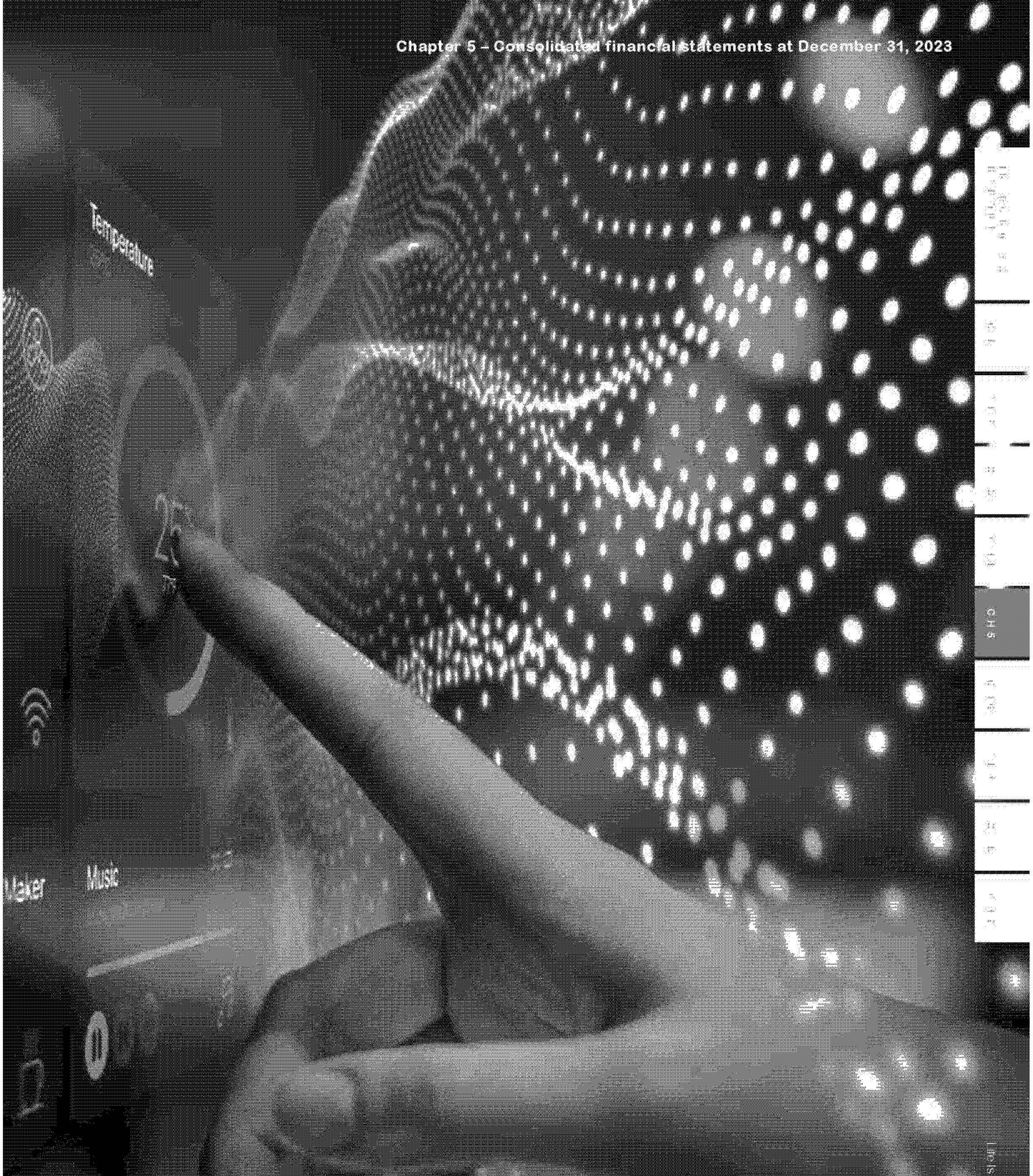
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Temperature
Music

5.1 Consolidated statement of income

(in millions of euros except for earnings per share)	Note	Full Year 2023	Full Year 2022
Revenue	3	**35,902**	**34,176**
Cost of sales		(20,890)	(20,300)
Gross profit		**15,012**	**13,876**
Research and development	4	(1,168)	(1,040)
Selling, general and administrative expenses		(7,432)	(6,819)
Adjusted EBITA *	3	**6,412**	**6,017**
Other operating income and expenses	6	98	(433)
Restructuring costs		(147)	(227)
EBITA **		**6,363**	**5,357**
Amortization and impairment of purchase accounting intangibles	5	(430)	(424)
Operating income		**5,933**	**4,933**
Interest income		79	24
Interest expense		(387)	(130)
Finance costs, net		**(308)**	**(106)**
Other financial income and expense	7	(222)	(109)
Net financial income/(loss)		**(530)**	**(215)**
Profit from continuing operations before income tax		**5,403**	**4,718**
Income tax expense	8	(1,285)	(1,211)
Share of profit/(loss) of associates	12	51	29
PROFIT FOR THE YEAR		**4,169**	**3,536**
attributable to owners of the parent		*4,003*	*3,477*
attributable to non-controlling interests		*166*	*59*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	19	7.15	6.23
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	19	7.07	6.15

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

The accompanying notes are an integral part of the consolidated financial statements.

Other comprehensive income

(in millions of euros)	Note	Full Year 2023	Full Year 2022
Profit for the year		**4,169**	**3,536**
Other comprehensive income:			
Translation adjustment		(1,034)	631
Revaluation of assets and liabilities due to hyperinflation		31	44
Cash-flow hedges		(46)	36
Income tax effect of cash flow hedges	19	6	(4)
Gains and losses recorded in equity with recycling		**(1,043)**	**707**
Net gains/(losses) on financial assets		20	(8)
Income tax effect of gains/(losses) on financial assets	19	(6)	2
Actuarial gains/(losses) on defined benefit plans	20	(119)	137
Income tax effect of actuarial gains/(losses) on defined benefit plans	19	69	(25)
Gains and losses recorded in equity with no recycling		**(36)**	**106**
Other comprehensive income for the year, net of tax		**(1,079)**	**813**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,090**	**4,349**
attributable to owners of the parent		*2,950*	*4,284*
attributable to non-controlling interests		*140*	*65*

The accompanying notes are an integral part of the consolidated financial statements.

5.2 Consolidated statement of cash flows

(in millions of euros)	Note	Full Year 2023	Full Year 2022
Profit for the year		**4,169**	**3,536**
Share of (profit)/losses of associates		(51)	(29)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	743	750
Amortization of intangible assets other than goodwill	10	717	732
Impairment losses on non-current assets		60	61
Increase/(decrease) in provisions	21	87	32
Losses/(gains) on disposals of business and assets		(252)	70
Difference between tax paid and tax expense		(164)	139
Other non-cash adjustments		220	102
Net cash provided by operating activities		**5,529**	**5,393**
Decrease/(increase) in accounts receivable		62	(305)
Decrease/(increase) in inventories and work in progress		(382)	(553)
(Decrease)/increase in accounts payable		493	73
Decrease/(increase) in other current assets and liabilities		205	(254)
Change in working capital requirement		**378**	**(1,039)**
TOTAL I – CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**5,907**	**4,354**
Purchases of property, plant and equipment	11	(914)	(707)
Proceeds from disposals of property, plant and equipment		52	69
Purchases of intangible assets	10	(451)	(386)
Net cash used by investment in operating assets		**(1,313)**	**(1,024)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	611	(297)
Other long-term investments		(89)	40
Increase in long-term pension assets	20	(257)	(130)
Sub-total		**265**	**(387)**
TOTAL II – CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(1,048)**	**(1,411)**
Issuance of bonds	22	3,509	1,092
Repayment of bonds	22	(1,299)	(829)
Sale/(purchase) of treasury shares		(703)	(219)
Increase/(decrease) in other financial debt		939	143
Increase/(decrease) of share capital	19	284	208
Transaction with non-controlling interests*	2	(4,702)	(73)
Dividends paid to Schneider Electric's shareholders	19	(1,767)	(1,618)
Dividends paid to non-controlling interests		(84)	(157)
TOTAL III – CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(3,823)**	**(1,453)**
TOTAL IV – NET FOREIGN EXCHANGE DIFFERENCE		**(240)**	**(70)**
TOTAL V – IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(4)**	**(20)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**792**	**1,400**
Net cash and cash equivalents, beginning of the year	18	3,863	2,463
Increase/(decrease) in cash and cash equivalents		792	1,400
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	**18**	**4,654**	**3,863**

* *In 2023, transactions with non-controlling interests mainly relate to the purchase of AVI-VAs non-controlling interests.*

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Assets

(in millions of euros)	Notes	Dec. 31, 2023	Dec. 31, 2022
NON-CURRENT ASSETS:			
Goodwill, net	9	24,664	25,136
Intangible assets, net	10	5,837	6,373
Property, plant and equipment, net	11	4,209	3,935
Investments in associates and joint ventures	12	1,208	1,241
Non-current financial assets	13	1,245	1,125
Deferred tax assets	14	1,636	1,616
TOTAL NON-CURRENT ASSETS		**38,797**	**39,426**
CURRENT ASSETS:			
Inventories and work in progress	15	4,519	4,346
Trade and other operating receivables	16	8,388	7,514
Other receivables and prepaid expenses	17	2,290	2,156
Cash and cash equivalents	18	4,696	3,986
TOTAL CURRENT ASSETS		**19,893**	**18,002**
Assets held for sale	2	209	940
TOTAL ASSETS		**58,899**	**58,368**

The accompanying notes are an integral part of the consolidated financial statements.

5.3 Consolidated balance sheet

Liabilities

(in millions of euros)	Note	Dec. 31, 2023	Dec. 31, 2022
EQUITY:	19		
Share capital		2,291	2,284
Additional paid in capital		2,937	2,660
Retained earnings		21,528	19,812
Translation reserve		(294)	683
Equity attributable to owners of the parent		**26,462**	**25,439**
Non-controlling interests		706	655
TOTAL EQUITY		**27,168**	**26,094**
NON-CURRENT LIABILITIES:			
Pensions and other post-employment benefit obligations	20	1,069	1,186
Other non-current provisions	21	959	994
Non-current financial liabilities	22	11,592	7,330
Non-current purchase commitments over non-controlling interests	22	50	194
Deferred tax liabilities	14	703	885
Other non-current liabilities		848	865
TOTAL NON-CURRENT LIABILITIES		**15,221**	**11,454**
CURRENT LIABILITIES:			
Trade and other operating payables		7,596	6,254
Accrued taxes and payroll costs		4,013	3,787
Current provisions	21	1,061	1,036
Other current liabilities		1,379	1,887
Current financial liabilities	22	2,341	3,133
Current purchase commitments over non-controlling interests	22	80	4,554
TOTAL CURRENT LIABILITIES		**16,470**	**20,651**
Liabilities held for sale	2	40	169
TOTAL EQUITY AND LIABILITIES		**58,899**	**58,368**

The accompanying notes are an integral part of the consolidated financial statements.

5.4 Consolidated statement of changes in equity

(*) (millions of euros)	Number of shares (thousands)	Capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total
Dec. 31, 2021	**569,033**	**2,276**	**2,456**	**19,694**	**14**	**24,440**	**3,669**	**28,109**
Profit for the year	–	–	–	3,477	–	3,477	59	3,536
Other comprehensive income	–	–	–	138	669	807	6	813
Comprehensive income for the year	**–**	**–**	**–**	**3,615**	**669**	**4,284**	**65**	**4,349**
Capital increase	2,060	8	204	–	–	212	–	212
Dividends	–	–	–	(1,618)	–	(1,618)	(157)	(1,775)
Purchase of treasury shares	–	–	–	(219)	–	(219)	–	(219)
Share-based compensation expense	–	–	–	161	–	161	23	184
AVEVA minority interest buy out	–	–	–	(1,881)	–	(1,881)	(2,907)	(4,788)
IAS 29 Hyperinflation	–	–	–	53	–	53	–	53
Other	–	–	–	7	–	7	(38)	(31)
Dec. 31, 2022	**571,093**	**2,284**	**2,660**	**19,812**	**683**	**25,439**	**655**	**26,094**
Profit for the year	–	–	–	4,003	–	4,003	166	4,169
Other comprehensive income	–	–	–	(76)	(977)	(1,053)	(26)	(1,079)
Comprehensive income for the year	**–**	**–**	**–**	**3,927**	**(977)**	**2,950**	**140**	**3,090**
Capital increase	1,743	7	277	–	–	284	–	284
Dividends	–	–	–	(1,767)	–	(1,767)	(84)	(1,851)
Purchase of treasury shares	–	–	–	(703)	–	(703)	–	(703)
Share-based compensation expense	–	–	–	196	–	196	–	196
IAS 29 Hyperinflation	–	–	–	68	–	68	–	68
Other	–	–	–	(5)	–	(5)	(5)	(10)
Dec. 31, 2023	**572,836**	**2,291**	**2,937**	**21,528**	**(294)**	**26,462**	**706**	**27,168**

The accompanying notes are an integral part of the consolidated financial statements.

5.5 Notes to the consolidated financial statements

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The following notes are an integral part of the consolidated financial statements.

The Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2023 were authorized for issue by the Board of Directors on February 14, 2024. They will be submitted to shareholders for approval at the Annual General Meeting of May 23, 2024.

The Group's main businesses are described in Chapter 1 of the Universal Registration Document.

Note 1: Summary of accounting policies

1.1 – Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2023. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2022.

The IFRS standards and interpretations as adopted by the European Union are available at the following website: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting

Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2023

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2023:

- Amendments to IAS 12 – *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;*
- Amendments to IAS 12 – *Income taxes: International Tax Reform – Pillar Two Model Rules;*
- Amendments to IAS 1 – *Presentation of Financial Statements: IFRS Practice Statement 2: Disclosure of Accounting policies;*
- Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;*
- IFRS 17 and amendments – *Insurance Contracts.*

Standards, interpretations and amendments unendorsed by the European Union as of December 31, 2023 or whose application is not mandatory as of January 1, 2023

- Amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability;*
- Amendments to IAS 7 – *Statement of Cash Flows and IFRS 7 - Financial Instruments; Disclosures on Supplier Finance Arrangements;*
- Amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Deferral of Effective Date; Non-current Liabilities with Covenants;*
- Amendments to IFRS 16 – *Leases: Lease Liability in a Sale and Leaseback.*

The Group is currently assessing the potential effect on the Group's consolidated financial statements of the standards not yet applicable as of December 31, 2023. At this stage of analysis, the Group does not expect any material impact on its consolidated financial statements.

Climate-related matters

The potential impacts on the Group's assets and liabilities measurement as well as on significant judgements and estimates, from the climate-related matters, have been analyzed through both climate transition risk and opportunities, physical risks perspective and carbon neutral external commitments perspective. The Group is committed to be carbon neutral in its operations by 2025, net-zero CO_2 emissions in its operation by 2030, will be carbon neutral along the whole of its value chain by 2040 and net zero along the whole value chain by 2050. Those objectives are concretely declined in the Group's Sustainability strategy through the SSI and SSE programs that are externally reported respectively on a quarterly and annually basis.

To achieve its emission reduction objectives and meet net zero commitments taken, the Group has defined a roadmap and key actions to enable both its own operations and supply chain's decarbonization, leading to direct consequences on processes, site transition, R&D and investment priorities:

- Redesign of the investment monitoring and approval tool in December 2022 to support internal and external reporting, monitor investments allowing our sites to transition to Zero-CO_2 sites and prioritize low-carbon investments. In 2023, trainings and change management have been performed to ensure adoption.
- Significant investments on both industrial processes (sites electrification) and real estate portfolio (EV chargers installation) planned to decarbonize operations by 2030 (scopes 1 & 2) in line with company-wide energy climate targets (150 Zero-CO_2 sites by 2025, double energy productivity by 2030, 100% of electricity from renewables by 2030, shift 100% of corporate vehicle fleet to electric vehicles by 2030). Specifically on manufacturing and distribution centers, the Group has defined a priority list and planned to invest progressively on more electrification, sustainable and efficient systems (heatpumps, microgrids, solar panels, thermal insulation...) between 2024 and 2030 to achieve net-zero ready operations by 2030.
- Implementation of a process to follow carbon footprint evolution at an early stage of new product development to reduce the footprint of future generations of products. The Group committed on a step up in R&D in coming years, from an existing circa 5% of Group revenues dedicated to strategic R&D investment to a future circa 7%, with a strong focus on sustainability. Around 8 billion of euros (absolute amount) have been invested in R&D between 2017 and 2022.

5.5 Notes to the consolidated financial statements

The actual and potential financial links and effects of the Group's external commitments or the specific climate risks identified are detailed as follows:

- The Group has performed an evaluation of physical risks on its sites with an independent expert. No material impact to disclose, notably on evaluation and useful life of tangible assets or in the impairment tests performed at Group Level. The Group is not a capital-intensive company, majority of its sites are leased and not owned, and the individual residual value of its tangible assets in the most at-risk locations is not material. Additionally, the multi hub position of the Group with agile capacity to relocate its production in case of climate disaster is a way to significantly mitigate risks and potential effects. Also, the Group has a low dependence on water in its production processes, and its sites are slightly located in flood zones or coastal zones. Finally, the Group is on an opportunistic position regarding world's desire for electrification & other company's net zero commitments. In 2023, the Group has worked on quantifying investments and additional costs, as well as opportunities to achieve long-term net zero carbon commitments, taking into consideration several scenarios in order to integrate them into the Group's impairment tests. The Group has not identified any risk of impairment at December 2023.
- 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 for the the 64,000 employees, which benefit from such compensation (20% weight). 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 (25% weight).
- To further tie climate-related issues to financial planning, Schneider successfully launched the first-ever sustainability-linked convertible bonds in 2020. This bond has been linked to three SSI targets by including the objective to save and avoid 800 million tons of CO_2 on the customers' end by 2025. In 2022, the Group has also linked its bank fundings with the SSI performance with the signature of a KPIs linked facility.

1.2 – Basis of presentation

The financial statements have been prepared on a historical cost basis, except for the following:

- derivative instruments and certain financial assets, measured at fair value;
- assets held for sale - measured at the lower of carrying amount and fair value less costs to sell;
- defined benefit pension plans - plan assets measured at fair value.

Financial liabilities are measured using the amortized cost model. The book value of hedged assets and liabilities, under fair-value hedge, corresponds to their fair value, for the part corresponding to the hedged risk.

1.3 – Use of estimates and assumptions

The preparation of financial statements requires the Group management and subsidiaries to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, revenues and expenses in the statement of income and the commitments created during the reporting period. Actual results may differ.

These assumptions and estimates mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (Note 1.8 and 1.9) and the measurement of impairment losses (Note 1.11);
- the measurement of the recoverable amount of non-current financial assets (Note 1.12 and 13);
- the realizable value of inventories and work in progress (Note 1.13);
- the recoverable amount of trade and other operating receivables (Note 1.14);
- the valuation of share-based payments (Note 1.20);
- the calculation of provisions or risk contingencies (Note 1.21);
- the measurement of pension and other post-employment benefit obligations (Note 1.19 and Note 20);
- the recoverability of deferred tax assets (Note 14);
- the measurement of provisions covering uncertainties over income tax treatment (Note 1.21);
- the estimation of the margin at completion for Construction contracts (Note 1.24);
- the assumptions retained to evaluate the lease liability (IFRS 16): lease term and discount rate (Note 1.10).

1.4 – Consolidation principles

Subsidiaries, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Accounting policies of subsidiaries, joint-venture and associates have been changed when necessary to ensure consistency with the policies adopted by the Group.

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and companies over which the Group has significant influence ("associates") are accounted for by the equity method. Significant influence is presumed to exist when more than 20% of voting rights are held by the Group.

Under equity method, the net assets and net result of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in a joint venture or an associate, goodwill relating to the joint venture or the associate is included in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceed its interest in the entity, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Any acquisition or disposal of an interest in a subsidiary that doesn't change the control is considered as a shareholder transaction and must be recognized directly in equity.

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners.

Intra-group transactions and balances are eliminated.

The list of consolidated main subsidiaries, joint ventures and associates can be found in Note 29.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain immaterial associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.5 – Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 - Business Combinations. Acquisition costs are presented under "Other operating income and expenses" in the statement of income.

All acquired assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date, the fair value can be adjusted during a measurement period that can last for up to 12 months from the date of acquisition.

The differential between the cost of acquisition excluding acquisition expenses and the Group's share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. When the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the badwill is immediately recognized in the statement of income.

Goodwill is allocated to Cash-Generating Units (CGUs) or groups of cash-generating units that benefit from business combination synergies.

Goodwill is not amortized but tested for impairment at least annually and whenever there is an indication that it may be impaired (see Note 1.11 below). Any impairment losses are recognized under "Amortization and impairment of purchase accounting intangible".

The full goodwill method is applied at Group level, therefore, non-controlling interests are valued at fair value.

In accordance with IAS 32, put options granted to minority shareholders are recorded as financial liabilities at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from "Non-controlling interests" to "Purchase commitments over non-controlling interests" and the differential between the value of the non-controlling interests and the liability, corresponding to the commitment, is recorded in equity.

1.6 – Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- assets and liabilities are translated at the official closing rates;
- income statement, backlog and cash flow items are translated at average annual exchange rates.

The functional currency of an entity is the currency of the primary economic environment in which it carries out its operations. In most cases, the functional currency corresponds to the local currency. However, a functional currency other than the local currency can be retained for certain entities, if it represents the currency of the main transactions carried out by the entity and that it ensures faithful representation of its economic environment.

Translation adjustments are recorded in consolidated equity under "Translation reserve".

Upon exit from the scope of consolidation, the cumulative translation reserve of a company whose functional currency is not the euro are recycled in the income statement and are part of the gain or loss on disposal.

5.5 Notes to the consolidated financial statements

The Group applies IAS 29 - Financial Reporting in Hyperinflationary Economies to the Group's subsidiaries in countries with hyperinflationary economies (Argentina and Türkiye). IAS 29 - Financial Reporting in Hyperinflationary Economies requires the non-monetary assets and liabilities and income statements of countries with hyperinflationary economies to be restated to reflect the changes in the general purchasing power of their functional currency, thereby generating a profit or loss on the net monetary position which is recognized in net income within "Other financial income and expenses". In addition, the financial statements of the subsidiaries in these countries are translated at the closing exchange rate of the reporting period concerned, in accordance with IAS 21. In 2023, all the necessary conditions were met to consider Türkiye and Argentina as a hyperinflationary country within the meaning of IFRS. The Group has applied IAS 29 to Argentina in its financial statements from January 1, 2018 and to Türkiye in its financial statements from January 1, 2022. The Group used the Consumer Price Index (CPI) for both Argentina and Türkiye to remeasure its income statement items, cash flows and non-monetary assets and liabilities. This index was up 211% for Argentina and up 65% for Türkiye between December 2022 and December 2023.

1.7 – Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate in effect at the transaction date or at the hedging rate. At the balance sheet date, monetary items in foreign currency (e.g. payables, receivables, etc.) are translated into the functional currency of the entity at the closing rate or at the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under "Net financial income/ (loss)". Foreign currency hedging is described below, in Note 1.23.

However, certain long-term receivables and loans to subsidiaries are considered to be part of a net investment in a foreign operation, as defined by IAS 21 - The Effects of Changes in Foreign Exchange Rates. As such, the impact of exchange rate fluctuations is recorded in equity and recognized in the statement of income when the investment is sold or when the long-term receivable or loan is reimbursed.

1.8 – Intangible assets

Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the amortized cost model.

Intangible assets (mainly trademarks, technologies and customer relationships) acquired as part of business combinations are recognized in the balance sheet at fair value at the combination date, appraised externally for the most significant assets and internally for the rest, and that represents its historical cost in consolidation. The valuations are performed using generally accepted methods, based on future inflows.

Intangible assets are generally amortized on a straight-line basis over their useful life or, alternatively, over the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Amortization expenses and impairment losses on intangible assets acquired in a business combination are presented on a separate statement of income line item, "Amortization and impairment of purchase accounting intangible" assets.

Trademarks

The trademarks are recognized at fair value at the acquisition date. The trademarks fair value is determined using the relief from royalty method.

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group's strategy for integrating the trademark into its existing portfolio.

Indefinite-lived trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

Internally generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred. Development costs for new projects are capitalized if, and only if:

- the project is clearly identified and the related costs are separately identified and reliably monitored;
- the project's technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Before the commercial launch, capitalized development projects are tested for impairment at least annually. From the date of the commercial launch, capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from three to ten years. The amortization expenses of such capitalized projects are included in the cost of the related products and classified into "Cost of sales" when the products are sold.

As for development-related assets which are in the amortization period, they are tested for impairment in case an impairment risk has been identified.

Software implementation

External and internal costs relating to the implementation of Enterprise Resource Planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications' useful lives.

1.9 – Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Each component of an item of property, plant and equipment with a useful life that differs from that of the whole item is depreciated separately on a straight-line basis. The main useful lives are as follows:

- buildings: 20 to 40 years;
- machinery and equipment: 3 to 10 years;
- other: 3 to 12 years.

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products' estimated life cycles.

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate. The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is expensed in the period and included in the production cost of inventory or the cost of internally generated intangible assets. It is recognized in the statement of income under "Cost of sales", "Research and development costs" or "Selling, general and administrative expenses", as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may be impaired. Impairment losses are charged to the statement of income under "Other operating income and expenses".

Since 2019, property, plant and equipment also includes right-of-use assets, in accordance with the recommended treatment in IFRS 16 Leases, and as described in the following note.

1.10 – Leases

Scope of the Group's contracts

The lease contracts identified within all the Group entities fall under the following categories:

- real estate: office buildings, factories, and warehouses;
- vehicles: cars and trucks;
- forklifts used mainly in factories or storage warehouses.

The Group has retained the exemption for low-value assets (i.e. assets with a cost lower than USD 5,000). Thus, the defined scope does not include small office or IT equipment, mobile phones or other small equipment, which all correspond to low-value equipment. Short term contracts (i.e. less than 12 months without purchase option) are also exempted under the standard. In this case, for example, for occasional vehicle or accommodation rentals.

Rental obligation

At the inception date of the lease, the Group recognizes the lease liabilities, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is calculated mainly using the marginal borrowing rate of the contracting entity's country, at the contract starting date.

Rental payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate initially measured using the index or rate as at the commencement date and amounts that should be paid under residual value guarantees. Besides, the simplification allowing not to split services components has not been elected by the Group. Therefore, only the rents are taken into account in the lease payments.

5.5 Notes to the consolidated financial statements

Lease payments also include, when applicable, the exercise price of a purchase option reasonably certain to be exercised by the Group and the payment of penalties for the termination of a lease, if the term of the lease takes into account the fact that the Group has exercised the termination option.

Variable lease payments that are not dependent on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

After the start date of the contract, the amount of rental obligations is increased to reflect the increase in interest and reduced for lease payments made.

In addition, the carrying amount of the lease liabilities is revalued in the event of a reassessment or modification in the lease (e.g. change in the term of the lease, change in lease payments, application of annual indexation, etc.).

The obligation is recorded under other current and other non-current liabilities.

Right-of-use assets

The Group accounts for the assets related to the right-of-use on the lease starting date (i.e. the date on which the underlying asset is available).

Assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for the revaluation of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities, initial direct costs incurred and lease payments made on or before the effective date, minus lease inducements received. They are recognized as tangible assets, in the Balance Sheet.

Unless the Group is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the recorded right-of-use assets are depreciated using the linear method over the shortest period of time between estimated life of the underlying asset and the duration of the lease. The assets related to the right-of-use are subject to depreciation.

Determining the duration of contracts

The duration of the Group's contracts varies according to geographies.

The real estate contracts have variable durations depending on the countries and local regulations. Vehicles and forklifts are generally contracted between 3 and 6 years.

In certain geographies, the Group's real estate contracts offer unilateral options for termination of contracts (particularly in France with contracts 3-6-9).

According to the recommendation of IFRIC, on a case-by-case analysis and based on Real Estate teams' expertise, experience strategy and projects, the Group is determining the most probable duration to perform our calculations.

In most of cases, the duration chosen is the enforceable duration of the real estate contracts, in particular on the most strategic buildings and factories.

1.11 – Impairment of assets

The Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified based on external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;
- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Value in use is determined by discounting future cashflows that will be generated by the tested assets. These future cashflows are based on Group management's economic assumptions and operating forecasts presented in business plans over a period generally not exceeding five years, and then extrapolated based on a perpetuity growth rate. The discount rate corresponds to the Weighted Average Cost of Capital (WACC) at the measurement date. This rate is based on the following main assumptions:

- a long-term interest rate of 3.5%, corresponding to the interest rate for 10-year OAT treasury bonds;
- the average premium applied to financing obtained by the Group in 2023;
- the weighted country risk premium for the Group's businesses in the countries in question.

The perpetuity growth rate is 2.0%, unchanged from the previous financial year.

Impairment tests are performed at the level of CGUs (or groups of CGUs) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The groups of cash-generating units in 2022 were Low Voltage, Medium Voltage, Secure Power and Industrial Automation. In 2023, to reflect its ongoing strategy toward sustainability and digital transformation, the Group reorganized the level at which Goodwill is being monitored. Hence, the groups of CGUs in 2023 are Low Voltage, Medium Voltage, Secure Power, Sustainability, EM Software, Industrial Automation and Industrial Automation Software. This change does not modify our reporting segments. Goodwill was reallocated using relative values of groups of CGUs, similarly to disposal operations.

Net assets were allocated to the group of CGUs at the lowest possible level on the basis of the group of CGUs activities to which they belong.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions.

When the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized for the excess of the book value over the recoverable value. The recoverable value is defined as the highest value between the value in use and the selling price less costs to sell. When the tested CGU comprises goodwill, any impairment losses are firstly deducted from goodwill.

1.12 – Non-current financial assets

Investments in non-consolidated companies are initially recorded at their cost of acquisition and subsequently measured at fair value. The fair value of investments listed in an active market may be determined reliably and corresponds to the listed price at balance sheet date (Level 1 from the fair value hierarchy as per IFRS 7).

IFRS 9 standard allows two accounting treatments for equity instruments:

- change in fair value is recognized through "Other Comprehensive Income" in the comprehensive income statement, and in equity under "Other reserves" in the balance sheet, with no subsequent recycling in the income statement even upon sale;
- change in fair value, as well as gain or loss in case of sale, are recognized in the income statement.

The election between those two methods is to be made from inception for each equity investment and is irrevocable. For significant investments not listed in an active market, the valuation is performed by external experts at least annually and whenever there is an indication that it may be impaired.

Venture capital (FCPR) / Mutual funds (SICAV) are recognized at fair value through income statement, in accordance with IFRS 9.

1.13 – Inventories and work in progress

Inventories and work in progress are measured at the lower of their initial recognition cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products. Inventory impairment losses are recognized in "Cost of sales".

The cost of work in progress, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all production overheads based on normal manufacturing capacity and the portion of development costs that are directly related to the manufacturing process (corresponding to the amortization of capitalized projects in production and product and range of products maintenance costs).

1.14 – Trade and other operating receivables

Trade and other receivables are measured at their transaction price upon initial recognition and then at amortized cost less any impairment losses based on expected credit losses model.

Trade and other operating receivables are depreciated according to the simplified IFRS 9 model. From inception, trade receivables are depreciated to the extent of the expected losses over their remaining maturity.

The credit risk of trade receivables is assessed on a collective basis country by country, as the geographical origin of receivables is considered representative of their risk profile. Countries are classified by risk profile using the assessment provided by an external agency. The provision for expected credit losses is evaluated using (i) the probabilities of default communicated by a credit agency, (ii) historical default rates, (iii) aging balance, (iv) as well as the Group's assessment of the credit risk considering actual guarantees and credit insurance.

Once it is known with certainty that a doubtful receivable will not be collected, the doubtful account and its related depreciation are written off through the income statement.

Accounts receivable are discounted in cases where they are due in over one year and the discounting impact is significant.

Assignment of receivables

When it can be demonstrated that the Group has transferred substantially all the risks and benefits related to assignment of receivables, particularly the credit risk, the items concerned are derecognized. Otherwise, the operation is considered as a financing operation, and the receivables remain in the balance sheet assets, with recognition of a corresponding financial liability.

1.15 – Assets held for sale and liabilities of discontinued operations

Assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the Group takes the decision to sell them and that the sale is considered highly probable.

5.5 Notes to the consolidated financial statements

The assets and liabilities held for sale are presented on different lines of the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

When a sale involving the loss of control of the subsidiary is considered highly probable, all the assets and liabilities of this subsidiary are classified as being held for sale, independently of whether or not the Group retains a residual interest in the entity after its sale.

Discontinued operation

A discontinued operation is a clearly identifiable component that the Group either has abandoned or that is classified as held for sale:

- representing a separate major line of business or geographical area of operations;
- being part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
- being a subsidiary acquired exclusively with a view to resale.

Once the criteria are met, the profit and loss and the cash flow from discontinued operations are presented separately in the consolidated income statement and the consolidated cash flow statement for each period.

1.16 – Taxes

Income tax expense

The tax rate is calculated on the basis of the fiscal regulations enacted or substantively enacted at the fiscal year closing date in each country where the Group's companies carry out their business. The Group's applicable tax rate corresponds to the average of the theoretical tax rates in force in each country, weighted according to profit obtained in each of these countries. The average effective tax rate is calculated as follows: (current and deferred income tax expense)/(net profit before tax less share of profit of associates, and net profit from discontinued operations).

Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base (excluding if it arises from the initial recognition of goodwill), the tax loss carryforwards and the unused tax credits.

Deferred taxes are based on tax rates and tax rules that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The effect of any change in the current and deferred taxes is recognized in P&L, except to the extent that it relates to items recognized on OCI or directly in equity. In this case, the tax is also recognized in OCI or equity.

When the Group decides not to distribute profits retained by the subsidiary within the foreseeable future, no deferred tax liability is recognized.

Future tax benefits arising from the utilization of tax loss carry forwards (including amounts available for carry forward without time limit) are recognized only when they can reasonably be expected to be realized. The carrying amount of deferred tax assets is tested for impairment at each balance sheet date and an impairment loss is recognized to the extent that it is no longer probable that sufficient taxable profits will be available against which the deferred tax asset can be fully or partially offset.

Deferred tax assets and liabilities are not discounted and are recorded in the balance sheet under non-current assets and liabilities. Deferred tax assets and liabilities related to the same unit and which are expected to reverse in the same period are offset.

1.17 – Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets. Marketable securities are short-term, highly liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of bank deposits, commercial paper, mutual funds and equivalents. Considering their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.18 – Treasury shares

Schneider Electric SE shares held by the parent company or by fully consolidated companies are measured at acquisition cost and deducted from equity.

Gains/(losses) on the sale of own shares are cancelled from consolidated reserves, net of tax.

1.19 – Pensions and other employee benefit obligations

Depending on local practices and laws, the Group' subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on factors such as seniority, compensation levels and payments into mandatory retirement programs.

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. As the Group is not committed beyond these contributions, no provision related to these plans has been booked.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

IFRIC decision – Attribution of benefits to periods of service IAS 19 – Employee Benefits

The Group has taken into account the impact of the IFRIC agenda decision issued in April 2021 when measuring employee benefit obligations. This decision, without any material impact for the Group, clarifies the periods over which employee benefits should be attributed in allocating the IAS 19 expense.

Defined Benefit plans

Defined Benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating costs (for service costs rendered during the period) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, and net of plan assets. The valuation is performed by external actuaries.

When this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet as a separate component of equity in "Other reserves" and in comprehensive income as "Other comprehensive income/loss".

Past service cost is recorded in "Other operating income and expenses".

Other commitments

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for Defined Benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards for its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

1.20 – Share-based payments

The Group grants performance shares to senior executives and certain employees.

These equity instruments are measured at fair value, on the date of grant, using the market price discounted from the expected dividend yield during the vesting period and adjusted for market conditions achievement.

The Group is using the Monte Carlo method to estimate the achievement of Relative Total Shareholder Return (TSR) vs. CAC 40 and a Panel of peer companies (market conditions).

The number of equity instruments granted can be adjusted during the vesting period to reflect the Group best estimate of non-market conditions achievement.

Main non-market conditions are the following:

- Adjusted Earnings per Share (EPS) improvement rate;
- Schneider Sustainability External and Relative Index ("SSERI");
- Service conditions.

An employee benefits expense is recognized with a corresponding increase in equity on a straight-line basis over the vesting period, in general three years.

5.5 Notes to the consolidated financial statements

1.21 – Provisions and risk contingencies

A provision is recognized when it is probable that the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when the impact from discounting is significant.

Provisions are primarily set aside to cover:

- **Economic risks**: these provisions relate to probable tax risks, other than income tax related, arising on positions taken by the Group or its subsidiaries. Each position is assessed individually and not offset, and reflects the best estimate of the risk at the end of the reporting period. Where applicable, it includes any late-payment interest and fines. In accordance with IFRIC 23 - Uncertainty over income tax treatments, provisions covering uncertainties over income tax treatment are presented under "Accrued taxes and payroll costs" since 1st of January 2019;
- **Customer risks**: provisions for customer risks mainly integrate the provisions for losses at completion for some of long-term contracts. Provisions for expected losses are fully recognized as soon as they are identified;
- **Product risks**: these provisions comprise:
  - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance. The provisions are estimated with consideration of historical claim statistics and the warranty period;
  - provisions to cover disputes concerning defective products and recalls of clearly identified products.
- **Environmental risks**: these provisions are primarily funded to cover clean-up costs. The estimation of the expected future outflows is based on reports from independent experts;
- **Restructuring costs**, when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year. The estimation of the liability includes only direct expenditure arising from the restructuring.

1.22 – Financial liabilities

Financial liabilities primarily comprise bonds, commercial paper and short and long-term bank borrowings. These liabilities are initially recorded at fair value, from which any direct transaction costs are deducted. Subsequently, they are measured at amortized cost based on their effective interest rate.

1.23 – Financial instruments and derivatives

Risk hedging management is centralized. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group uses instruments such as foreign exchange forwards, foreign exchange options, cross currency swaps, interest rate swaps and commodities future, swaps or options, depending on the nature of the exposure to be hedged.

All derivatives are recorded in the balance sheet at fair value with changes in fair value recorded in the statement of income, except when they are qualified in a hedging relationship.

Cash flows from financial instruments are recognized in the consolidated statement of cash flows in a manner consistent with the underlying transactions.

Foreign currency hedges

The Group periodically enters into foreign exchange derivatives to hedge the currency risk associated with foreign currency transactions.

Whenever possible, monetary items (except specific financing items) denominated in foreign currency carried in the balance sheet of Group companies are hedged by rebalancing assets and liabilities per currency through foreign exchange spots realized with Corporate Treasury (natural hedge). The foreign exchange risk is thus aggregated at Group level and hedged with foreign exchange derivatives. When foreign exchange risk management cannot be centralized, the Group contracts foreign exchange forwards to hedge operating receivables and payables carried in the balance sheet of Group companies. In both cases, the Group does not apply hedge accounting because gains and losses generated on these foreign exchange derivatives naturally offset within "Net financial income/(loss)" with gains or losses resulting from the translation at end-of-year rates of payables and receivables denominated in foreign currency.

The Group also hedges future cash flows, including recurring future transactions and planned acquisitions or disposals of investments. In accordance with IFRS 9, these are treated as cash flow hedges. These hedging instruments are recognized at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and then recognized in the income statement when the hedged item affects profit or loss.

The Group also hedges foreign exchange risk financing receivables or payables (including current accounts and loans with subsidiaries) using foreign exchange derivatives than can be documented either in Cash Flow Hedge or Fair Value Hedge depending on the nature of the derivative.

The Group may also designate foreign exchange derivatives or borrowings as hedging instruments of its investments in foreign operations (net investment hedge). Changes of value of those hedging instruments are accumulated in equity and recognized in the statement of income symmetrically to the hedged items.

The Group qualifies foreign exchange derivative based on the spot rate. The Group adopted the cost of hedging option offered by IFRS 9 to limit volatility in the statement of income related to forward points:

- For foreign exchange derivatives hedging an item on the balance sheet: forward points are amortized in statement of income on a straight-line basis. Forward points related to foreign exchange derivatives hedging financing transactions are included in "Finance costs, net";
- For foreign exchange derivatives hedging future transactions not yet recorded on the balance sheet: Forward points are recorded in the statement of income when the hedged transaction impacts the statement of income.

Interest rate hedges

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IFRS 9 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value on the balance sheet are recognized in equity (for Cash Flow Hedges) or in profit or loss (for Fair Value Hedges).

Borrowings hedged by an interest rate derivative in a fair value hedge are revaluated at fair value for the portion of risk being hedged, with offsetting entry in the statement of income.

Cross-currency swaps may be presented as foreign exchange hedges or as interest rate hedges depending on the characteristics of the derivative.

Commodity hedges

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. According to IFRS 9, these qualify as cash flow hedges. These instruments are recognized in the balance sheet at fair value at the period-end (mark to market). The effective portion of the hedge is recognized separately in equity (under "Other reserves") and then recognized in income (gross margin) when the underlying hedge affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold.

1.24 – Revenue recognition

The Group's revenues primarily include transactional sales and revenues from services, system contracts (projects) and software.

Some contracts may include the supply to the customer of distinct goods and services (for instance contracts combining build followed by operation and maintenance). In such situations, the contract is analyzed and segmented into several components ("performance obligations"), each component being accounted for separately, with its own revenue recognition method and margin rate. The selling price is allocated to each performance obligation in proportion to the specific selling price of the underlying goods and services. This allocation should reflect the share of the price to which Schneider Electric expects to be entitled in exchange for the supply of these goods or services.

Revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e. when the control of the promised goods or services is transferred to the customer.

The following revenue recognition methods can be applied:

Recognition of revenue at a point of time

Revenue from sales is recognized at a point of time, when the control of the promised goods or services is transferred to the customer. This method is applicable for all transactional sales and for specific services such as spare parts deliveries, or on-demand services.

Recognition of revenue over time

To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- the goods sold have no alternative use, and
- enforceable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date exists, in the event of early termination for convenience by the customer.

When these criteria are fulfilled, revenue is recognized using the percentage-of-completion method, based on the percentage of costs incurred in relation to total estimated costs of the performance obligation. The cost incurred includes direct and indirect costs relating to the contracts.

Expected losses on contracts are fully recognized as soon as they are identified.

Penalties for late delivery or for the improper execution of a contract are recognized as a deduction from revenue.

This method is applicable for systems contracts (projects) as the constructed assets are highly customized, and thus the Group would incur significant economic losses to redirect the built solutions to other customers.

5.5 Notes to the consolidated financial statements

Revenue from most services contracts is recognized over time, as the customer simultaneously receives and consumes the benefits of the services provided. When costs incurred are stable over the contract's period, revenue is linearized over the contract's length.

Provisions for the discounts offered to distributors are accrued when the products are sold to the distributor and recognized as a deduction from revenue. Certain Group' subsidiaries also offer cash discounts to distributors. These discounts and rebates are deducted from sales.

Consolidated revenue is presented net of these discounts and rebates.

Recognition of software revenue

The group generates software-related revenue mainly through subscriptions, licenses, maintenance and services. Revenue is recognized upon transfer of control of the promised software or service to the customers.

- Subscriptions contracts are either:
  - SaaS (Software as a Service: remote access to a cloud software solution, hosting and services) contracts, which are recognized linearly over the contract term;
  - On premise subscriptions: containing two separate performance obligations pertaining to on premise software license and maintenance, the revenue from such arrangements is recognized in line with revenue from arrangements with multiple performance obligations.
- Software license revenue represents fees earned from granting customers licenses to use the Group's software. It includes license revenue of perpetual and periodic license sales of software products and is recognized at a point in time when control is transferred to the client.
- Maintenance includes annual fees as well as separate support and maintenance contracts. Revenue is recognized over time on a straight-line basis over the period of the contract.
- Services include notably setup services, training services, customization services. Revenue from these services is recognized over time as the services are performed.

Backlog and balance sheet presentation

Backlog (as disclosed in Note 3) corresponds to the amount of the selling price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at closing date and includes binding contracts only.

The cumulated amount of revenue accounted for, less progress payments and accounts receivable (presented on a dedicated line of the balance sheet) is determined on a contract-by-contract basis. If this amount is positive, the balance is recognized under "contract assets" in the balance sheet. If it is negative, the balance is recognized under "contract liabilities" (see Note 16). Reserves for onerous contracts (so called reserves for loss at completion) are excluded from contract assets and liabilities and presented among the "provisions for customer risks" item.

1.25 – Earnings per share

Earnings per share are calculated in accordance with IAS 33 - Earnings Per Share.

Diluted earnings per share are calculated by adjusting profit attributable to equity holders of the parent and the weighted average number of shares outstanding for the dilutive effect of performance shares outstanding at the balance sheet date. The dilutive effect of performance shares is determined by applying the "treasury stock" method.

1.26 – Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, net of bank overdrafts and facilities.

1.27 – Other operating income and expenses

Material non-recurring operations that could affect operating performance readability are classified under "Other operating income and expenses".

They notably include:

- gains or losses from the disposal of activities or groups of assets;
- costs in relation with acquisitions or separation (advisors' fee, costs from external experts involved in the due diligence process);
- costs in relation with integration (one-off costs expensed in the next three years after acquisition, in relation with upgrade or modification of existing IT systems, to reach the Group standards);
- significant provisions and impairment losses for property, plant and equipment and intangible assets;
- provisions or costs relating to significant legal risks or litigations;
- gain or loss related to the amendment, curtailment or settlement of a defined benefit plan.

1.28 – Other financial income and expense

Other financial income and expenses notably include:

- Bank commissions;
- Factoring fees.

Note 2: Changes in the scope of consolidation

The list of main consolidated companies can be found in Note 29.

2.1 – Scope variations

Main acquisitions of the period

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the Board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement (the Scheme), under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,554 million) as of December 31, 2022). The recognition of this liability triggered an immediate reduction in non-controlling interests and in the group share of equity.

On January 18, 2023, following the deliverance of the UK Court Order to the Registrar of Companies, the Scheme (acquisition by the Group of the outstanding AVEVA shares not already owned) became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023.

The financial liability was settled in cash on January 31, 2023 for GBP 4,055 million (EUR 4,610 million at the foreign exchange closing rate incurred on January 31, 2023) including stamp duties. The Group's transaction cash out, including EUR 71 million legal fees paid, was presented under the financing section of the cash flow statement and amounted to EUR 4,681 million.

In the context of this transaction, the Group also incurred, through hedging schemes, a negative impact on cash for EUR 106 million.

EcoAct

On November 2, 2023, the Group acquired 100% of the capital of EcoAct SAS ("EcoAct"), an international leader in climate consulting and net zero solutions headquartered in Paris, France. EcoAct will be reported within the Energy management reporting segment.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2023.

Main divestments of the period

Transformer plants in Poland and Türkiye

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and Türkiye to Cahors Group, an international company specializing in energy distribution, headquartered in France. The businesses had around 800 employees and were reported within the Energy management reporting segment up until disposal effective date.

As of December 31, 2022, net assets were already measured at fair value less costs to sell, leading to no impact from the divestment in the consolidated statement of income of the period.

VinZero

On May 31, 2023, the Group closed the transaction for the disposal of RIB Software's VinZero business to a European corporate. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator, and manufacturing organizations providing value-add services and consulting. The business was reported within the Energy management reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

Gutor

On August 2, 2023, the Group closed the transaction for the disposal of Gutor Electronics' operations to Latour Capital, a French private equity investor. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor was reported within the Energy management reporting segment up until disposal effective date.

Telemecanique Sensors

On October 31, 2023, the Group closed the transaction for the disposal of its industrial sensors business, Telemecanique Sensors, to YAGEO. As part of the transaction, the Group granted YAGEO a license to use Telemecanique Sensors trademark. The all-cash transaction valued Telemecanique Sensors at EUR 723 million (Enterprise Value). Telemecanique Sensors was reported within the Industrial Automation reporting segment up until disposal effective date.

5.5 Notes to the consolidated financial statements

Follow-up on acquisitions and divestments transacted in 2022 with effect in 2023

EV Connect Inc.

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. and now reports within Energy Management reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

In November 2023, the Group purchased 3.88% of non-controlling interests which raised its stake in EV Connect Inc. at 99.4%.

The purchase accounting as per IFRS 3R is completed as of December 31, 2023. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 255 million goodwill at acquisition date.

IFRS 5 application – *Non-current Assets Held for Sale and Discontinued Operations*

The following businesses have been reclassified as Held for Sale as of December 31, 2023:

Autogrid

On July 29, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. AutoGrid is a Virtual Power Plant (VPP) and Distributed Energy Resource Management System (DERMS) provider and is reported within Energy Management reporting segment. The Group held an agreement to acquire the remaining 8.2% of non-controlling interests in 2026. The related debt was recognized in "Non-current purchase commitments over non-controlling interests" as of December 2022.

On December 14, 2023, the Group entered into an agreement with Uplight Inc. for the sale of Autogrid. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 209 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 197 million. No impairment loss was recognized by the Group following the IFRS 5 classification.

This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 8, 2024, has raised the controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

2.2 – Impact of changes in the scope of consolidation on the Group cash flow

Changes in the scope of consolidation at December 31, 2023, decreased the Group's cash position by a net EUR 4,091 million outflow, as described below:

(in millions of euros)	Full Year 2023	Full Year 2022
Acquisitions	(307)	(559)
Disposals	918	262
FINANCIAL INVESTMENTS NET OF DISPOSALS	**611**	**(297)**
AVEVA	(4,681)	–
Others	(21)	(73)
TRANSACTION WITH NON-CONTROLLING INTERESTS	**(4,702)**	**(73)**
TOTAL CASH FLOW IMPACT	**(4,091)**	**(370)**

In 2023, cash outflows mainly relate to the acquisitions of AVEVA's non-controlling interests and EcoAct. Cash inflows mainly relate to the disposals of Telemecaniques Sensors, VinZero and Gutor. The main acquisitions and disposals of the year are described in Note 2.1.

In 2022, cash outflows mainly related to the acquisitions of EV Connect and Autogrid as well as other individually not significant acquisitions. Cash inflows mainly related to the disposals of Eurotherm and of the load bank business of ASCO Power Technologies, as well as other individually not significant disposals.

Note 3: Segment information

The Group is organized into two reporting segments as follows:

Energy Management leverages a complete end-to-end technology offering enabled by EcoStruxure. The Group's go-to-market is oriented to address customer needs across its four end-markets of Buildings, Data Centers, Industry and Infrastructure, supported by a worldwide partner network.

Industrial Automation includes Industrial Automation and Industrial Control activities, across discrete, process & hybrid industries.

Expenses concerning General Management that cannot be allocated to a particular segment are presented under "Central functions & digital costs".

The Executive Committee, which is chaired by the Chief Executive Officer, has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance and decisions on the allocation of resources are assessed by the Executive Committee and are mainly based on Adjusted EBITA.

Share-based payment is presented under "Central functions & digital costs".

The Executive Committee does not review assets and liabilities by reporting segments.

The same accounting principles governing the consolidated financial statements apply to segment data.

Details are provided in the Management Report.

Due to the substantial number of customers served by the Group, to their significant diversity in multiple sectors and to their wide geographical dispersion, the Group's largest customer does not exceed 10% of Schneider Electric's revenue.

3.1 – Information by reporting segment

Full Year 2023

(In millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	15,414	3,748	–	**19,162**
Revenue	28,241	7,661	–	**35,902**
Adjusted EBITA	5,967	1,304	(859)	**6,412**
Adjusted EBITA (%)	*21.1%*	*17.0%*		***17.9%***

On December 31, 2023, the total backlog to be executed in more than a year amounted to EUR 4,287 million.

Full Year 2022

(In millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	13,156	3,334	–	**16,490**
Revenue	26,442	7,734	–	**34,176**
Adjusted EBITA	5,392	1,458	(833)	**6,017**
Adjusted EBITA (%)	*20.4%*	*18.9%*		***17.6%***

5.5 Notes to the consolidated financial statements

3.2 – Information by region

The geographic regions covered by the Group are:

- Western Europe;
- North America (including Mexico);
- Asia-Pacific;
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

Non-current assets include net goodwill, net intangible assets and net property, plant and equipment.

Full Year 2023

(in millions of euros)	Western Europe	*of which France*	Asia Pacific	*of which China*	North America	*of which USA*	Rest of the World	Total
Revenue by country market	8,912	2,067	10,247	4,871	12,211	10,553	4,532	**35,902**
Non-current assets as of Dec. 31, 2023	12,396	2,823	5,616	1,154	15,338	14,958	1,360	**34,710**

Full Year 2022

(in millions of euros)	Western Europe	*of which France*	Asia Pacific	*of which China*	North America	*of which USA*	Rest of the World	Total
Revenue by country market	8,304	1,986	10,341	5,154	10,986	9,526	4,545	**34,176**
Non-current assets as of Dec. 31, 2022	12,383	2,579	5,540	1,170	16,564	16,203	957	**35,444**

Moreover, the Group follows the share of new economies in revenue:

(in millions of euros)	Full Year 2023		Full Year 2022	
Revenue – Mature countries	21,825	61%	20,243	59%
Revenue – New economies	14,077	39%	13,933	41%
TOTAL	**35,902**	**100%**	**34,176**	**100%**

Mature countries gather mainly Western Europe and North American countries.

Note 4: Research and development expenditures

Research and development expenditures are as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Research and development expenditures in costs of sales	(520)	(448)
Research and development expenditures in R&D costs *	(1,168)	(1,040)
Capitalized development costs	(328)	(357)
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURES **	**(2,016)**	**(1,845)**

* Including EUR 58 million of research and development tax credit in full year 2023 and EUR 51 million in full year 2022.
** Excluding amortization of R&D costs capitalized

In addition to the R&D expenditures, amortization expenses of capitalized development booked in the cost of sales, amounted to EUR 236 million in 2023 and EUR 242 million in 2022.

Note 5: Impairment losses, depreciation and amortization expenses

(in millions of euros)	Full Year 2023	Full Year 2022
Depreciation and amortization included in cost of sales	(544)	(555)
Depreciation and amortization included in selling, general and administrative expenses	(486)	(503)
Amortization expenses of purchase accounting intangible assets	(396)	(423)
Impairment losses of purchase accounting intangible assets	(34)	(1)
IMPAIRMENT LOSSES, DEPRECIATION AND AMORTIZATION EXPENSES	**(1,460)**	**(1,482)**

A EUR 34 million impairment was recognized on Clipsal brand in 2023 following the annual impairment tests realized by the Group.

Note 6: Other operating income and expenses

Other operating income and expenses are as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Gains/(losses) on assets disposals	(8)	5
Gains/(losses) on business disposals	265	(108)
Impairment of assets	(30)	(117)
Costs of acquisitions and integrations	(111)	(180)
Others	(18)	(33)
OTHER OPERATING INCOME AND EXPENSES	**98**	**(433)**

In 2023, the gains on business disposals mainly relate to the 2023 divestments described in Note 2. The costs of acquisitions and integrations are mainly related to the recent and ongoing acquisitions of the year.

In 2022, the losses on business disposals mainly related to the divestments of our activies in Russia, Loadbank and Eurotherm. Impairment of assets mainly related to Transformers disposal as described in Note 2. The costs of acquisitions and integrations are mainly related to the recent acquisitions. In 2022, it also included EUR 28 million of share-based payments, corresponding to the acceleration of multiple AVEVA plans, in line with the terms of AVEVA's transaction.

Note 7: Other financial income and expenses

(in millions of euros)	Full Year 2023	Full Year 2022
Exchange gains and losses, net	(50)	(21)
Net monetary gain/(loss) (IAS 29 Hyperinflation)	(39)	(5)
Financial component of defined benefit plan costs	(54)	(37)
Dividends received	3	3
Fair value adjustment of financial assets	6	2
Financial interests - IFRS16	(36)	(34)
Effect of discounting & undiscounting	2	18
Other financial expenses, net	(54)	(35)
OTHER FINANCIAL INCOME AND EXPENSES	**(222)**	**(109)**

Note 8: Income tax expenses

Wherever the regulatory environment allows it, the Group entities file consolidated tax returns. Schneider Electric SE files a consolidated tax return with its French subsidiaries held directly or indirectly through Schneider Electric Industries SAS.

8.1 – Analysis of income tax expense

(in millions of euros)	Full Year 2023	Full Year 2022
Current taxes	(1,411)	(1,195)
Deferred taxes	126	(16)
INCOME TAX EXPENSE	**(1,285)**	**(1,211)**

5.5 Notes to the consolidated financial statements

8.2 – Income tax expense by country market

Full Year 2023

(in millions of euros)	Western Europe	*of which France*	Asia Pacific	*of which China*	North America	*of which USA*	Rest of the World	Total
Revenue by country market	8,912	2,067	10,247	4,871	12,211	10,553	4,532	35,902
in %	*25%*	*6%*	*29%*	*14%*	*34%*	*29%*	*13%*	
Income tax expense by country market*	(290)	(113)	(528)	(327)	(415)	(366)	(52)	(1,285)
in %	*23%*	*9%*	*41%*	*25%*	*32%*	*29%*	*4%*	

*after reallocation of withholding taxes on dividends

Full Year 2022

(in millions of euros)	Western Europe	*of which France*	Asia Pacific	*of which China*	North America	*of which USA*	Rest of the World	Total
Revenue by country market	8,304	1,986	10,341	5,154	10,986	9,526	4,545	34,176
in %	*24%*	*6%*	*30%*	*15%*	*32%*	*28%*	*13%*	
Income tax expense by country market*	(299)	(117)	(505)	(333)	(349)	(289)	(58)	(1,211)
in %	*25%*	*10%*	*42%*	*28%*	*29%*	*24%*	*5%*	

* after reallocation of withholding taxes on dividends

8.3 – Tax reconciliation

(in millions of euros)	Full Year 2023	Full Year 2022
Profit attributable to owners of the parent	**4,003**	**3,477**
Income tax expense	(1,285)	(1,211)
Non-controlling interests	(166)	(59)
Share of profit of associates	51	29
Profit before tax	**5,403**	**4,718**
Geographical weighted average Group tax rate	22.7%	23.3%
Theoretical income tax expense	**(1,225)**	**(1,101)**
Reconciling items:		
Tax credits and other tax reductions	139	107
Impact of tax losses	(9)	24
Withholding taxes	(89)	(79)
Other elements without tax bases (current or deferred)	(59)	(80)
Other permanent differences	(42)	(82)
INCOME TAX EXPENSE	**(1,285)**	**(1,211)**
EFFECTIVE TAX RATE	**23.8%**	**25.7%**
EFFECTIVE TAX RATE WITHOUT RUSSIA DECONSOLIDATION		**24.6%**

The Company's consolidated income from continuing operations being predominantly generated outside of France, theoretical tax expense from continuing operations is reconciled above from the Company's weighted-average global tax rate (rather than from the French domestic statutory tax rate).

In December 2022, member states of the European Union adopted the Pillar 2 directive, introducing an overall minimum corporate tax rate of 15%, which will come into force for the financial year ending December 31, 2024. To date, the estimated impact on the group's effective tax rate should remain less than 1%.

Note 9: Goodwill

9.1 – Main items of goodwill

Goodwill is broken down by groups of Cash Generating Units (CGUs) as follows, with WACC used for annual impairment test:

(€ in millions)	WACC	Dec 31, 2023
Energy Management:		**14,332**
Low Voltage	9.0%	7,629
Medium Voltage	8.9%	3,183
Secure Power	9.0%	2,989
Other	7.8 to 8.3%	531
Industrial Automation		**10,332**
Industrial Automation	9.3%	5,809
Industrial Automation Software	8.5%	4,523
TOTAL GOODWILL*		**24,664**

* Goodwill was reallocated using relative values of groups of CGUs.

As of December 31, 2022, the breakdown of goodwill by former groups of CGUs was:

(€ in millions)	WACC	Dec 31, 2022
Energy Management:		**14,570**
Low Voltage	8.6%	9,060
Medium Voltage	8.9%	2,243
Secure Power	8.7%	3,267
Industrial Automation	8.7%	**10,566**
TOTAL GOODWILL		**25,136**

The Group performed the annual impairment test of all the groups of CGUs' assets using the same methodology as the one used on previous periods and described in Note 1.11.

Impairment tests performed in 2023 did not trigger any impairment losses on the groups of CGUs' assets. Results of the impairment test would have been the same should the Group have kept the same group of CGUs as in 2022.

The sensitivity analysis on the test hypothesis shows that no impairment losses would be recognized in each of the following scenarios, for each group of CGUs:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the margin rate.

9.2 – Climate-related matters

In 2023, the Group mandated external experts to evaluate the potential impact of climate-related matters and physical risks on fixed assets over the Group future cash flows. This risk assessment covered a broad spectrum of risks as outlined below:

- Policy: Legislation that are or could be enacted by governments to price and penalize Greenhouse gas (GHG) emissions
- Market consumer: Consumer preferences could shift towards sustainable alternative products and services, transforming market demand
- Technology: Disruptive lower-carbon technology could change in key economic sectors and risks to carbon intensive assets and operations
- Liability: Litigation that could be brought by plaintiffs against companies for their liabilities in causing harm from climate change
- Investor: Investors prioritize returns from lower-carbon companies, driving cost of capital and valuation changes
- Reputation: Customer sentiment could be influenced by company's actions to address climate change risk
- Physical risk: key facility operational risk and physical asset damage due to extreme weather

Results of the risk assessment are showing that most of those risks do not have a significant impact on the Group future cash flows. The most impactful risk would be the Policy risk. To evaluate this particular risk, external experts considered the Group scope 1, 2 and 3 GHG emissions by country and projected them over 10 years period (based on growth of the business) multiplied by current and projected country-level carbon pricing data, taken from several databases (including IEA, WB, NGFS), and projected across various climate futures based on academic research. Our scope 3 emissions, that represents almost 100% of the Policy risk, are impacting our future cash flows from a drop in demand (downstream) and an increase in our cost of sales (upstream).

5.5 Notes to the consolidated financial statements

However, the model, being conservative, is not considering any upside from the Group's strong long-term position to meet the increasing demand of organizations making meaningful progress on their energy transition and decarbonization goals, neither the actions taken by the Group to decarbonate its value chain.

In addition, the Group also considered the impact on future cash flows of its Scope 1,2 & 3 GHG pathway commitments towards 2030, 2040 & 2050.

Considering the above risk assessment and our commitments, the Group has performed a sensitivity analysis to our impairment tests at groups of CGUs level and did not identify impairment risk on its assets.

9.3 – Movements during the year

The main movements during the year are summarized as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Net goodwill at opening	**25,136**	**24,723**
Acquisitions	209	387
Disposals	(7)	(119)
Reclassifications	(95)	(536)
Translation adjustment	(579)	681
NET GOODWILL AT END OF YEAR	**24,664**	**25,136**
Including cumulative impairment losses	(367)	(367)

Acquisitions & Disposals

Movements from acquisitions and disposals are described in Note 2.

Other changes

Reclassifications mainly relates to Assets held for sale described in Note 2.

Translation adjustments mainly concern goodwill denominated in US dollar.

Note 10: Intangible assets

10.1 – Change in intangible assets

Gross value

(in millions of euros)	Trademarks	Software	Development Projects (CPC)	Acquired customer relationships	Other	Total
Dec. 31, 2021	**2,861**	**1,041**	**3,823**	**4,786**	**216**	**12,727**
Acquisitions	–	26	357	1	2	386
Translation adjustments	107	3	37	129	21	297
Reclassifications	1	14	(107)	(53)	55	(90)
Reclassifications to assets held for sale	–	(6)	(39)	(17)	(1)	(63)
Changes in scope of consolidation and other	24	(3)	6	13	7	47
Dec. 31, 2022	**2,993**	**1,075**	**4,077**	**4,859**	**300**	**13,304**
Acquisitions	–	114	328	–	9	451
Translation adjustments	(85)	(10)	(56)	(121)	(18)	(290)
Reclassifications	(36)	36	(174)	(178)	17	(335)
Reclassifications to assets held for sale	(2)	–	(23)	(4)	(1)	(30)
Changes in scope of consolidation and other	1	(1)	(4)	(20)	(15)	(39)
Dec. 31, 2023	**2,871**	**1,214**	**4,148**	**4,536**	**292**	**13,061**

Amortization and impairment

(in millions of euros)	Trademarks	Software	Development Projects (*)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	**(486)**	**(858)**	**(2,654)**	**(2,069)**	**(174)**	**(6,241)**
Amortization	(40)	(70)	(244)	(372)	(6)	(732)
Impairment	(9)	–	(4)	(29)	3	(39)
Translation adjustments	(10)	(2)	(26)	(45)	(5)	(88)
Reclassifications	(1)	31	49	41	(30)	90
Reclassifications to assets held for sale	–	5	25	7	–	37
Changes in scope of consolidation and other	–	3	13	27	(1)	42
Dec. 31, 2022	**(546)**	**(891)**	**(2,841)**	**(2,440)**	**(213)**	**(6,931)**
Amortization	(35)	(78)	(239)	(355)	(10)	(717)
Impairment	(34)	–	(15)	(1)	–	(50)
Translation adjustments	6	9	43	59	11	128
Reclassifications	35	17	136	151	(4)	335
Reclassifications to assets held for sale	–	–	3	1	–	4
Changes in scope of consolidation and other	–	–	1	6	–	7
Dec. 31, 2023	**(574)**	**(943)**	**(2,912)**	**(2,579)**	**(216)**	**(7,224)**

Net value

(in millions of euros)	Trademarks	Software	Development Projects (*)	Acquired technologies and customer relationships	Other	Total
Dec. 31, 2021	**2,375**	**183**	**1,169**	**2,717**	**42**	**6,486**
Dec. 31, 2022	**2,447**	**184**	**1,236**	**2,419**	**87**	**6,373**
Dec. 31, 2023	**2,297**	**271**	**1,236**	**1,957**	**76**	**5,837**

The amortization expenses and impairment losses of intangible assets other than goodwill restated in statement of cashflow are as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Amortization expenses of intangible assets other than goodwill	717	732
Impairment losses of intangible assets other than goodwill	50	39
TOTAL*	**767**	**771**

(*) Includes amortization & impairment of intangible assets from purchase price allocation for EUR 130 million for the year 2023 (EUR 124 million in 2022)

10.2 – Trademarks

On December 31, 2023, the main trademarks recognized were as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
APC (Secure Power)	1,664	1,724
Clipsal (Low Voltage)	122	162
Asco (Low Voltage)	113	117
OSIsoft (Industrial Automation Software)	112	133
Aveva (Industrial Automation Software)	86	86
Invensys - Triconex and Foxboro (Industrial Automation)	50	52
L&T (Low Voltage)	36	50
Digital (Industrial Automation)	35	39
Other	79	84
TRADEMARKS NET BOOK VALUE	**2,297**	**2,447**

Indefinite-lived brands are tested on a yearly basis for impairment.

In 2023, the Group reviewed the value of the main trademarks in accordance with the valuation model described in Note 1.8. Particularly, APC brand was tested using the royalty relief method. The future cash flows used are based on Group management's economic assumptions and operating forecasts presented in Secure Power's business plan, and then extrapolated based on a perpetuity growth rate of 2%.

Impairment tests carried out on indefinite-lived brands in 2023 led the Group to recognize an impairment of EUR 34 million on Clipsal brand.

The sensitivity analysis on the test hypothesis shows that no material impairment losses would be recognized in the following scenarios:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease in the growth rate;
- a 0.5 point decrease in the royalty rate.

5.5 Notes to the consolidated financial statements

Note 11: Property, plant and equipment

Changes in property, plant and equipment in 2023 are mainly related to the scope changes mentioned in the Note 2 and include the impacts of IFRS 16 – Leases.

Gross value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	**199**	**2,043**	**4,795**	**1,253**	**1,969**	**10,259**
Acquisitions	3	28	127	563	356	1,077
Disposals	(26)	(94)	(186)	(95)	(68)	(469)
Translation adjustments	–	28	59	26	22	135
Reclassifications	(4)	79	211	(295)	–	(9)
Reclassifications to assets held for sale	(6)	(47)	(124)	(19)	(10)	(206)
Changes in scope of consolidation and other	(1)	(36)	(77)	(19)	(2)	(135)
Dec. 31, 2022	**165**	**2,001**	**4,805**	**1,414**	**2,267**	**10,652**
Acquisitions	–	31	133	746	305	1,215
Disposals	(3)	(76)	(176)	(108)	(155)	(518)
Translation adjustments	(3)	(18)	(84)	(37)	(30)	(172)
Reclassifications	2	135	265	(378)		24
Reclassifications to assets held for sale	–	–	–	–	–	–
Changes in scope of consolidation and other	–	1	2	(25)	(27)	(49)
Dec. 31, 2023	**161**	**2,074**	**4,945**	**1,612**	**2,360**	**11,152**

Amortization and impairment

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	**(28)**	**(1,167)**	**(3,739)**	**(608)**	**(891)**	**(6,433)**
Depreciation and impairment	(1)	(94)	(274)	(78)	(308)	(755)
Reversals	13	75	174	70	8	340
Translation adjustments	(1)	(15)	(49)	(12)	(4)	(81)
Reclassifications	–	–	–	–	–	–
Reclassifications to assets held for sale	–	26	105	9	3	143
Changes in scope of consolidation and other	–	21	61	5	(18)	69
Dec. 31, 2022	**(17)**	**(1,154)**	**(3,722)**	**(614)**	**(1,210)**	**(6,717)**
Depreciation and impairment	(1)	(108)	(272)	(76)	(303)	(760)
Reversals	1	69	161	81	134	446
Translation adjustments	–	7	61	19	12	99
Reclassifications	(2)	(23)	(6)	14	–	(17)
Reclassifications to assets held for sale	–	–	–	–	–	–
Changes in scope of consolidation and other	–	(1)	(6)	3	10	6
Dec. 31, 2023	**(19)**	**(1,210)**	**(3,784)**	**(573)**	**(1,357)**	**(6,943)**

Net value

(in millions of euros)	Land	Buildings	Machinery and equipment	Other	Rights of use of assets (IFRS 16)	Total
Dec. 31, 2021	**171**	**876**	**1,056**	**645**	**1,078**	**3,826**
Dec. 31, 2022	**148**	**847**	**1,083**	**800**	**1,057**	**3,935**
Dec. 31, 2023	**142**	**864**	**1,161**	**1,039**	**1,003**	**4,209**

Reclassifications primarily correspond to assets put into use.

The cash impact of purchases of property, plant and equipment in 2023 was as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Increase in property, plant and equipment	(1,215)	(1,077)
Of which non-cash impact related to IFRS 16	305	356
Changes in receivables and liabilities on property, plant and equipment	(4)	14
TOTAL	**(914)**	**(707)**

The depreciation and impairment of property, plant and equipment restated in the statement of cash flows were as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Depreciation of property, plant and equipment	743	750
Impairment of property, plant and equipment	17	5
TOTAL	**760**	**755**

IFRS 16 debt by maturity:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
2023	–	282
2024	284	224
2025	214	167
2026	170	133
2027	121	90
2028	82	59
2029	57	50
2030	44	37
2031 and beyond	100	69
TOTAL	**1,072**	**1,111**

5.5 Notes to the consolidated financial statements

Note 12: Investments in associates and joint ventures

Investments in associates and joint ventures can be analyzed as follows:

(in millions of euros)	Delixi sub-group	Jaeger	Renom	AJ Electric	Sunlier Frontier Laboratories	Other	Total
% of interest							
Dec. 31, 2022	50.0%	29.4%	25.0%	36.8%	25.0%		
Dec. 31, 2023	50.0%	30.4%	25.0%	36.8%	25.0%		
CLOSING VALUE DEC. 31, 2021	**464**	**390**	**112**	**151**	**38**	**79**	**1,234**
Net income/(loss)	52	(28)	(2)	24	2	(19)	29
Dividends distribution	(25)	–	–	(14)	–	(2)	(41)
Perimeter changes	–	1	–	–	–	(14)	(13)
Translation impacts & others	(10)	51	–	(6)	(4)	1	32
CLOSING VALUE DEC. 31, 2022	**481**	**414**	**110**	**155**	**36**	**45**	**1,241**
Net income/(loss)	52	(30)	5	19	4	1	51
Dividends distribution	(20)	–	–	(16)	(3)	(1)	(40)
Perimeter changes	–	13	–	–	–	(2)	11
Translation impacts & others	(26)	(9)	–	(16)	(3)	(3)	(57)
CLOSING VALUE DEC. 31, 2023	**487**	**388**	**115**	**142**	**34**	**40**	**1,206**

12.1- Main entities consolidated under the equity method:

Delixi Electric Ltd.

In 2007, Schneider Electric joined Delixi Group to establish a win-win partnership in a joint-venture, Delixi Electric Ltd., aka "Delixi Electric". Delixi Electric, based in China, is specialist in manufacturing, retail and distribution of low voltage products.

The key financial indicators for the Delixi Electric subgroup (on a 100% basis) are as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Non-current assets	754	814
Current assets	472	502
TOTAL ASSETS	**1,225**	**1,316**
Equity	643	619
Non-current liabilities	21	102
Current liabilities	560	595
TOTAL EQUITY AND LIABILITIES	**1,225**	**1,316**
Revenue	1,342	1,354
Adjusted EBITA	143	137
PROFIT FOR THE YEAR	**104**	**104**
Dividends paid	40	50

Note 13: Non-current financial assets

Non-current financial assets, primarily comprising investments, are detailed below:

		Dec. 31, 2023					Dec. 31, 2022
(in millions of euros)	% of interest	Assets at fair value through profit or loss	Fair value through OCI (equity)	Fair value through OCI (debt)	IFRS 9 others	Fair value	Net value
LISTED FINANCIAL ASSETS:							
Gold Peak Industries Holding Ltd	3.2 %	–	–	–	–	2	2
Others (Unit fair value lower than EUR 3 million)		1	–	–	–	13	12
TOTAL LISTED FINANCIAL ASSETS		1	–	–	–	15	14
UNLISTED FINANCIAL ASSETS:							
Funds							
SE Ventures Funds of Funds in Portfolio		8	(7)	–	(3)	94	96
FCPR Aster II (part A, B and C)	38,0 %	(3)	3	–	–	18	18
Sensetime & Stalagnate Fund China	30,0 %	–	12	–	(4)	70	62
FCPR SEV1	100,0 %	–	–	–	–	7	7
SICAV SESS	63,1 %	–	–	–	1	11	10
FCPI Energy Access Ventures Fund	28,6 %	2	(1)	–	–	19	18
Gaia Energy Impact	50,0 %	3	–	–	–	3	–
SICAV Livehoods Fund SIF	19,9 %	1	(1)	–	–	4	4
Direct investments							
SE Ventures - Claroty	5,8 %	–	–	5	(2)	64	61
SE Ventures - Sense	8,3 %	–	–	(9)	(2)	35	46
SE Ventures - Augury	3,0 %	–	–	8	(2)	40	34
SE Ventures - Scandit	2,4 %	–	–	(2)	–	17	19
SE Ventures - AnyVision	9,4 %	–	–	–	(3)	11	14
SE Ventures - Verkor	12,2 %	–	–	28	(2)	39	13
SE Ventures - Titan Advanced Energy Solutions	19,2 %	–	–	(2)	–	10	12
SE Ventures (Unit fair value lower than EUR 10 million)		24	–	(8)	(7)	121	112
Nozomi Networks	6,6 %	46	–	–	(1)	45	–
Star Charge	1,3 %	–	–	–	(2)	27	29
Others (Unit fair value lower than EUR 10 million)		12	–	–	(3)	51	42
TOTAL UNLISTED FINANCIAL ASSETS		**93**	**6**	**20**	**(30)**	**686**	**597**
PENSIONS ASSETS		**9**	**–**	**(43)**	**7**	**253**	**280**
OTHER		**41**	**–**	**–**	**16**	**291**	**234**
TOTAL NON-CURRENT FINANCIAL ASSETS		**144**	**6**	**(23)**	**(7)**	**1,245**	**1,125**

The fair value of investments listed in an active market corresponds to the stock price on the balance sheet date.

"Others" include mainly convertible and treasury bonds, as well as contributions to US employee deferred compensation trusts ("rabbi trusts").

"SE Ventures" is a corporate venture capital fund created in partnership with Schneider Electric. SE Ventures current portfolio is composed of direct investments in various start-up companies and funds of funds.

5.5 Notes to the consolidated financial statements

Note 14: Deferred taxes by nature

Deferred taxes by type can be analyzed as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Tax loss carryforwards (net)	629	724
Provisions for pensions and other post-retirement benefit obligations (net)	234	197
Non-deductible provisions and accruals (net)	474	466
Differences between tax and accounting depreciation on tangible assets (net)	(41)	(4)
Differences between tax and accounting amortization on intangible assets (net)	(752)	(957)
Differences on working capital (net)	207	164
Other deferred tax assets/(liabilities) (net)	182	141
TOTAL NET DEFERRED TAX ASSETS/(LIABILITIES)	**933**	**731**
of which total deferred tax assets	*1,636*	*1,616*
of which total deferred tax liabilities	*703*	*885*

Deferred tax assets recorded in respect of tax losses carried forward on December 31, 2023 essentially concern France (EUR 420 million). These deficits can be carried forward indefinitely, and have been activated using the rate of 25.83%, in accordance with the applicable rate in the expected consumption horizon of 6 years. Unrecognized deferred tax losses amount EUR 149 million as of December 31, 2023 and are mainly related to Spain.

Note 15: Inventories and work in progress

Inventories and work in progress changed as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
COST:		
Raw materials	2,279	2,021
Production work in progress	355	367
Semi-finished and finished products	1,518	1,519
Finished goods	759	681
Solution work in progress	211	200
INVENTORIES AND WORK IN PROGRESS AT COST	**5,122**	**4,788**
IMPAIRMENT:		
Raw materials	(338)	(232)
Production work in progress	(10)	(9)
Semi-finished and finished products	(239)	(189)
Finished goods	(9)	(8)
Solution work in progress	(7)	(4)
IMPAIRMENT LOSSES	**(603)**	**(442)**
NET:		
Raw materials	1,941	1,789
Production work in progress	345	358
Semi-finished and finished products	1,279	1,330
Finished goods	750	673
Solution work in progress	204	196
INVENTORIES AND WORK IN PROGRESS, NET	**4,519**	**4,346**

Note 16: Trade and other operating receivables

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable	6,330	5,675
Unbilled revenue	1,911	1,662
Notes receivable	264	389
Advances to suppliers	256	276
Accounts receivable at cost	**8,761**	**8,002**
Impairment	(373)	(489)
ACCOUNTS RECEIVABLE, NET	**8,388**	**7,514**
On time	*7,343*	*6,537*
Less than one month past due	*517*	*438*
One to two months past due	*200*	*174*
Two to three months past due	*82*	*102*
Three to four months past due	*109*	*119*
More than four months past due	*137*	*144*

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. Consequently, the Group believes that there is no significant concentration of credit risk.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

Changes in provisions for impairment of short and long-term trade accounts receivable were as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Provisions for impairment as of December 31, 2022	**(489)**	**(498)**
Additions	(131)	(133)
Utilizations	132	58
Reversal of surplus provisions	73	70
Translation adjustments	18	4
Changes in scope of consolidation and other	24	10
PROVISIONS FOR IMPAIRMENT AS OF DECEMBER 31, 2023	**(373)**	**(489)**

The contracts assets and liabilities, respectively reported within the "Trade and other operating receivables" and "Trade and other operating payables", are as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Unbilled revenue (contract assets)	1,911	1,662
Contract liabilities	(2,402)	(1,840)
NET CONTRACT ASSETS	**(491)**	**(178)**

Note 17: Other receivables and prepaid expenses

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Other receivables	447	423
VAT receivables	746	713
Current income tax receivables	618	596
Other tax receivables	37	41
Derivative instruments	122	79
Prepaid expenses	320	304
OTHER RECEIVABLES AND PREPAID EXPENSES	**2,290**	**2,156**

5.5 Notes to the consolidated financial statements

Note 18: Cash and cash equivalents

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Marketable securities	2,024	1,716
Negotiable debt securities and short-term deposits	588	693
Cash	2,084	1,577
Total cash and cash equivalents	**4,696**	**3,986**
Bank overdrafts	(42)	(123)
NET CASH AND CASH EQUIVALENTS	**4,654**	**3,863**

Non-recourse factorings of trade receivables were realized in 2023 for a total amount of EUR 286 million, compared with EUR 264 million in 2022. Substantially all risks and rewards have been transferred.

Note 19: Shareholder's equity

19.1 – Capital

Share capital

The company' share capital at December 31, 2023 amounted to EUR 2,291,343,536 represented by 572,835,884 shares with a par value of EUR 4, all fully paid up.

On December 31, 2023, a total of 600,194,772 voting rights were attached to the 572,835,884 issued shares. Schneider Electric's capital management strategy is designed to:

- ensure Group liquidity;
- optimize its financial structure;
- optimize the weighted average cost of capital.

The strategy must also ensure the Group has access to different capital markets under the best possible conditions. Factors taken into account for decision-making purposes include objectives expressed in terms of earnings per share, ratings or balance sheet stability. Finally, decisions may be implemented depending on specific market conditions.

Changes in share capital and cumulative number of shares

Changes in share capital since December 31, 2021 were as follows:

(in number of shares or in euros)	Cumulative number of shares	Share capital
SHARE CAPITAL AT DEC. 31, 2021	**569,033,442**	**2,276,133,768**
Cancellation of own shares	–	–
Capital increase	2,059,479	8,237,916
SHARE CAPITAL AT DEC. 31, 2022	**571,092,921**	**2,284,371,684**
Cancellation of own shares	–	–
Capital increase	1,742,963	6,971,852
SHARE CAPITAL AT DEC. 31, 2023	**572,835,884**	**2,291,343,536**

In 2023, the share premium account increased by EUR 212 million following the increases in capital.

On November 20, the Group issued convertible bonds with a total nominal amount of EUR 650 million. The equity component of these convertible bonds has been valued at EUR 65 million (after fees) and has been recognized in "Additional paid-in capital".

19.2 – Earnings per share

(in thousands of shares and in euros per share)	Full Year 2023		Full Year 2022	
	Basic	Diluted	Basic	Diluted
Issued shares (Net of treasury shares)	559,846	559,846	558,129	558,129
Performance shares	–	2,807	–	3,348
Bonds convertible into shares	–	3,935	–	3,684
AVERAGE WEIGHTED NUMBER OF SHARES	**559,846**	**566,588**	**558,129**	**565,161**
Earnings per share before tax	9.65	9.54	8.45	8.35
EARNINGS PER SHARE	**7.15**	**7.07**	**6.23**	**6.15**

19.3 – Dividends paid and proposed

In 2023, the Group paid out the 2022 dividend of EUR 3.15 per share, for a total of EUR 1,767 million.

At the Shareholders' Meeting of May 23, 2024, shareholders will be asked to approve a dividend of EUR 3.50 per share for fiscal year 2023. On December 31, 2023, Schneider Electric SE had distributable reserves in an amount of EUR 3,102 million (versus EUR 2,941 million at December 31, 2022, not including profit for the year).

19.4 – Share-based payments

Nature and extent of existing share-based payments

The Board of Directors of Schneider Electric SE and later the Management Board have set up performance shares plans for senior executives and certain employees of the Group.

Rules governing the performance shares plans are as follows:

- to receive the shares, the grantee must generally be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria;
- the vesting period is three to four years;
- the lock-up period is zero or one year.

The main characteristics of these plans were as follows at December 31, 2023:

	FY 2020	FY 2021	FY 2022	FY 2023	TOTAL
Plan no.	*Plan 36 & 37* *Plan 37bis* *Plan 37ter*	*Plan 38 & 39* *Plan 39bis* *Plan 39ter*	*Plan 40 & 41* *Plan 41bis* *Plan 41ter*	*Plan 42* *Plan 42bis & 43* *Plan 42ter* *Plan 42quater*	
Date of Annual Shareholders' Meeting	Apr. 25, 2017 Apr. 25, 2017 Apr. 25, 2017	Apr. 25, 2018 Apr. 25, 2018 Apr. 25, 2018	Apr. 25, 2019 May 5, 2022 May 5, 2022	May 5, 22 May 5, 22 May 5, 2022 May 5, 2022	
Date of the grant by the Board	Mar. 24, 2020 Oct. 21, 2020 Oct. 21, 2020	Mar. 25, 2021 July 29, 2021 Oct.26, 2021	Mar. 24, 2022 July 27, 2022 Oct.26, 2022	Mar. 28, 2023 May 4, 23 July 26, 2023 Oct. 25, 2023	
Vesting date	Mar. 24, 2023 Oct. 23, 2023 Oct. 23, 2023	Mar. 25, 2024 July 29, 2024 Oct 26, 2024	Mar. 24, 2025 July 27, 2025 Oct.26, 2025	Mar. 28, 2023 May 4, 26 July 26, 2026 Oct. 25, 2026	
End of holding period	Mar. 24, 2024 for Plan 36	Mar. 25, 2025 for Plan 38	Mar. 24, 2026 for Plan 40	May 4, 2027 for Plan 43	
Number of performance shares					
Outstanding as of Dec. 31, 2022	**2,013,503**	**1,479,719**	**1,402,324**	**–**	**4,895,546**
Granted in 2023	–	–	–	1,510,001	1,510,001
Delivered in 2023	(1,951,976)	(403)	(397)	–	(1,952,776)
Canceled in 2023	(61,527)	(77,061)	(67,912)	(21,071)	(227,571)
Outstanding as of Dec. 31, 2023	**–**	**1,402,255**	**1,334,015**	**1,488,930**	**4,225,200**

Schneider Electric SE has not created shares in 2023 to deliver vested plans but used existing treasury shares.

5.5 Notes to the consolidated financial statements

Determination of fair values

In accordance with the accounting policies described in Note 1.20, the below fair value was calculated for each plan:

	Plans	Fair value per share (in euros)
LTIP 2020		
	Plan 36	52.9
	Plan 37 – ExCom	55.2
	Plan 37 – Other	57.8
	Plan 37bis	90.7
	Plan 37ter – ExCom	85.3
	Plan 37ter – Other	89.3
LTIP 2021		
	Plan 38	93.4
	Plan 39 – ExCom	97.3
	Plan 39 – Other	102.9
	Plan 39bis	116.6
	Plan 39ter	117.5
LTIP 2022		
	Plan 40	119
	Plan 41 – ExCom	123
	Plan 41 – Other	128.8
	Plan 41bis	107.8
	Plan 41ter	111
LTIP 2023		
	Plan 42 – Excom	119.2
	Plan 42 – Other	124.5
	Plan 42bis – Excom	127.1
	Plan 43	127.1
	Plan 42ter	139.4
	Plan 42quater	118.1

IFRS 2 expense

The expense recorded under "Selling, general and administrative expenses" breaks down as follows:

(in euro millions)	Full Year 2023	Full Year 2022
Group LTIP	144	114
Aveva	–	34
WESOP discount	41	–
Other	23	18
TOTAL	**208**	**166**

Worldwide Employee Stock Purchase Plan

Every year, Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. In countries that meet legal and fiscal requirements, the classic plan has been proposed to employees. Under the plan, employees may purchase Schneider Electric shares at a 15% discount to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law.

On April 20, 2023, the Group gave its employees the opportunity to purchase shares at a price of EUR 126.20 per share, as part of its commitment to employee share ownership. This represented a 15% discount to the reference price of EUR 148.47 calculated as the average opening price quoted for the share during the 20 days preceding the Chief Executive Officer's decision to launch the employee share issue. Altogether, 1.7 million shares were subscribed, increasing the capital by EUR 219 million as of July 6, 2023.

As of December 31, 2023, the share-based payment expense recorded in accordance with IFRS 2, measured by reference to the fair value of the discount amounted to EUR 41 million.

19.5 – Schneider Electric SE treasury shares

On December 31, 2023, the Group held 14,518,652 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

The Group has repurchased 4,493,173 shares for a total amount of EUR 703 million in 2023.

19.6 – Income tax recorded in equity

Total income tax recorded in equity amounts to EUR 172 million as of December 31, 2023 and can be analyzed as follows:

(in M€) Income tax	Dec. 31, 2023	Dec. 31, 2022	Change in Tax
Cash-Flow hedges	25	19	6
Available-for-sale financial assets	(19)	(13)	(6)
Actuarial gains/(losses) on defined benefits obligations	169	100	69
Other	(3)	(3)	–
TOTAL	**172**	**103**	**69**

19.7 – Non-controlling interests

In 2023, the Group finalized the acquisition of AVEVA's non-controlling interests. L&T, for which the Group holds 65%, is the main contributor of non-controlling interests.

Note 20: Pensions and other post-employment benefit obligations

The Group has set up various post-employment benefit plans for employees covering pensions, termination benefits, healthcare, life insurance and other benefits, as well as long-term benefit plans for active employees.

The benefits offered to each employee depends on local laws and regulations and choices made by the subsidiaries.

Defined Contribution Pension Plans

The group policy regarding pensions is to propose defined contribution pension plans, including a contribution from the employer. This is the most common active benefit offered worldwide, including for example 401k in US and PERO in France.

The contribution to these plans is booked as an operating cost and do not translate into any further obligation by the employer.

Defined Benefit Pension Plans

The Group's main Defined Benefit pension plans are located in the United Kingdom (UK) and the United States (US). They respectively represent 62% (2022: 57%) and 17% (2022: 24%) of the Group's total Defined Benefit Obligations (DBO) on pensions. The majority of benefit obligations under these plans, which represent 91% of the Group's total commitment at December 31, 2023, are partially or fully funded through payments to external funds. These funds are never invested in Group assets.

United Kingdom

The Group companies operate several Defined Benefit pension plans in the UK. The main one is related to the Invensys Pension Scheme. Pensions payable to employees depend on average final salary and length of service within the Group. These plans are registered schemes under UK tax law and managed by independent Boards of Trustees. They are closed to new entrants, and for most of them, the vested rights were frozen as they have been replaced by Defined Contributions plans.

These plans are funded by employer contributions, which are negotiated every three years based on plan valuations carried out by independent actuaries, so that the long-term financing services are ensured.

In relation to risk management and asset allocation, the Board of Trustees' aims of each plan are to ensure that it can meet its obligations to the plan's beneficiaries both in the short and long-term. The Board of Trustees is responsible for the plan's long-term investment strategy and defines and manages long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

Following the agreement reached with the Trustee of the Invensys Pension Scheme on February 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the Scheme, up to a maximum amount of GBP 1.75 billion. At December 31, 2023, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

Schneider UK pension plans contain provisions of pension called Guaranteed Minimum Pension ("GMP"). GMPs were accrued for individuals who subscribed to the State Second Pension prior to April 6, 1997. Historically, there was an inequality in the benefits between male and female members concerning GMP.

A High Court case concluded on October 26, 2018, confirmed that all UK pension plans must equalize "GMPs" between men and women.

5.5 Notes to the consolidated financial statements

United States

The United States' subsidiaries operate several Defined Benefit pension plans. These plans are closed to new entrants, frozen to future accruals and have been replaced by Defined Contributions plans. Pensions payable to employees depend on the average final salary and the length of service within the Group.

Each year, the Group companies contribute a certain amount to the Defined Benefit pension plans. This amount is determined actuarially and is comprised of service costs, administrative expenses and payments toward any existing deficits. Since the plans are closed and frozen, there is generally no service cost component.

The companies delegate various responsibilities to Pension Committees. These committees define and manage long-term investment strategies to reduce risks, including interest rate risks and longevity risks. A certain proportion of assets hedges the liability valuation change, resulting from the interest rates evolution. Those assets are primarily invested in fixed income investments, particularly intermediate and longer-term instruments.

In October 2022, a contract was purchased from an insurer for USD 518 million covering all current retirees and a portion of non-retirees of Invensys pension plan. The buy-in contract was purchased using assets from the pension trust and is accounted for at fair value as an investment of the trust. This transaction resulted in an additional net experience adjustment of USD 24 million recognized in other comprehensive income in 2022.

Effective in December 2023, the buy-in contract was converted to buy-out contract in conjunction with the plan termination. All liabilities were transferred to the insurer with no further benefit obligation for the Invensys.

France

The French subsidiaries offer a Retirement Benefit (ICDR) that can be either taken as a lumpsum at retirement or as time off (partial or full) before retirement is effective.

This benefit is calculated based on salary and years of services in company, according to the collective agreements and there is no funding requirement.

The French pension reform voted in April 2023 increased progressively the legal retirement age from 62 to 64 years old. The accounting impacts are not significant on the Group financial statements.

Assumptions

Actuarial valuations are generally performed each year. The assumptions used vary according to the economic conditions prevailing in the country concerned, as follows:

	Group weighted average rate		Euro zone*		United States	
	Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Discount rate	4.53%	4.82%	4.58%	4.85%	5.08%	5.35%
Rate of compensation increases	2.76%	2.58%	3.51%	3.63%	n.a.	n.a.

The discount rate is determined based on the interest rate for investment-grade (AA) corporate bonds or, if a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation. In the United States, the average discount rate is determined based on a yield curve for AA and AAA investment-grade corporate bonds.

In the Euro zone, the 2023 discount rate is 3.20% for the main plans.

The rate of compensation increases includes both the salary increase and inflation rate if relevant.

Weighted average duration of defined benefit obligations plans:

	Total		Euro zone*		United States	
	Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Weighted average duration in years	10	9.9	9.7	9.7	9.7	9.4

20.1 – Changes in provisions for pensions and other post-employment benefit obligations

Annual changes in obligations, the market value of plan assets and the corresponding assets and provisions recognized in the financial statements can be analyzed as follows:

(in millions of euros)	Defined benefit obligations	Plan assets	Asset ceiling	Net liability
Dec. 31, 2021	**(9,686)**	**8,871**	**(210)**	**(1,025)**
of which UK	*(6,017)*	*6,524*	*(184)*	*323*
of which US	*(2,170)*	*1,692*	*–*	*(478)*
Service cost	(121)	–	–	(121)
Past service cost	(2)	–	–	(2)
Curtailments and settlements	84	(79)	–	5
Interest cost	(203)	–	(4)	(207)
Interest income	–	170	–	170
Net impact in P&L, (expense)/profit	**(242)**	**91**	**(4)**	**(155)**
of which UK	*(131)*	*121*	*(4)*	*(14)*
of which US	*(117)*	*41*	*–*	*(76)*
Benefits paid	537	(473)	–	64
Plan participants' contributions	(6)	6	–	–
Employer contributions	–	130	–	130
Changes in the scope of consolidation	10	(2)	–	8
Actuarial gains/(losses) recognized in equity	2,395	(2,284)	26	137
Translation adjustment	102	(143)	8	(33)
Other changes	(32)	–	–	(32)
Dec. 31, 2022	**(6,922)**	**6,196**	**(180)**	**(906)**
of which UK	*(3,977)*	*4 339*	*(140)*	*222*
of which US	*(1,663)*	*1 287*	*–*	*(376)*
of which France	*(312)*	*66*	*–*	*(246)*
Service cost	(66)	–	–	(66)
Past service cost	(3)	–	–	(3)
Curtailments and settlements	517	(509)	–	8
Interest cost	(300)	–	(8)	(308)
Interest income	–	254	–	254
Net impact in P&L, (expense)/profit	**148**	**(255)**	**(8)**	**(115)**
of which UK	*(198)*	*200*	*(8)*	*(7)*
of which US	*(65)*	*38*	*–*	*(27)*
of which France	*(18)*	*2*	*–*	*(16)*
Benefits paid	498	(439)	–	59
Plan participants' contributions	(6)	6	–	–
Employer contributions	–	257	–	257
Changes in the scope of consolidation	30	(32)	–	(2)
Actuarial gains/(losses) recognized in equity	(165)	50	16	(119)
Translation adjustment	(43)	69	(6)	20
Other changes	(10)	–	–	(10)
Dec. 31, 2023	**(6,490)**	**5,852**	**(178)**	**(816)**
of which UK	*(4,018)*	*4,351*	*(130)*	*203*
of which US	*(1,122)*	*937*	*–*	*(185)*
of which France	*(353)*	*65*	*–*	*(288)*

The Group defined benefit obligations of EUR 6,490 million (2022: EUR 6,922 million) are broken down as EUR 6,246 million (2022: EUR 6,678 million) for post-employment benefits and EUR 244 million (2022: EUR 244 million) for other post-employment and long-term benefits.

The post-employment benefits are broken down between EUR 5,702 million for pension of which 97% are funded, and EUR 544 million for lump sum benefits of which 69% are funded.

5.5 Notes to the consolidated financial statements

The total present value of Defined Benefit Obligations breaks down as follows between wholly or partly funded plans and wholly unfunded plans:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Present value of wholly or partly funded benefit obligation	(5,882)	(6,334)
Fair value on plan assets	5,852	6,196
Effect of assets ceiling	(178)	(180)
Net position of wholly or partly funded benefit obligation	**(208)**	**(318)**
Present value of wholly or partly unfunded benefit obligation	**(608)**	**(588)**
NET LIABILITY FROM FUNDED AND UNFUNDED PLANS	**(816)**	**(906)**
Balance Sheet impact:		
*surplus of plans recognized as assets**	*253*	*280*
provisions recognized as liabilities	*(1,069)*	*(1,186)*

* The surplus of plans recognized as assets represents the assets in excess of the liabilities, generally assumed to be recoverable, and after applying any asset ceiling

Changes in gross items recognized in equity were as follows:

(in millions of euros)	Full Year 2023	Full Year 2022
Actuarial (gains)/losses on Defined Benefit Obligations arising from demographic assumptions	(40)	(81)
Actuarial (gains)/losses on Defined Benefit Obligations arising from financial assumptions	160	(2,490)
Actuarial (gains)/losses on Defined Benefit Obligations from experience effects	66	176
Actuarial (gains)/losses on plan assets	(50)	2,284
Effect of asset ceiling	(17)	(26)
TOTAL RECOGNIZED IN EQUITY DURING THE YEAR	**119**	**(137)**
of which UK	*(47)*	*(146)*
of which US	*1*	*110*

The table below shows the expected timing of benefit payments under pension and other post-employment benefit plans for the next 3 years:

(in millions of euros)	United Kingdom	United States	Rest of the World	Total
2024	320	85	79	484
2025	318	86	67	471
2026	309	86	76	471

Plans asset allocation:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Equity	8%	5%
Bonds	79%	73%
Others	13%	22%
TOTAL	**100%**	**100%**

20.2 – Sensitivity analysis

The effect of a ± 0.5% change in the discount rate and in the rate of compensation increases on the 2023 Defined Benefit Obligations is as follows:

	United Kingdom		United States		Rest of the World		Total	
(in millions of euros)	**+0.5%**	**–0.5%**	**+0.5%**	**–0.5%**	**+0.5%**	**–0.5%**	**+0.5%**	**–0.5%**
Discount rate	(199)	216	(50)	54	(62)	66	(311)	336
Rate of compensation increases	83	(80)	–	–	46	(43)	129	(123)

Note 21: Provisions for contingencies and charges

(in millions of euros)	Economic risks	Customer risks	Product risks	Financial risks	Restructuring	Other risks	Provisions
Dec. 31, 2021	**270**	**147**	**675**	**350**	**160**	**422**	**2,024**
of which long-term portion	*169*	*104*	*150*	*315*	*12*	*341*	*1,091*
Additions	40	36	240	39	144	162	661
Utilizations	(63)	(50)	(233)	(71)	(113)	(116)	(646)
Reversals of surplus provisions	–	(1)	(23)	(1)	(7)	(42)	(74)
Translation adjustments	9	7	–	12	(1)	14	41
Changes in the scope of consolidation and other	(50)	10	25	(10)	(12)	61	24
Dec. 31, 2022	**206**	**149**	**684**	**319**	**171**	**501**	**2,030**
of which long-term portion	*130*	*97*	*155*	*278*	*8*	*326*	*994*
Additions	59	43	305	39	92	255	793
Utilizations	(49)	(68)	(219)	(45)	(82)	(241)	(704)
Reversals of surplus provisions	–	(2)	(24)	–	(4)	(28)	(58)
Translation adjustments	(7)	(5)	(25)	(10)	(2)	(17)	(66)
Changes in the scope of consolidation and other	–	2	6	(6)	(6)	29	25
Dec. 31, 2023	**209**	**119**	**727**	**297**	**169**	**499**	**2,020**
of which long-term portion	*124*	*61*	*194*	*256*	*16*	*308*	*959*

Provisions are recognized following the principles described in Note 1.21.

Reconciliation with cash flow statement:

(in millions of euros)	Full Year 2023	Full Year 2022
Increase of provision	793	661
Utilization of provision	(704)	(646)
Reversal of surplus provision	(58)	(74)
Provision variance excluding employee benefit obligation	**31**	**(59)**
Employee benefit obligation net variance contribution to plan assets	56	91
INCREASE/(DECREASE) IN PROVISIONS IN CASH-FLOW STATEMENT	**87**	**32**

Note 22: Current and non-current financial liabilities

The breakdown of net debt is as follows:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Bonds	10,843	8,627
Other bank borrowings	1,793	42
Short-term portion of bonds	(999)	(1,299)
Short-term portion of long-term debt	(45)	(40)
NON-CURRENT FINANCIAL LIABILITIES	**11,592**	**7,330**
Commercial paper	1,018	1,491
Accrued interest	109	39
Other short-term borrowings	128	141
Bank overdrafts	42	123
Short-term portion of convertible and non-convertible bonds	999	1,299
Short-term portion of long-term debt	45	40
SHORT-TERM DEBT	**2,341**	**3,133**
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**13,933**	**10,463**
CASH AND CASH EQUIVALENTS	**(4,696)**	**(3,986)**
NET FINANCIAL DEBT excl. purchase commitments over non-controlling interests	**9,237**	**6,477**
Non-current purchase commitments over non-controlling interests	50	194
Current purchase commitments over non-controlling interests	80	4,554
NET FINANCIAL DEBT incl. purchase commitments over non-controlling interests	**9,367**	**11,225**

In January 2023, the Group has drawn 1,700 million under the Term loan facility set up to fund the acquisition of the minority interest of Aveva. This term loan matures in October 2025. As of December 31,2023, the amount used remains unchanged at 1,700 million at a rate of Euribor increased by a 0.56% margin.

5.5 Notes to the consolidated financial statements

22.1 – Breakdown by maturity

(in millions of euros)	Dec. 31, 2023 Carrying amount	Interests	Dec. 31, 2022 Carrying amount
2023	–	–	3,133
2024	2,341	287	1,000
2025	3,503	232	1,047
2026	1,398	158	1,397
2027	1,747	140	1,741
2028	1,268	100	756
2029	1,390	87	794
2030 and beyond	2,286	219	595
TOTAL	**13,933**	**1,223**	**10,463**

22.2 – Breakdown by currency

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Euro	13,723	10,236
US Dollar	8	41
Brazilian Real	63	16
Indian Rupee	74	77
Turkish Lira	16	8
Algerian Dinar	14	13
Other	35	72
TOTAL	**13,933**	**10,463**

22.3 – Bonds

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022	Interest rate	Maturity
Schneider Electric SE 2023	–	500	0.000% fixed	June 2023
Schneider Electric SE 2023	–	799	1.500% fixed	September 2023
Schneider Electric SE 2024	999	998	0.250% fixed	September 2024
Schneider Electric SE 2025	749	747	0.875% fixed	March 2025
Schneider Electric SE 2025	751	–	3.380% fixed	April 2025
Schneider Electric SE 2025	300	300	1.841% fixed	October 2025
Schneider Electric SE 2026 (OCEANEs)	650	651	0.000% fixed	June 2026
Schneider Electric SE 2026	747	747	0.875% fixed	December 2026
Schneider Electric SE 2027	498	497	1.000% fixed	April 2027
Schneider Electric SE 2027	746	745	1.375% fixed	June 2027
Schneider Electric SE 2027	499	498	3.250% fixed	November 2027
Schneider Electric SE 2028	755	756	1.500% fixed	January 2028
Schneider Electric SE 2028	496	–	3.250% fixed	June 2028
Schneider Electric SE 2029	795	795	0.250% fixed	March 2029
Schneider Electric SE 2029	594	–	3.130% fixed	October 2029
Schneider Electric SE 2030 (OCEANEs)	582	–	1.970% fixed	November 2030
Schneider Electric SE 2032	595	594	3.500% fixed	November 2032
Schneider Electric SE 2033	495	–	3.500% fixed	June 2033
Schneider Electric SE 2034	592	–	3.380% fixed	April 2034
TOTAL	**10,843**	**8,627**		

Schneider Electric SE has issued bonds on different markets:

- as part of its Euro Medium Term Notes (EMTN) program, bonds traded on the Paris stock exchange. Issues that had not yet matured as of December 31, 2023 are as follow:
  - EUR 800 million worth of bonds issued in September 2016, at a rate of 0.25%, maturing in September 2024;
  - EUR 200 million worth of bonds issued in July 2019, at a rate of 0.25%, maturing in September 2024;
  - EUR 750 million worth of bonds issued in March 2015, at a rate of 0.875%, maturing in March 2025;
  - EUR 750 million worth of bonds issued in April 2023, at a rate of 3.375%, maturing in April 2025;
  - EUR 200 million and EUR 100 million worth of Climate bonds issued successively in October and December 2015, at a rate of 1.841%, maturing in October 2025;
  - EUR 750 million worth of bonds issued in December 2017, at a rate of 0.875%, maturing in December 2026;
  - EUR 500 million worth of bonds issued in April 2020, at a rate of 1.00%, maturing in April 2027;
  - EUR 750 million worth of bonds issued in June 2018, at a rate of 1.375%, maturing in June 2027;
  - EUR 500 million worth of bonds issued in November 2022, at a rate of 3.25%, maturing in November 2027;
  - EUR 500 million worth of bonds issued in January 2019 and EUR 250 million worth of bonds issued in May 2019, at a rate of 1.50%, maturing in January 2028;
  - EUR 500 million worth of bonds issued in June 2023, at a rate of 3.25%, maturing in June 2028;
  - EUR 800 million worth of bonds issued in March 2020, at a rate of 0.25%, maturing in March 2029;

- EUR 600 million worth of bonds issued in October 2023, at a rate of 3.125%, maturing in October 2029;
- EUR 600 million worth of bonds issued in November 2022, at a rate of 3.50%, maturing in November 2032;
- EUR 500 million worth of bonds issued in June 2023, at a rate of 3.50%, maturing in June 2033; – EUR 600 million worth of bonds issued in January 2023, at a rate of 3.375%, maturing in April 2034.

In addition, the Group has issued a bond that is convertible into or exchangeable for a new or existing shares (OCEANEs) for EUR 650 million at a rate of 0.00%, maturing in June 2026. The OCEANE has a debt component, assessed on inception date on the basis of the market interest rate applied to an equivalent non-convertible bond, is recognized in non-current financial debts and an optional component recognized in equity. At end of December 2023, the debt component recorded at net book value amounts to EUR 651 million and the optional component to EUR 42 million.

The initial conversion and/or exchange ratio of the Bonds was one share per Bond with a nominal value set at EUR 176.44 and has been adjusted to 1.007 shares per bond in May 2023. According to Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to 0.50% of the face value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:

- Climate: Deliver 800 megatons of saved and avoided CO_2 emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.

The Group has also issued in 2023 OCEANEs for EUR 650 million at a rate of 1.97%, maturing in November 2030. At end of December 2023, the debt component recorded at net book value amounts to EUR 584 million and the optional component to EUR 66 million. The initial conversion and/or exchange ratio of the Bonds was 426.66 shares per bond with a nominal value set at EUR 100,000.00 corresponding to EUR 234.38 per share.

For all those transactions, issue premium and issue costs are amortized per the effective interest rate method.

22.4 – Cash flow statement impact

			Non Cash Variation		
(in millions of euros)	Dec. 31, 2022	Cash variations	Scope impacts	Other variations	Dec. 31, 2023
Bonds	8,627	2,210	–	6	10,843
Other borrowings	1,713	1,304	2	29	3,048
Bank overdrafts	123	(128)	–	47	42
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**10,463**	**3,386**	**2**	**82**	**13,933**

22.5 – Purchase commitments over non-controlling interests

(in millions of euros)	Maturity	Dec. 31, 2023	Dec. 31, 2022
Current portion		80	4,554
Non-current portion	2025–2027	50	194
TOTAL PURCHASE COMMITMENTS OVER NON-CONTROLLING INTEREST		**130**	**4,748**

In 2023, purchase commitments over non-controlling interests mainly relates to ETAP, Qmerit and EnergySage. In 2022, current portion corresponded to the commitment over AVEVA's non-controlling interests preceding the transaction described in note 2.

5.5 Notes to the consolidated financial statements

Note 23: Classification of financial instruments

The Group uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and metal prices.

Financial assets and liabilities can be classified at the fair value following the hierarchy levels below:

1. Level 1: market value (non-adjusted) on active markets, for similar assets and liabilities, which the company can obtain on a given valuation date;
2. Level 2: data other than the market rate available for level 1, which are directly or indirectly observable on the market;
3. Level 3: data on the asset or liability that are not observable on the market.

23.1 – Balance sheet exposure and fair value hierarchy

	Dec. 31, 2023					
(in millions of euros)	Carrying amount	Fair value through P&L	Fair value through equity	Financial assets/liabilities measured at amortized cost	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	15	15	–	–	15	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	132	132	–	–	132	Level 3
Other unlisted financial assets	554	94	460	–	554	Level 3
Other non-current financial assets	544	–	253	291	544	Level 2
TOTAL NON-CURRENT ASSETS	**1,245**	**241**	**713**	**291**	**1,245**	
Trade accounts receivables	8,388	–	–	8,388	8,388	Level 2
Marketable securities	2,024	2,024	–	–	2,024	Level 1
Negotiable debt securities and short-term deposits	588	588	–	–	588	Level 2
Cash	2,084	2,084	–	–	2,084	Level 2
Derivative instruments - foreign currencies	73	42	31	–	73	Level 2
Derivative instruments - interest rates	44	44		–	44	Level 2
Derivative instruments - commodities	4	–	4	–	4	Level 2
TOTAL CURRENT ASSETS	**13,205**	**4,782**	**35**	**8,388**	**13,205**	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(8,612)	–	–	(8,612)	(8,488)	Level 1
Long-term portions of convertible bonds *	(1,232)	–	–	(1,232)	(1,218)	Level 2
Non-current purchase commitments over noncontrolling interests	(50)	–	(50)	–	(50)	Level 2
Other long-term debt	(1,748)	–	–	(1,748)	(1,748)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(11,642)**	**–**	**(50)**	**(11,592)**	**(11,504)**	
Short-term portion of bonds *	(999)	–	–	(999)	(977)	Level 1
Short-term debt	(1,342)	–	–	(1,342)	(1,342)	Level 2
Trade accounts payable	(7,596)	–	–	(7,596)	(7,596)	Level 2
Current purchase commitments over noncontrolling interests	(80)	–	(80)	–	(80)	Level 2
Other	(100)	–	–	(100)	(100)	Level 2
Derivative instruments - foreign currencies	(48)	(48)	–	–	(48)	Level 2
Derivative instruments - interest rates	–	–	–	–	–	Level 2
Derivative instruments - commodities	(1)	–	(1)	–	(1)	Level 2
TOTAL CURRENT LIABILITIES	**(10,166)**	**(48)**	**(81)**	**(10,037)**	**(10,144)**	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 10,843 million compared to EUR 10,683 million at fair value.

	Dec. 31, 2023					
(in millions of euros)	Carrying amount	Fair Value through P&L	Fair Value through equity	Financial assets at amortized cost and liabilities	Fair value	Fair value hierarchy
ASSETS:						
Listed financial assets	14	14	–	–	14	Level 1
Venture capital (FCPR)/mutual funds (SICAV)	119	119	–	–	119	Level 3
Other unlisted financial assets	478	96	382	–	478	Level 3
Other non-current financial assets	514	–	280	234	514	Level 2
TOTAL NON-CURRENT ASSETS	**1,125**	**229**	**662**	**234**	**1,125**	
Trade accounts receivables	7,514	–	–	7,514	7,514	Level 2
Marketable securities	1,716	1,716	–	–	1,716	Level 1
Negotiable debt securities and short-term deposits	693	693	–	–	693	Level 2
Cash	1,577	1,577	–	–	1,577	Level 2
Derivative instruments - foreign currencies	62	62	–	–	62	Level 2
Derivative instruments - interest rates	–	–	–	–	–	Level 2
Derivative instruments - commodities	11	–	11	–	11	Level 2
TOTAL CURRENT ASSETS	**11,573**	**4,048**	**11**	**7,514**	**11,573**	
LIABILITIES:						
Long-term portions of non-convertible bonds *	(6,677)	–	–	(6,677)	(6,210)	Level 1
Long-term portions of convertible bonds *	(651)	–	–	(651)	(577)	Level 2
Non-current purchase commitments over noncontrolling interests	(194)	–	(194)	–	(194)	Level 2
Other long-term debt	(2)	–	–	(2)	(2)	Level 2
TOTAL NON-CURRENT LIABILITIES	**(7,524)**	**–**	**(194)**	**(7,330)**	**(6,983)**	
Short-term portion of bonds *	(1,299)	–	–	(1,299)	(1,288)	Level 1
Short-term debt	(1,834)	–	–	(1,834)	(1,834)	Level 2
Trade accounts payable	(6,254)	–	–	(6,254)	(6,254)	Level 2
Current purchase commitments over noncontrolling interests	(4,554)	–	(4,554)	–	(4,554)	Level 2
Other	(174)	–	–	(174)	(174)	Level 2
Derivative instruments - foreign currencies	(264)	(182)	(82)	–	(264)	Level 2
Derivative instruments - interest rates	(3)	(3)	–	–	(3)	Level 2
Derivative instruments - commodities	–	–	–	–	–	Level 2
TOTAL CURRENT LIABILITIES	**(14,382)**	**(185)**	**(4,636)**	**(9,561)**	**(14,371)**	

* The majority of financial instruments listed in the balance sheet have a fair value close to their book value, except for bonds, for which the amortized cost in the balance sheet represents EUR 8,627 million compared to EUR 8,075 million at fair value.

5.5 Notes to the consolidated financial statements

23.2 – Derivative instruments

			Dec. 31, 2023					
(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Carrying amounts in OCI
Forwards contracts	CFH	< 1 year	483	(296)	3	10	(7)	2
Forwards contracts	CFH	< 2 years	69	(30)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	3	(7)	–	–	–	–
Forwards contracts	FVH	< 1 year	1,755	(1,659)	1	18	(17)	–
Forwards contracts	FVH	< 2 years	550	–	17	17	–	8
Forwards contracts	NIH	< 1 year	714	–	12	12	–	12
Forwards contracts	Trading	< 1 year	990	(3,944)	(17)	5	(22)	–
Cross currency swaps	CFH	< 1 year	65	(18)	(1)	–	(1)	(1)
Cross currency swaps	NIH	> 2 years	502	–	10	10	–	10
TOTAL FOREIGN CHANGE DERIVATIVES			**5,131**	**(5,954)**	**25**	**73**	**(48)**	**31**
Forwards contracts	CFH	< 1 year	–	(409)	3	4	(1)	3
Commodities derivatives			**–**	**(409)**	**3**	**4**	**(1)**	**3**
Interest Rate Swap	FVH	> 2 years	1,050	(1,050)	44	44	–	–
Interest Rate Derivatives			**1,050**	**(1,050)**	**44**	**44**	**–**	**–**
TOTAL			**6,181**	**(7,413)**	**72**	**121**	**(49)**	**34**

			Dec. 31, 2022					
(in millions of euros)	Accounting qualification	Maturity	Nominal sales	Nominal purchases	Fair Value	Carrying amount in assets	Carrying amount in liabilities	Carrying amounts in OCI
Forwards contracts	CFH	< 1 year	579	(316)	–	14	(14)	–
Forwards contracts	CFH	< 2 years	31	(19)	–	1	(1)	–
Forwards contracts	CFH	> 2 years	12	(19)	–	1	(1)	–
Forwards contracts	FVH	< 1 year	1,762	(5,493)	(118)	37	(155)	(3)
Forwards contracts	NIH	< 1 year	420	–	2	2	–	2
Forwards contracts	Trading	< 1 year	221	(1,811)	1	6	(5)	–
Cross currency swaps	CFH	< 1 year	75	(46)	–	1	(1)	4
Cross currency swaps	NIH	< 1 year	797	–	(87)	–	(87)	(85)
TOTAL FX DERIVATIVES			**3,897**	**(7,704)**	**(202)**	**62**	**(264)**	**(82)**
Forwards contracts	CFH	< 1 year	–	(419)	11	11	–	11
Commodities derivatives			–	(419)	11	11	–	11
Interest Rate Swap	FVH	> 2 years	250	(250)	(3)	–	(3)	–
Interest Rate Derivatives			250	(250)	(3)	–	(3)	–
TOTAL			**4,147**	**(8,373)**	**(194)**	**73**	**(267)**	**(71)**

23.3 – Foreign currency hedges

Since a significant proportion of affiliates' transactions are denominated in currencies other than the affiliate's functional currency, the Group is exposed to currency risks. If the Group is not able to hedge these risks, fluctuations in exchange rates between the functional currency and other currencies can have a significant impact on its results and distort year-on-year performance comparisons. As a result, the Group uses derivative instruments to hedge its exposure to exchange rates mainly through FX forwards and natural hedges. Furthermore, some long-term loans and borrowings granted to the affiliates are considered as net investment in foreign operations according to IAS 21.

Schneider Electric's currency hedging policy is to protect its subsidiaries against risks on transactions denominated in a currency other than their functional currency. Hedging approaches are detailed in Note 1.23.

The breakdown of the nominal of foreign change derivatives related to operating and financing activities is as follows:

	Dec. 31, 2023		
(in millions of euros)	**Sales**	**Purchases**	**Net**
US Dollar	2,304	(2,321)	(17)
Chinese Yuan	97	(581)	(484)
Danish Crown	22	(202)	(180)
Singapore Dollar	409	(621)	(212)
Swedish Crown	49	(108)	(59)
Japanese Yen	29	(184)	(155)
Swiss Franc	13	(107)	(94)
UAE Dirham	27	(95)	(68)
Brazilian real	76	(12)	64
Canadian Dollar	45	(17)	28
Australian Dollar	54	(65)	(11)
Saudi Riyal	25	(41)	(16)
Norwegian Krone	23	(37)	(14)
British Pound	1,430	(1,114)	316
South African Rand	48	(10)	38
Hong Kong Dollar	47	(106)	(59)
Others	433	(333)	100
TOTAL	**5,131**	**(5,954)**	**(823)**

23.4 – Interest rate hedges

Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions to optimize overall borrowing costs. The Group uses derivative instruments to hedge its exposure to interest rates through swaps or cross-currency swaps. Cross-currency swaps may be presented both as foreign exchange hedges and interest rate hedges depending on the characteristics of the derivative.

During the fiscal year 2023, the Group has set up EUR 800 million interest rate swaps to hedge its exposure.

	Dec. 31, 2023			Dec. 31, 2022		
(in millions of euros)	**Fixed Rates**	**Floating rates**	**Total**	Fixed Rates	Floating rates	Total
Total current and non-current financial liabilities	10,843	3,090	**13,933**	8,627	1,836	**10,463**
Cash and cash equivalent	–	(4,696)	**(4,696)**		(3,986)	**(3,986)**
NET DEBT BEFORE HEDGING	**10,843**	**(1,606)**	**9,237**	**8,627**	**(2,150)**	**6,477**
Impact of Hedges	(1,050)	1,050	–	(250)	250	–
NET DEBT AFTER HEDGING	**9,793**	**(556)**	**9,237**	**8,377**	**(1,900)**	**6,477**

5.5 Notes to the consolidated financial statements

23.5 – Commodity hedges

The Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. If the Group is not able to hedge, compensate for or pass on to customers any such increased costs, this could have an adverse impact on its results. The Group has, however, implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The Purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

All commodities instruments are futures and options designated as cash flow hedge under IFRS standards, of which:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Fair value	3	11
Nominal amount	(409)	(419)

23.6 – Financial assets and liabilities subject to netting

In accordance with IFRS 7 standards, this section discloses financial instruments that are subject to netting agreements.

	Dec. 31, 2023				
(in millions of euros)	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	121	–	121	(40)	81
Financial liabilities	(49)	–	(49)	40	(9)

	Dec. 31, 2022				
(in millions of euros)	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amounts as per IFRS 7
Financial assets	73	–	73	–	73
Financial liabilities	(264)	–	(264)	–	(264)

The Group trades over-the-counter derivatives with tier-one banks under agreements which provide for the offsetting of amounts payable and receivable in the event of default by one of the contracting parties. These conditional offsetting agreements do not meet the eligibility criteria within the meaning of IAS 32 for offsetting derivative instruments recorded under assets and liabilities. However, they do fall within the scope of disclosures under IFRS 7 on offsetting.

23.7 – Counterparty risk

Financial transactions are entered with carefully selected counterparties. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency.

Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules. In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

23.8 – Liquidity risk

As of December 31, 2023, the Group had confirmed credit lines of EUR 2.950 million, all unused with EUR 2.850 million maturing after December 2024. Among them, EUR 2.700 million are sustainable-linked credit line with margin indexed on the annual performance of the Schneider Sustainability Impact (SSI).

With EUR 2.9 billion available committed facility and EUR 4.7 billion cash & cash equivalent, the liquidity of the Group amounts to EUR 7.6 billion end of the year. In the next 12 months, the total short term and bond maturity amounts to EUR 2.3 billion.

Loan Agreement and committed credit lines do not include any financial covenants or credit rating triggers in case of rating downgrade.

23.9 – Financial risk management

Foreign currency risk arises from the Group undertaking a significant number of foreign currency transactions in the course of operations. These exposures arise from sales in currencies other than the Group's presentational currency of Euro.

The main exposure of the Group in terms of currency exchange risk is related to the US dollar, Chinese Yuan and currencies linked to the US dollar. In 2023, revenue in foreign currencies amounted to EUR 29.2 billion (EUR 27.3 billion in 2022), including around EUR 11.2 billion in US dollars and EUR 4.5 billion in Chinese yuan (respectively EUR 9.9 and EUR 4.8 billion in 2022).

The Group manages its exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates. The financial instruments used to hedge the Group's exposure to fluctuations in exchange rates are described above.

The table below shows the impact of a 10% change in the US dollar and the Chinese Yuan against the Euro on Revenue and Adjusted EBITA. It includes the impact from the translation of financial statements into the Group's presentation currency and assumes no scope impact.

	Dec. 31, 2023		
(in millions of euros)	Increase/ (decrease) in average rate	Revenue	Adj. EBITA
US Dollar	10%	1,122	212
	(10)%	(1,020)	(193)
Chinese Yuan	10%	454	122
	(10)%	(413)	(111)

	Dec. 31, 2022		
(in millions of euros)	Increase/ (decrease) in average rate	Revenue	Adj. EBITA
US Dollar	10%	990	162
	(10)%	(900)	(147)
Chinese Yuan	10%	478	121
	(10)%	(434)	(110)

Note 24: Employees

24.1 – Employees

The Group average number of permanent and temporary employees is as follows:

(number of employees)	Full Year 2023	Full Year 2022
Production	86,482	81,506
Administration	81,562	80,833
TOTAL AVERAGE WORKFORCE	**168,044**	**162,339**
of which Western Europe	*42,927*	*41,482*
of which North America	*41,145*	*37,839*
of which Asia-Pacific	*61,946*	*59,045*
of which Rest of the world	*22,026*	*23,973*

24.2 – Employee benefit expense

(in millions of euros)	Full Year 2023	Full Year 2022
Payroll costs	(9,872)	(8,764)
Profit-sharing and incentive bonuses	(53)	(62)
Share-based payments	(208)	(184)
EMPLOYEE BENEFITS EXPENSE	**(10,133)**	**(9,010)**

24.3 – Benefits granted to senior executives

In 2023, the Group granted EUR 2.2 million in attendance fees to the members of its Board of directors. The total amount of gross remuneration, including benefits in kind, paid in 2023 by the Group to the members of Senior Management, excluding executive directors, totaled EUR 37.8 million, of which EUR 10.6 million corresponded to the variable portion.

During the last three financial years, 497,792 performance shares have been allocated, excluding Corporate Officers. No stock options have been granted during the last three financial years. In 2023, performance shares were allocated under the 2023 long-term incentive plans 42 and 42bis. Since December 16, 2011, 100% of performance shares are conditional on the achievement of performance criteria for members of the Executive Committee.

Please refer to Chapter 4 of the Universal Registration Document for more information regarding the members of Senior Management.

5.5 Notes to the consolidated financial statements

Note 25: Related party transactions

25.1 – Transactions with associates

Companies over which the Group has significant influence are accounted through the equity method. Transactions with these related parties are carried out on arm's length terms.

Related party transactions were not material in 2023.

25.2 – Transactions with key management personnel

No transactions were carried out during the year with members of the supervisory board or management board. Compensation and benefits paid to the Group's top senior executives are described in Note 24.

Note 26: Commitments and contingent liabilities

26.1 – Guarantees and similar undertakings

The following table discloses the maximum exposure on guarantees given and received:

(in millions of euros)	Dec. 31, 2023	Dec. 31, 2022
Market counter guarantees*	3,551	3,543
Pledges, mortgages and sureties**	207	181
Other commitments given	411	435
GUARANTEES GIVEN	**4,169**	**4,159**
Endorsements and guarantees received	168	80
GUARANTEES RECEIVED	**168**	**80**

* On certain contracts, customers require some commitments to guarantee that the contract will be fully executed by the subsidiaries of the Group. The risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated. Market counter guarantees also include the guaranteed obligations towards pension schemes.

** Some loans are secured by property, plant and equipment and securities lodged as collateral.

26.2 – Contingent liabilities

As previously disclosed, investigations were conducted in September 2018 by the French judicial authority and French Competition Authority ("Autorité de la concurrence") at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections ("notification de griefs") from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules. Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority. The hearing in front of the French Competition Authority is not yet planned, the Group is expecting it to take place in 2024 and an enforceable decision may be issued late 2024 or 2025. Should the French Competition Authority deny Schneider Electric's arguments and conclude that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fine it may impose in accordance with the principles of proportionality and individuality as described in its 2021 press release (https://www.autoritedelaconcurrence.fr/sites/default/files/Communique_sanction.pdf). This potential fine could not exist and could not exceed a maximum amount of 10% of the total 2021 Group revenue according to article L. 464-2 of the French Commercial Code.

Concurrently on October 7, 2022, Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of €20 million and a cash guarantee of €80 million. Schneider Electric officially contested the indictment decision and raised numerous arguments in law and fact. Procedure is ongoing.

Those actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to vigorously and fully defend itself.

Considering the difficulty in assessing the extent to which the French Competition Authority considers the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no provision has been made at this stage of the case.

Schneider Electric has other contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Group, or its subsidiaries were reviewed at the date on which the consolidated financial statements were approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

Note 27: Subsequent events

27.1 – Issuance of bonds

On January 10, 2024, the Group has issued two bonds, for EUR 600 million at a rate of 3.00% maturing in January 2031 and for EUR 700 million at a rate of 3.25% maturing in October 2035.

27.2 – ETAP

On January 23, 2024, the Group purchased the remaining 20% minority interests of ETAP in accordance with the forward agreement concluded in 2021 when it acquired 80% of the company.

27.3 – AUTOGRID

On December 14, 2023, the Group entered into an agreement with Uplight Inc. (in which Schneider Electric holds a strategic minority investment) to sell AutoGrid to Uplight. This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 6, 2024, has raised the controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

Note 28: Statutory Auditors' fees

Fees paid by the Group to the Statutory Auditors and their networks:

	Full Year 2023				
(in thousands of euros)	PwC	%	Mazars	%	Total
Statutory auditors, certification, examination of the parent company and consolidated accounts	11,956	88%	9,886	97%	**21,842**
o/w Schneider Electric SE	*1,506*		*942*		***2,448***
o/w subsidiaries	*10,450*		*8,944*		***19,394***
Services other than statutory audit – Audit-related services ("SACC")*	1,681	12%	349	3%	**2,030**
o/w Schneider Electric SE	*413*		*16*		***429***
o/w subsidiaries	*1,268*		*333*		***1,601***
TOTAL FEES	**13,637**	**100%**	**10,235**	**100%**	**23,872**

* Audit related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.

	Full Year 2022				
(in thousands of euros)	PwC	%	Mazars	%	Total
Statutory auditors, certification, examination of the parent company and consolidated accounts	11,271	92%	9,819	95%	21,090
o/w Schneider Electric SE	*1,291*		*971*		*2,262*
o/w subsidiaries	*9,980*		*8,848*		*18,828*
Services other than statutory audit – Audit-related services ("SACC")*	996	8%	522	5%	1,518
o/w Schneider Electric SE	*348*		*–*		*348*
o/w subsidiaries	*648*		*522*		*1,170*
TOTAL FEES	**12,267**	**100%**	**10,341**	**100%**	**22,608**

* Audit related services include services required by regulations and those provided at the request of the parent company or controlled entities, in particular: the review of environmental, social and societal information, contractual audits, comfort letters, audit certificates, agreed procedures, audits of procedures and information systems, and tax services that do not impair auditor independence.

5.5 Notes to the consolidated financial statements

Note 29: Consolidated companies

The main companies included in the Schneider Electric Group scope of consolidation are listed below:

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Europe			
Fully consolidated			
Nxtcontrol GmbH	Austria	100	100
RIB Saa Software Engineering Gmbh	Austria	90	90
Schneider Electric "Austria" GMBH	Austria	100	100
Schneider Electric Power Drives GmbH	Austria	100	100
Schneider Electric Systems Austria GmbH	Austria	100	100
Schneider Electric Energy Belgium SA	Belgium	100	100
Schneider Electric ESS BV	Belgium	100	100
Schneider Electric NV SA	Belgium	100	100
Schneider Electric Services International	Belgium	100	100
Schneider Electric Systems Belgium NV/SA	Belgium	100	100
Proleit Bulgaria OOD	Bulgaria	100	100
Schneider Electric Bulgaria EOOD	Bulgaria	100	100
Schneider Electric d.o.o.	Croatia	100	100
RIB Stavebni Software S.R.O.	Czech Republic	100	100
Schneider Electric A.S.	Czech Republic	98.3	98.3
Schneider Electric CZ S.R.O.	Czech Republic	100	100
Schneider Electric Systems Czech Republic S.R.O.	Czech Republic	100	100
Orbaekvej 280 A/S	Denmark	100	100
RIB A/S	Denmark	100	100
Schneider Electric Danmark A/S	Denmark	100	100
Schneider Electric IT Denmark ApS	Denmark	100	100
Schneider Electric Eesti AS	Estonia	100	100
Schneider Electric Finland Oy	Finland	100	100
Schneider Electric Fire & Security OY	Finland	100	100
Schneider Electric Vamp Oy	Finland	100	100
Applications Logiciels Pour Ingenierie ALPI	France	–	100
Behar-Securite	France	100	100
Boissiere Finance	France	100	100
Construction Electrique du Vivarais	France	100	100
Dinel	France	–	100
Eckardt SAS	France	100	100
EcoAct SAS FR	France	100	–
France Transfo	France	100	100
Invensys Holding France SAS	France	100	100
Merlin Gerin Ales	France	100	100
Merlin Gerin Loire	France	100	100
Muller & Cie	France	100	100
Newlog	France	100	100
Rectiphase SAS	France	100	100
Sarel - Appareillage Electrique	France	100	100
Scanelec	France	100	100
Schneider Electric Alpes	France	100	100
Schneider Electric Energy France	France	100	100
Schneider Electric France	France	100	100
Schneider Electric Industries SAS	France	100	100
Schneider Electric International	France	100	100
Schneider Electric IT France	France	100	100
Schneider Electric Manufacturing Bourguebus	France	100	100
Schneider Electric SE	France	100	100
Schneider Electric Solar France	France	100	100
Schneider Electric Systems France	France	100	100
Schneider Electric Telecontrol	France	100	100
Schneider Toshiba Inverter Europe SAS	France	60	60
Schneider Toshiba Inverter SAS	France	60	60
Societe D'Application Et D'Ingenierie Industrielle Et Informatique - SA3I	France	100	100
Societe Electrique d'Aubenas	France	100	100
Societe Francaise de Constructions Mecaniques Et Electriques	France	100	100
Societe Francaise Gardy	France	100	100
Systemes Equipements Tableaux Basse Tension, SETBT	France	100	100
Transfo Services	France	100	100
ABN GmbH	Germany	100	100
J&K Regeltechnik GmbH	Germany	100	100

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Merten GmbH	Germany	100	100
Proleit GmbH	Germany	100	100
RIB Cosirus Gmbh	Germany	100	100
RIB Deutschland Gmbh	Germany	100	100
RIB GmbH	Germany	100	100
RIB IMS Gmbh	Germany	100	100
Schneider Electric Automation GmbH	Germany	100	100
Schneider Electric GmbH	Germany	100	100
Schneider Electric Holding Germany GmbH	Germany	100	100
Schneider Electric Investment AG	Germany	100	100
Schneider Electric Operations Consulting GmbH	Germany	100	100
Schneider Electric Real Estate GmbH	Germany	100	100
Schneider Electric Sachsenwerk GmbH	Germany	100	100
Schneider Electric Systems Germany GmbH	Germany	100	100
Schneider Electric AEBE	Greece	100	100
Schneider Electric Hungaria Villamossagi ZRT	Hungary	100	100
SE - CEE Schneider Electric Közep-Kelet Európai Korlatolt Felelösségü Tarsasag	Hungary	100	100
Schneider Electric Ireland Limited	Ireland	100	100
Schneider Electric IT Limited	Ireland	100	100
Schneider Electric IT Logistics Europe Limited	Ireland	100	100
Validation Technologies (Europe) Ltd	Ireland	100	100
Eliwell Controls S.r.l.	Italy	100	100
Schneider Electric Industrie Italia S.p.a.	Italy	100	100
Schneider Electric S.p.a.	Italy	100	100
Schneider Electric Systems Italia S.p.a.	Italy	100	100
Uniflair S.p.a.	Italy	100	100
Lexel Fabrika, SIA	Latvia	100	100
Schneider Electric Baltic Distribution Center	Latvia	100	100
Schneider Electric Latvija SIA	Latvia	100	100
UAB Schneider Electric Lietuva	Lithuania	100	100
Industrielle De Reassurance S.A.	Luxembourg	100	100
Schneider Electric Holding Luxembourg	Luxembourg	100	100
American Power Conversion Corporation (A.P.C.) B.V.	Netherlands	100	100
APC International Corporation B.V.	Netherlands	100	100
BTR (European Holdings) Bv	Netherlands	100	100
Clovis Systems B.V.	Netherlands	70	70
InTwo International B.V.	Netherlands	100	100
Proleit B.V.	Netherlands	100	100
Schneider Electric Ecommerce Europe B.V.	Netherlands	100	100
Schneider Electric Logistic Centre B.V.	Netherlands	100	100
Schneider Electric Systems Netherlands N.V.	Netherlands	100	100
Schneider Electric The Netherlands B.V.	Netherlands	100	100
ELKO AS (Elektrokontakt AS)	Norway	100	100
Lexel Holding Norge AS	Norway	100	100
Schneider Electric Norge AS	Norway	100	100
Schneider Electric Elda S.A.	Poland	100	100
Schneider Electric Industries Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Polska Sp. Z o.o.	Poland	100	100
Schneider Electric Systems Poland Sp. Z o.o.	Poland	–	100
Schneider Electric Transformers Poland SpZoo	Poland	–	100
Schneider Electric Portugal, LDA	Portugal	100	100
Schneider Electric Romania, SRL	Romania	100	100
Schneider Electric Systems LLC	Russia	100	100
Schneider Electric LLC Novi Sad	Serbia	100	100
Schneider Electric Srbija doo Beograd	Serbia	100	100
Schneider Electric Slovakia, Spol SRO	Slovakia	100	100
Schneider Electric Systems Slovakia S.R.O.	Slovakia	100	100
EcoAct Iberica ES	Spain	100	–
Manufacturas Electricas S.A.U.	Spain	100	100
Proleit Iberia Slu	Spain	100	100
RIB Spain Sa	Spain	100	100
Schneider Electric Espana, S.A.U	Spain	100	100
Schneider Electric IT Spain, S.L.	Spain	100	100
Schneider Electric Solar Spain, S.A.	Spain	100	100
Schneider Electric Systems Iberica S.L.	Spain	100	100
Telemantenimiento De Alta Tension, S.L.	Spain	100	100
AB Crahflere 1	Sweden	100	100
Elektriska Aktiebolaget Delta	Sweden	100	100
Elko AB	Sweden	100	100

5.5 Notes to the consolidated financial statements

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Lexel AB	Sweden	100	100
Schneider Electric Buildings AB	Sweden	100	100
Schneider	Sweden	100	100
Schneider	Sweden	100	100
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	–	100
RIB Cosinus Ag	Switzerland	100	100
Schneider Electric (Suisse) SA	Switzerland	100	100
Proleit Automation	Ukraine	100	100
Schneider Electric	Ukraine	100	100
Ascot Acquisition	United Kingdom	100	100
Aveva Group plc (sub-group)	United Kingdom	100	59.2
BTR Industries Ltd	United Kingdom	100	100
BTR Property Holdings Ltd	United Kingdom	100	100
EcoAct UK Carbon Clear Ltd	United Kingdom	100	–
Invensys Group Holdings Ltd	United Kingdom	100	100
Invensys Group Ltd	United Kingdom	100	100
Invensys Holdings Ltd	United Kingdom	100	100
Invensys International Holdings Ltd	United Kingdom	100	100
Invensys Ltd	United Kingdom	100	100
M&C Energy Group Limited	United Kingdom	100	100
RIB Solutions (Uk) Ltd	United Kingdom	100	100
Samos Acquisition Company Limited	United Kingdom	100	100
Schneider Electric (UK) Limited	United Kingdom	100	100
Schneider Electric Buildings UK Limited	United Kingdom	100	100
Schneider Electric Controls UK Limited	United Kingdom	100	100
Schneider Electric Invensys (UK) Ltd	United Kingdom	100	100
Schneider Electric IT UK Ltd	United Kingdom	100	100
Schneider Electric Limited	United Kingdom	100	100
Schneider Electric Systems UK Limited	United Kingdom	100	100
Tac Products Limited	United Kingdom	100	100
Yorkshire Switchgear Group Limited	United Kingdom	100	100
Accounted for by equity method			
Carros Sensors Topco Ltd	United Kingdom	–	30
Delta Dore Finance SA (sub-group)	France	20	20
Planon Beheer BV	Netherlands	25	25
Schneider Lucibel Managed Services SAS	France	50	50
North America			
Fully consolidated			
Power Measurement Ltd	Canada	–	100
Schneider Electric Canada Inc.	Canada	100	100
Schneider Electric Solar Inc.	Canada	100	100
Schneider Electric Systems Canada Inc.	Canada	100	100
Electronica Reynosa S. de R.L. de C.V.	Mexico	100	100
Industrias Electronicas Pacifico, S.A. de C.V.	Mexico	100	100
Proleit S. De R. L.	Mexico	100	66.67
Schneider Electric Mexico S.A. de C.V.	Mexico	100	100
Schneider Electric Systems Mexico, S.A. de C.V.	Mexico	100	100
Schneider Industrial Tlaxcala S.A. de C.V.	Mexico	100	100
Schneider Mexico S.A. de C.V.	Mexico	100	100
Schneider R&D, S.A. de C.V.	Mexico	100	100
Square D Company Mexico, S.A. de C.V.	Mexico	100	100
Steck De Mexico S.A. De C.V.	Mexico	100	100
Telvent Mexico, S.A. de C.V.	Mexico	100	100
American Power Conversion Holdings Inc.	United States	100	100
ASCO Power Services, Inc.	United States	100	100
ASCO Power Technologies, L.P.	United States	100	100
Autogrid Systems, Inc.	United States	91.81	91.81
BTR, LLC	United States	100	100
Charge Holdings, LLC	United States	85.4	85.25
Echo HoldCo LLC	United States	90.84	90.84
EcoAct Inc US	United States	100	–
ETAP Automation Inc. (sub-group)	United States	80	80
EV Connect, LLC	United States	99.43	95.52
Foxboro Controles S.A.	United States	100	100
GPI Interim Inc.	United States	100	100
H.S. Investments, LLC	United States	100	100

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Integration Technologies Corp.	United States	60	60
Invensys LLC	United States	100	100
Osisoft, LLC	United States	100	59.2
Pro-Face America, LLC	United States	–	100
Proleit Corp.	United States	100	100
Ranco Incorporated of Delaware	United States	100	100
RIB Software North America Inc.	United States	100	100
RIB US Cost Inc.	United States	100	100
RIB Usa Inc.	United States	100	100
Schneider Electric Buildings Americas, Inc.	United States	100	100
Schneider Electric Buildings Critical Systems, Inc.	United States	100	100
Schneider Electric Digital, Inc.	United States	100	100
Schneider Electric Engineering Services, LLC	United States	100	100
Schneider Electric Foundries LLC	United States	100	100
Schneider Electric Holdings, Inc.	United States	100	100
Schneider Electric IT Corporation	United States	100	100
Schneider Electric IT Mission Critical Services, Inc.	United States	100	100
Schneider Electric Solar Inverters USA, Inc.	United States	100	100
Schneider Electric Systems USA, Inc.	United States	100	100
Schneider Electric USA, Inc.	United States	100	100
SE Vermont Ltd	United States	100	100
Siebe Inc.	United States	100	100
SNA Holdings Inc.	United States	100	100
Square D Investment Company	United States	100	100
Stewart Warner Corp.	United States	100	100
Summit Energy Services, Inc.	United States	100	100
Veris Industries LLC	United States	100	100
Accounted for by equity method			
Uplight Inc.	United States	30.36	29.4
Asia-Pacific			
Fully consolidated			
Citect Corporation Limited	Australia	–	100
Clipsal Technologies Australia Pty Ltd	Australia	100	100
Futureworx Proprietary Limited	Australia	100	100
Nu-Lec Industries Pty Ltd	Australia	–	100
RIB Holdings Pty Ltd	Australia	100	100
RIB Technologies Pty Ltd	Australia	100	100
Scada Group Pty Limited	Australia	100	100
Schneider Electric (Australia) Pty Limited	Australia	100	100
Schneider Electric Australia Holdings Pty Ltd	Australia	100	100
Schneider Electric Buildings Australia Pty Ltd	Australia	100	100
Schneider Electric IT Australia Pty Ltd	Australia	100	100
Schneider Electric Solar Australia Pty Ltd	Australia	100	100
Schneider Electric Sustainability Business Australia Pty Ltd	Australia	100	100
Schneider Electric Systems Australia Pty Ltd	Australia	100	100
Serck Controls Pty Limited	Australia	100	100
Tamco Electrical Industries Australia Pty Limited	Australia	65	65
Beijing Leader Harvest Electric Technologies Co., Ltd	China	100	100
Beijing Leader Harvest Energy Efficiency Investment Co., Ltd	China	100	100
FSL Electric (Dongguan) Limited	China	54	54
Guangzhou RIB Software Co., Ltd	China	100	100
Guangzhou Two Information Technology Co., Ltd	China	100	100
Jingxin Hongde (Beijing) Technology Co., Ltd.	China	51	12.34
Pro-Face China International Trading (Shanghai) Co., Ltd	China	100	100
Proleit Automation Systems (Shanghai) Co., Ltd	China	100	100
Schneider (Beijing) Low Voltage Co., Ltd.	China	95	95
Schneider (Beijing) Medium Voltage Co.	China	100	100
Schneider (Shaanxi) Baoguang Electrical Apparatus Co.	China	70	70
Schneider (Suzhou) Transformers Co.	China	100	100
Schneider (Wuxi) Drives Co., Ltd.	China	90	90
Schneider Busway (Guangzhou) Limited	China	95	95
Schneider Electric (China) Company Limited	China	100	100
Schneider Electric (Xiamen) Switchgear Co., Ltd	China	100	100
Schneider Electric (Xiamen) Switchgear Equipment Co., Ltd	China	100	100
Schneider Electric Equipment and Engineering (Xi'An) Co., Ltd	China	100	100
Schneider Electric IT (China) Co., Ltd	China	100	100
Schneider Electric IT (Xiamen) Co., Ltd	China	100	100

5.5 Notes to the consolidated financial statements

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Schneider Electric Manufacturing (Chongqing) Co., Ltd	China	100	100
Schneider Electric Manufacturing (Wuhan) Co., Ltd	China	100	100
Schneider Great Wall Engineering (Beijing) Co., Ltd	China	100	100
Schneider Merlin Gerin Low Voltage (Tianjin) Co.,Ltd.	China	75	75
Schneider Shanghai Apparatus Parts Manufacturing Co., Ltd	China	100	100
Schneider Shanghai Industrial Control Co., Ltd	China	80	80
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd	China	75	75
Schneider Shanghai Power Distribution Electrical Apparatus Co., Ltd	China	80	80
Schneider Smart Technology Co., Ltd.	China	100	100
Schneider South China Smart Technology (Guangdong) Co. Ltd.	China	100	100
Schneider Switchgear (Suzhou) Co., Ltd	China	58	58
Schneider Wingoal (Tianjin) Electric Equipment Co., Ltd	China	100	100
Shanghai ASCO Electric Technology Co., Ltd.	China	100	100
Shanghai Foxboro Co., Ltd	China	100	100
Shanghai Invensys Process System Co., Ltd	China	100	100
Shanghai Schneider Electric Power Automation Co., Ltd	China	100	100
Shanghai Tayee Electric Co., LTD	China	67.05	67.05
Shenzhen Easydrive Electric Co., Ltd	China	51	51
Tianjin Wingoal Electric Equipment Co., Ltd.	China	100	100
Uniflair (Zhuhai) Electrical Appliance Manufacturing Co., Ltd	China	100	100
Wuxi Pro-Face Co., Ltd	China	100	100
Zircon Investment (Shanghai) Co., Ltd	China	74.5	74.5
Clipsal Asia Holdings Limited	Hong Kong	100	100
Construction Computer Software (Asia) Ltd	Hong Kong	100	100
Fed-Supremetech Limited	Hong Kong	54	54
Himel Hong Kong Limited	Hong Kong	100	100
MTWO Ltd	Hong Kong	100	100
RIB Creative Limited	Hong Kong	100	100
RIB Limited	Hong Kong	100	100
RIB Software International Ltd	Hong Kong	100	100
RIB Solutions Ltd	Hong Kong	100	100
Schneider Electric (Hong Kong) Limited	Hong Kong	100	100
Schneider Electric Asia Pacific Limited	Hong Kong	100	100
Schneider Electric IT Hong Kong Limited	Hong Kong	100	100
Two Hong Kong Ltd	Hong Kong	100	100
Luminous Power Technologies Private Limited	India	100	100
RIB Itwo Software Private Limited	India	100	100
Schneider Electric India Private Limited	India	65	65
Schneider Electric Infrastructure Limited	India	75	75
Schneider Electric IT Business India Private Limited	India	100	100
Schneider Electric President Systems Limited	India	75	79.47
Schneider Electric Private Limited	India	100	100
Schneider Electric Solar India Pte Ltd	India	100	100
Schneider Electric Systems India Private Limited	India	100	100
Winjit Technologies Private Limited	India	100	75.5
Zenatix Solutions Private Limited	India	95	–
PT Schneider Electric Indonesia	Indonesia	100	100
PT Schneider Electric IT Indonesia	Indonesia	100	100
PT Schneider Electric Manufacturing Batam	Indonesia	100	100
PT Schneider Electric Systems Indonesia	Indonesia	95	95
PT Schneider Indonesia	Indonesia	95	95
PT Tamco Indonesia	Indonesia	65	65
RIB Indonesia	Indonesia	100	100
Ranco Japan Ltd	Japan	100	100
Schneider Electric Japan Holdings Inc	Japan	100	100
Schneider Electric Japan, Inc.	Japan	100	100
Schneider Electric Solar Japan Inc.	Japan	100	100
Schneider Electric Systems Japan Inc.	Japan	100	100
Toshiba Schneider Inverter Corporation	Japan	60	60
Schneider Electric Korea Limited	Korea	100	100
Schneider Electric Systems Korea Ltd	Korea	100	100
Desea Sdn. Bhd.	Malaysia	100	100
Gutor Electronic Asia Pacific Sdn. Bhd.	Malaysia	–	100
Henikwon Corporation Sdn. Bhd.	Malaysia	65	65
RIB Malaysia Sdn Bhd	Malaysia	100	100
Schneider Electric (Malaysia) Sdn. Bhd.	Malaysia	30	30
Schneider Electric Industries (M) Sdn. Bhd.	Malaysia	100	100
Schneider Electric IT Malaysia Sdn. Bhd.	Malaysia	100	100
Schneider Electric Systems (Malaysia) Sdn. Bhd.	Malaysia	100	100

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Tamco Switchgear (Malaysia) Sdn. Bhd.	Malaysia	65	65
RIB Pacific Ltd	New Zealand	100	100
Schneider Electric (NZ) Limited	New Zealand	100	100
Schneider Electric Systems New Zealand Limited	New Zealand	100	100
RIB Itwo Software Inc.	Philippines	100	100
Schneider Electric (Philippines), Inc.	Philippines	100	100
Schneider Electric IT Philippines Inc.	Philippines	100	100
RIB International Holding Pte. Limited	Singapore	100	100
RIB Singapore Pte Ltd	Singapore	100	100
Schneider Electric Asia Pte. Ltd.	Singapore	100	100
Schneider Electric Export Services Pte Ltd	Singapore	–	100
Schneider Electric IT Logistics Asia Pacific Pte Ltd	Singapore	100	100
Schneider Electric IT Singapore Pte Ltd	Singapore	100	100
Schneider Electric JV Holdings 2 Pte. Ltd.	Singapore	65	65
Schneider Electric Overseas Asia Pte Ltd	Singapore	100	100
Schneider Electric Singapore Pte Ltd	Singapore	100	100
Schneider Electric South East Asia (HQ) Pte Ltd	Singapore	100	100
Schneider Electric Systems Singapore Pte. Ltd.	Singapore	100	100
Schneider Electric Lanka (Private) Limited	Sri Lanka	100	65
Schneider Electric Systems Taiwan Corp.	Taiwan	100	100
Schneider Electric Taiwan Co., Ltd	Taiwan	100	100
RIB Thailand Pending	Thailand	100	100
Schneider (Thailand) Limited	Thailand	100	100
Schneider Electric CPCS (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Solar (Thailand) Co., Ltd	Thailand	100	100
Schneider Electric Systems (Thailand) Co., Ltd	Thailand	100	100
Clipsal Vietnam Co., Ltd	Viet Nam	100	100
Invensys Vietnam Ltd	Viet Nam	100	100
RIB Vietnam Software Company Limited	Viet Nam	100	100
Schneider Electric IT Vietnam Limited	Viet Nam	100	100
Schneider Electric Manufacturing Vietnam Company Limited	Viet Nam	100	100
Schneider Electric Vietnam Limited	Viet Nam	100	100
Accounted for by equity method			
Delixi Electric Limited (sub-group)	China	50	50
Sunten Electric Equipment Co., Ltd	China	25	25
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	36.8	36.8
Foxboro (Malaysia) Sdn. Bhd.	Malaysia	49	49
Rest of the World			
Fully consolidated			
Himel Algerie	Algeria	–	100
Schneider Electric Algerie	Algeria	100	100
Schneider Electric Argentina S.A.	Argentina	100	100
Steck Electric S.A.	Argentina	100	100
Schneider Electric Systems Argentina S.A.	Argentina	100	100
Proleit Automaçao Ltda	Brazil	100	100
Schneider Electric Brasil Automação de Processos Ltda	Brazil	100	100
Schneider Electric Brasil Ltda	Brazil	100	100
Schneider Electric IT Brasil Industria E Comercio De Equipamentos Eletronicos Ltda	Brazil	–	100
Steck Da Amazonia Industria Elétrica Ltda	Brazil	100	100
Steck Distribuidora Ltda	Brazil	100	100
Steck Industria Eletrica Ltda	Brazil	100	100
Telseb Serviços de Engenharia E Comércio de Equipamentos Eletrônicos e Telecomunicações Ltda	Brazil	100	100
Marisio S.P.A	Chile	100	100
Schneider Electric Chile S.P.A	Chile	100	100
Schneider Electric Systems Chile Limitada	Chile	100	100
Schneider Electric de Colombia S.A.S	Colombia	100	100
Schneider Electric Systems Colombia Ltda	Colombia	100	100
Steck Andina S.A.S.	Colombia	100	100
Schneider Electric Centroamerica Limitada	Costa Rica	100	100
Schneider Electric Ecuador	Ecuador	100	100
Sociedad Anonima Invensys Engineering & Service S.A.E.	Egypt	51	51
Schneider Electric Distribution Company	Egypt	91.99	91.99
Schneider Electric Egypt S.A.E.	Egypt	92	92
Schneider Electric Engineering And Services - Free Zone S.A.E	Egypt	51	51
Schneider Electric Systems Egypt S.A.E	Egypt	60	60
KMG Automation Limited Liability Partnership	Kazakhstan	51	51

5.5 Notes to the consolidated financial statements

(in % of interest)		Dec. 31, 2023	Dec. 31, 2022
Schneider Electric LLP	Kazakhstan	85	100
Schneider Electric (Kenya) Limited	Kenya	100	100
Kana Controls General Trading & Contracting Company WLL	Kuwait	31.9	31.9
Schneider Electric Services Kuweit	Kuwait	49	49
Schneider Electric Israel Ltd	Israel	100	100
Schneider Electric East Mediterranean SAL	Lebanon	100	100
Schneider Electric CFC	Morocco	100	100
Schneider Electric Maroc	Morocco	100	100
Schneider Electric Free Zone Enterprise	Nigeria	100	100
Schneider Electric Nigeria Limited	Nigeria	100	100
Schneider Electric Systems Limited	Nigeria	100	100
Schneider Electric O.M LLC	Oman	100	100
Schneider Solutions And Services (Private) Limited Schneider Electric Peru S.A.	Pakistan	100	100
Schneider Electric Systems Limited	Peru	100	100
Schneider Electric Systems del Peru S.A.	Peru	100	100
Schneider Electric Services LLC	Qatar	49	49
Electrical & Automation Saudi Arabian Manufacturing Company (LLC)	Saudi Arabia	65	65
Schneider Electric Saudi Arabia Limited	Saudi Arabia	100	100
Schneider Electric Systems Saudi Arabia Co. LTD.	Saudi Arabia	100	100
Ccs Mining & Industrial (Pty) Limited	South Africa	100	100
Construction Computer Software (Pty) Limited	South Africa	100	100
Invensys SA (Pty) Ltd	South Africa	100	100
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Gunsan Elektrik Malzemeleri Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Himel Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	–	100
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100	100
Schneider Enerji Endüstrisi Sanayi Ve Ticaret Anonim Sirketi	Turkey	–	100
Cimac FZCO	United Arab Emirates	100	100
Construction Computer Software (Gulf) Llc	United Arab Emirates	100	100
L&T Electrical And Automation FZE	United Arab Emirates	65	65
Levtech Consulting Dmcc	United Arab Emirates	100	100
Schneider Electric DC MEA FZCO	United Arab Emirates	100	100
Schneider Electric FZE	United Arab Emirates	100	100
Schneider Electric Systems Middle East FZE	United Arab Emirates	100	100
Schneider Electric Systems de Venezuela, C.A.	Venezuela	100	100
Schneider Electric Venezuela S.A.	Venezuela	93.56	93.56

5.6 Statutory Auditors' report on the consolidated financial statements

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Schneider Electric SE for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risks Committee.

Basis for opinion

Audit framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence
We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from January 1, 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

5.6 Statutory Auditors' report on the consolidated financial statements

Measurement of goodwill and trademarks with indefinite useful lives
Notes 1.3, 1.8, 1.11, 5 and 9 to the consolidated financial statements

Description of risk	As of December 31, 2023, the carrying amount of goodwill and trademarks with indefinite useful lives was €24,664 million and €2,297 million respectively, representing 46% of the Group's total assets. As described in Notes 1.8 "Intangible assets" and 1.11 "Impairment of assets" to the consolidated financial statements, trademarks with indefinite useful lives and Cash Generating Units (CGUs) to which goodwill has been allocated are tested for impairment at least once a year and whenever there is an indication of impairment. In line with the Group's strategy of sustainable development and digital transformation, the Group has redefined its CGU groups. Goodwill is tested at CGU group level, as described in note 1.11 "Impairment of assets" to the consolidated financial statements: Low Voltage, Medium Voltage, Secure Power, Industrial Automation, Industrial Automation Software, Energy Management Software and Sustainability. The recoverable amount of a CGU is defined as the higher between its value in use and its fair value less costs to sell. The value in use of a CGU is determined by discounting future cash flows that will be generated by its underlying assets and which are based on the Group management's economic assumptions and operating forecasts. The recoverable amount of trademarks with an indefinite useful life is measured using the royalty method. An impairment loss is recognized whenever the recoverable amount of a CGU or a trademark is less than its carrying amount, to the extent that its carrying amount exceeds its recoverable amount. When the tested CGU comprises goodwill, the impairment loss is primarily deducted therefrom. The valuation of goodwill and trademarks with indefinite useful lives is a key audit matter due to their significance in the Group's consolidated balance sheet and the level of judgment required by management to: • define the CGUs, as improper mapping could lead the Group to not recognize, or to underestimate, the impairment of goodwill; • determine the assumptions used for the impairment tests of goodwill, particularly the discount rate, perpetuity growth rate and the expected margin rates, the consideration of climate risks and, for trademarks with indefinite useful lives, royalty rates.
How our audit addressed this risk	Our audit work consisted in: • reviewing the methods used to determine the level of goodwill impairment testing, particularly regarding changes made during the year; • comparing the carrying amount of assets tested with the accounting data; • assessing the procedures implemented by the Group to evaluate the discounted future cash flows underlying the determination of the value in use of each CGU and checking their consistency with the business plans/cash flow projections approved by the Group's Board of Directors; • assessing the procedures implemented by the Group to evaluate the impact of climate risks in determining the value in use of each group of CGUs; • for the main trademarks with indefinite useful lives, assessing the procedures implemented to model the revenue projections attached to the trademarks; • assessing the reasonableness of the business forecasts underlying the future cash flows, in particular with respect to past performance; • with the assistance of our valuation experts, assessing the assumptions used such as the discount rate, perpetuity growth rate and expected margin rates, as well as the sensitivity of impairment test results to changes in these key assumptions; • corroborate the royalty rates used with respect to (i) the theoretical royalty rates determined at the acquisition date of the trademark and (ii) the performance achieved; • reconciling the sensitivity analyses performed by the Group with our sensitivity calculations, and, to this end, verifying in particular that no impairment would have been recognized if the Group had maintained 2022's organization; • verifying the arithmetical accuracy of the impairment tests. Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Uncertain tax positions and recognition and recoverability of deferred tax assets recognized for tax loss carryforwards
Notes 1.3, 1.16, 1.21 and 14 to the consolidated financial statements

Description of risk	The Group operates in several different tax jurisdictions around the world. As a result, the company and its subsidiaries may be subject to audits or questions from local tax authorities. Situations where cash outflows are considered probable give rise to liabilities, measured on the basis of the known facts in the jurisdiction concerned. In accordance with IFRIC 23 – Uncertainty over Income Tax Treatments, provisions covering uncertainties over tax treatments are presented under "Accrued taxes and payroll costs", as specified in Note 1.21 to the consolidated financial statements. In addition, the Group recognizes deferred tax assets in several countries based on its ability to recover them in future years. As of December 31, 2023, deferred tax assets in respect of tax loss carryforwards recognized in the consolidated balance sheet amounted to €629 million, mainly in France for an amount of €420 million. As described in Note 1.16 to the consolidated financial statements, the Group only recognizes future tax relief arising from the use of tax loss carryforwards when it can be reasonably anticipated that such relief will be granted, including when such amounts can be carried forward indefinitely. The Group's ability to recover deferred tax assets on tax loss carryforwards is assessed by management at the end of each reporting period. The recognition and correct valuation of these deferred tax assets are subject to the quality of the forecasts made by the Group. The recognition and recoverability of deferred tax assets relating to tax loss carryforwards and the recognition of liabilities for uncertain tax positions are key audit matters, given the judgment required from the Group to (i) assess the recoverability of the deferred taxes and (ii) estimate the likely outflow of resources in a constantly changing international environment.
How our audit addressed this risk	We held meetings with management, gained an understanding of the internal control procedures implemented by the Group to identify tax risks, and, where appropriate, to recognize any tax loss. With the assistance of our tax specialists, we also assessed the judgments made by management as part of our estimate of the income tax likely to be payable and the amount of any potential exposure, and, by extension, the reasonableness of the estimates as regards tax liabilities. With regard to the recognition and recoverability of deferred tax assets relating to tax loss carryforwards, our audit approach consisted in assessing the Group's likelihood of benefiting from future tax relief arising from the use of tax loss carryforwards, in particular with regard to: • plans for the consumption of the tax loss carryforwards of the subsidiaries or tax consolidation groups concerned; • the main data and assumptions underlying the plans for the consumption of tax loss carryforwards underlying the recognition and measurement of the corresponding deferred tax assets by the Group. We also verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial performance statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the single European electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

5.6 Statutory Auditors' report on the consolidated financial statements

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

In addition, it is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Schneider Electric SE by the Annual General Meetings held on May 6, 2004 for Mazars and on May 5, 2022 for PricewaterhouseCoopers Audit.

As of December 31, 2023, Mazars was in the twentieth consecutive year of their engagement and PricewaterhouseCoopers in their second year.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risks Committee.

The Statutory Auditors

Mazars
Paris La Défense on February 29, 2024
Juliette Decoux Guillemot Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on February 29, 2024
Jean-Christophe Georghiou Séverine Scheer

5.7 Extract of the management report for the year ended December 31, 2023

Consolidated financial statements

Business and Statement of Income highlights

Main acquisitions of the period

Transaction with AVEVA's non-controlling interests

On September 21, 2022, the Group confirmed its firm intention to acquire the share capital of AVEVA that it did not already own.

On November 11, 2022, the Board of Schneider Electric and the AVEVA Independent Committee announced that they reached an agreement on the terms of a cash offer of 3,225 pence per AVEVA share. Such acquisition is to be effected by means of a Court approved scheme of arrangement (the Scheme), under Part 26 of the Companies Act 2006.

On November 25, 2022, the requisite majority of AVEVA's shareholders approved the Scheme, and passed the Special Resolution to implement the Scheme during respectively the Court Meeting and the General Meeting. This led to the immediate recognition of a current financial liability in the Group's financial statements of GBP 4,039 million (EUR 4,554 million) as of December 31, 2022). The recognition of this liability triggered an immediate reduction in non-controlling interests and in the group share of equity.

On January 18, 2023, following the deliverance of the UK Court Order to the Registrar of Companies, the Scheme (acquisition by the Group of the outstanding AVEVA shares not already owned) became effective. AVEVA shares were unlisted from the London Stock Exchange on January 19, 2023.

The financial liability was settled in cash on January 31, 2023 for GBP 4,055 million (EUR 4,610 million at the foreign exchange closing rate incurred on January 31, 2023) including stamp duties. The Group's transaction cash out, including EUR 71 million legal fees paid, was presented under the financing section of the cash flow statement and amounted to EUR 4,681 million.

In the context of this transaction, the Group also incurred, through hedging schemes, a negative impact on cash for EUR 106 million.

EcoAct

On November 2, 2023, the Group acquired 100% of the capital of EcoAct SAS ("EcoAct"), an international leader in climate consulting and net zero solutions headquartered in Paris, France. EcoAct will be reported within the *Energy management* reporting segment.

The purchase accounting as per IFRS 3R is not completed as of December 31, 2023.

Main divestments of the period

Transformer plants in Poland and Türkiye

On January 6, 2023, the Group closed the transaction for the disposal of its Transformer plants in Poland and Türkiye to Cahors Group, an international company specializing in energy distribution, headquartered in France. The businesses had around 800 employees and were reported within the Energy management reporting segment up until disposal effective date.

As of December 31, 2022, net assets were already measured at fair value less costs to sell, leading to no impact from the divestment in the consolidated statement of income of the period.

VinZero

On May 31, 2023, the Group closed the transaction for the disposal of RIB Software's VinZero business to a European corporate. VinZero is an IT infrastructure solutions group and software partner for architecture, engineering, construction, owner-operator, and manufacturing organizations providing value-add services and consulting. The business was reported within the Energy management reporting segment up until disposal effective date. The gain on disposal was recorded under "Other operating income and expenses".

Gutor

On August 2, 2023, the Group closed the transaction for the disposal of Gutor Electronics' operations to Latour Capital, a French private equity investor. Gutor is a global leader in the manufacturing of industrial uninterruptible power supply (UPS) systems and the provision of related services. Gutor was reported within the Energy management reporting segment up until disposal effective date.

Telemecanique Sensors

On October 31, 2023, the Group closed the transaction for the disposal of its industrial sensors business, Telemecanique Sensors, to YAGEO. As part of the transaction, the Group granted YAGEO a license to use Telemecanique Sensors trademark. The all-cash transaction valued Telemecanique Sensors at EUR 723 million (Enterprise Value). Telemecanique Sensors was reported within the Industrial Automation reporting segment up until disposal effective date.

Follow-up on acquisitions and divestments transacted in 2022 with effect in 2023

EV Connect Inc.

On June 21, 2022, the Group completed the purchase of a 95.52% controlling stake in EV Connect Inc. and now reports within Energy Management reporting segment. The Group holds an agreement to acquire the remaining 4.48% of non-controlling interests in 2027. The related debt has been recognized in "Non-current purchase commitments over non-controlling interests".

In November 2023, the Group purchased 3.88% of non-controlling interests which raised its stake in EV Connect Inc. at 99.4%.

The purchase accounting as per IFRS 3R is completed as of December 31, 2023. The net adjustment of the opening balance sheet, resulting mainly from the booking of identifiable intangible assets (technology, customer relationship and trademark), led to the recognition of a EUR 255 million goodwill at acquisition date.

IFRS 5 application – *Non-current Assets Held for Sale and Discontinued Operations*

The following businesses have been reclassified as Held for Sale as of December 31, 2023:

Autogrid

On July 20, 2022, the Group completed the acquisition of Autogrid, raising its stake from 24.2% to 91.8% controlling stake. AutoGrid is a Virtual Power Plant (VPP) and Distributed Energy Resource Management System (DERMS) provider and is reported within Energy Management reporting segment. The Group held an agreement to acquire the remaining 8.2% of non-controlling interests in 2026. The related debt was recognized in "Non-current purchase commitments over non-controlling interests" as of December 2022.

On December 14, 2023, the Group entered into an agreement with Uplight Inc. for the sale of Autogrid. In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities have been classified as "Assets held for sale" and "Liabilities held for sale", for EUR 209 million and EUR 40 million respectively. The assets are mainly intangible assets (including goodwill) for EUR 197 million. No impairment loss was recognized by the Group following the IFRS 5 classification.

This transaction represents a reorganization among Schneider Electric-owned or affiliated businesses aimed at Prosumers, to better align their capabilities. The transaction, which closed on February 8, 2024, has raised the controlling stake of the Group in Uplight Inc., which will remain consolidated as an equity investment.

Exchange rate changes

Fluctuations in the euro exchange rate had a negative impact in 2023, decreasing consolidated revenue by EUR 1,432 million due mainly to the evolution observed in US Dollar and in Chinese Yuan compared to the Euro and a negative impact decreasing adjusted EBITA by EUR 573 million.

5.7 Extract of the management report for the year ended December 31, 2023

Results of Operations

The following table sets forth our results of operations for 2023 and 2022:

(In millions of euros except for earnings per share)	**Full Year 2023**	Full Year 2022	Variance
Revenue	**35,902**	**34,176**	**5.1%**
Cost of sales	(20,890)	(20,300)	2.9%
Gross profit	**15,012**	**13,876**	**8.2%**
% Gross profit	**41.8%**	**40.6%**	
Research and development	(1,168)	(1,040)	12.3%
Selling, general and administrative expenses	(7,432)	(6,819)	9.0%
Adjusted EBITA *	6,412	6,017	6.6%
% Adjusted EBITA	17.9%	17.6%	
Other operating income and expenses	98	(433)	(122.6)%
Restructuring costs	(147)	(227)	(35.2)%
EBITA **	**6,363**	**5,357**	**18.8%**
% EBITA	**17.7%**	**15.7%**	
Amortization and impairment of purchase accounting intangibles	(430)	(424)	1.4%
Operating income	**5,933**	**4,933**	**20.3%**
% Operating income	**16.5%**	**14.4%**	
Interest income	79	24	229.2%
Interest expense	(387)	(130)	197.7%
Finance costs, net	**(308)**	**(106)**	**190.6%**
Other financial income and expense	(222)	(109)	103.7%
Net financial income/(loss)	**(530)**	**(215)**	**146.5%**
Profit from continuing operations before income tax	**5,403**	**4,718**	**14.5%**
Income tax expense	(1,285)	(1,211)	6.1%
Share of profit/(loss) of associates	51	29	75.9%
PROFIT FOR THE YEAR	**4,169**	**3,536**	**17.9%**
attributable to owners of the parent	*4,003*	*3,477*	*15.1%*
attributable to non-controlling interests	*166*	*59*	*181.4%*
Basic earnings (attributable to owners of the parent) per share (in euros per share)	7.15	6.23	14.8%
Diluted earnings (attributable to owners of the parent) per share (in euros per share)	7.07	6.15	15.0%

* Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses and restructuring costs.

** EBITA (Earnings Before Interest, Taxes and Amortization of Purchase Accounting Intangibles): Operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

Revenue

Consolidated revenue totaled EUR 35,902 million for the year ended December 31, 2023, up +12.7% organic and up +5.1% on a reported basis. The Group saw strong growth across end-markets supported by secular trends of electrification, automation, and digitization, while some areas such as residential buildings remained impacted by the effects of higher interest rates on consumer spending, though stabilizing by the end of the year. Discrete automation markets were down after high demand in the prior year associated with supply chain constraints in particular impacting sales in Western Europe, China and East Asia. The Group saw good volume expansion throughout the year, with product growth supported by backlog execution as supply chain pressures eased, while the carryover impact of price actions taken in 2022 faded across the year, as expected. FX impacts were (4.3)% driven by the weakening of the Chinese Yuan and U.S. Dollar against the Euro, combined with the significant devaluation of several other currencies including the Egyptian Pound, Turkish Lira and Argentinian Peso. There was a net negative impact of (2.5)% from acquisitions and disposals, primarily relating to the Group's exit from Russia in 2022 along with the net impact of other transactions.

Evolution of revenue by reporting segment

The following table sets forth our revenue by business segment for years ended December 31, 2023 and 2022:

(In millions of euros)	Energy Management	Industrial Automation	Total
Full Year 2023	**28,241**	**7,661**	**35,902**
Full Year 2022	26,442	7,734	34,176

Energy Management generated revenues of EUR 28,241 million, equivalent to 79% of the Group's revenues and was up +14% organic. North America grew +19% organic with strong growth across end-markets, including continued strong growth in Systems as a consequence of strong demand across Data Center and Infrastructure end-markets. Western Europe was up +12% organic with double-digit growth in the U.K., Germany and Italy, while France and Spain grew high-single digit. There was continued good traction in Data Center and non-residential technical buildings, though residential markets, particularly in the north of the region, were impacted by pressures on consumer-spending. Asia-Pacific grew +8% organic, with China delivering mid-single digit growth for the year, with strong traction in transportation and renewable power, while softness in construction markets continued. India recorded double-digit growth, despite facing a high base of comparison, with continued strong demand across end-markets. There was good growth in Australia and across the rest of the region. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey and with strong demand for systems offers across the region.

Industrial Automation generated revenues of EUR 7,661 million, equivalent to 21% of the Group's revenues and was up +7% organic. Growth was led by sales into Process automation markets while sales into Discrete automation markets also grew, though at a slower pace due to weakness in OEM demand, particularly in Western Europe, China and East Asia. The Group saw strong growth in its industrial software offers through AVEVA, despite headwinds from a transition from a perpetual license model to a subscription model. North America grew +7% organic led by growth in Discrete automation markets, supported by backlog execution, while growth in Process & Hybrid markets was good despite a high base of comparison from projects in Mexico. Western Europe was up +7% organic, with strong growth in both Process & Hybrid markets and industrial software at AVEVA, while Discrete automation markets were impacted by the demand weakness. Asia Pacific was up +1% organic, impacted by weaker Discrete automation growth in China with weakness in OEM demand, particularly among those tied to construction. There was strong growth in several countries across the rest of the region, notably India and Australia, while growth in Japan and South Korea was muted due to OEM weakness. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey, while outside of these countries there was strong growth in Discrete automation markets and good growth in Process & Hybrid markets.

Gross profit

Gross profit was up +18.1% organic with Gross margin up +200bps organic, reaching 41.8% in 2023. The organic increase in margin percentage was driven by a strong net price impact mainly related to carryover from price actions taken last year, an improvement of gross margin in systems business and improved industrial productivity, particularly in H2.

Support Function costs: Research and development and selling, general and administrative expenses

Research and development expenses, net of capitalized development costs and excluding research and development costs booked in costs of sales, increased by 12.3% from EUR 1,040 million for 2022 to EUR 1,168 million for 2023. As a percentage of revenues, the net cost of research and development increased slightly from 3.0% in 2022 to 3.3% in 2023.

Total research and development expenditures, including capitalized development costs and development costs reported as cost of sales (see Note 4 to the Consolidated Financial Statements) increased by 9.3% from EUR 1,845 million for 2022 to EUR 2,016 million for 2023. As a percentage of revenues, total research and development expenses increased slightly to 5.6% for 2023 (5.4% for 2022).

In 2023, the net effect of capitalized development costs and amortization of capitalized development costs amounts to EUR 92 million on operating income (EUR 115 million in 2022).

Selling, general and administrative expenses increased by 9.0% to EUR 7,432 million for 2023 (EUR 6,819 million for 2022). As a percentage of revenues, selling, general and administrative expenses increased slightly to 20.7% for 2023 (20.0% for 2022).

Combined, total support function costs, that is, research and development expenses together with selling, general and administrative costs, totaled EUR 8,600 million for 2023 compared to EUR 7,859 million for 2022, an increase of 9,4%. Support functions costs to sales ratio increases from 23.0% in 2022, to 24.0% in 2023.

Other operating income and expenses

For 2023, other operating income and expenses amounted to a net income of EUR 98 million. The gains and losses on disposal of business for EUR 265 million are mainly due to the gains on disposal of Telemecanique Sensors, Gutor, VinZero and Transformer Plants in Türkiye. The costs of acquisition and integration totaled EUR (111) million (EUR (180)million for 2022. The decrease is mainly due to costs incurred in 2022 to purchase AVEVA's remaining non-controlling interests.

Restructuring costs

For2023, restructuring costs decreased to EUR 147 million in 2023 compared to 227 million in 2022, and are linked to the Group's initiatives to decrease support function costs.

EBITA and Adjusted EBITA

EBITA is defined as earnings before interest, taxes and amortization of purchase accounting intangibles. EBITA comprises operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment. Adjusted EBITA is adjusted as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs.

Adjusted EBITA amounted to EUR 6,412 million for 2023, compared to EUR 6,017 million for 2022, an organic increase of 24.5%. As a percentage of revenues, adjusted EBITA increased at 17.9% with margin improving 180 bps organically.

EBITA increased from EUR 5,357 million for 2022 to EUR 6,363 million in 2023. As a percentage of revenues, EBITA increases at 17.7% in 2023 (15.7% for 2022).

5.7 Extract of the management report for the year ended December 31, 2023

Adjusted EBITA by business segment

The following table sets out EBITA and adjusted EBITA by business segment:

Full Year 2023

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	15,414	3,748	–	19,162
Revenue	28,241	7,661	–	35,902
Adjusted EBITA	5,967	1,304	(859)	6,412
Adjusted EBITA (%)	21.1%	17.0%		17.9%

On December 31, 2023, the total backlog to be executed in more than a year amounts to EUR 4,287 million.

Full Year 2022

(in millions of euros)	Energy Management	Industrial Automation	Central functions & digital costs	Total
Backlog	13,156	3,334	–	16,490
Revenue	26,442	7,734	–	34,176
Adjusted EBITA	5,392	1,458	(833)	6,017
Adjusted EBITA (%)	20.4%	18.9%		17.6%

Energy Management reporting segment generated an adjusted EBITA of EUR 5,967 million, or 21.1% of revenues, up c. +220 bps organic (up +70 bps on a reported basis), due mainly to a combination of strong net price impact, good contribution from volumes and an improvement of gross margin in the systems business, more than offsetting investment in SFC and inflationary impacts.

Industrial Automation reporting segment generated an adjusted EBITA of EUR 1,304 million, or 17.0% of revenues, down c. -110 bps organic (down -190 bps on a reported basis), where strong net price contribution, improved productivity and improvement of gross margin in the systems business were more than offset by impacts from inflation and increased strategic investment within support function costs.

Central functions & digital costs in 2023 amounted to EUR 859 million (EUR 833 million in 2022) remaining stable at 2.4% of Group revenues. Investment in the Group's strategic priorities continued, while the Corporate cost element continued to be an area of focus and remained under tight control, remaining at around 0.7% of Group revenues in 2023.

Amortization and impairment of purchase accounting intangibles

The amortization and impairment of purchase accounting intangibles linked to acquisitions amounted to EUR 430 million compared with EUR 424 million last year.

Operating income (EBIT)

Operating income or EBIT (Earnings Before Interest and Taxes), increased from EUR 4,933 million for 2022 to 5,933 million for 2023, an increase of 20.3%.

Net financial income/loss

Net financial loss amounted to EUR 530 million for 2023, compared to EUR 215 million for 2022, mainly due to the increase in cost of debt (from EUR 106 million in 2022 to EUR 308 million in 2023). This was mainly due to the increase in interest rates observed in 2023 and costs related to the term loan facility set up for AVEVA's non-controlling interests acquisition. In addition, there was an increased negative impact from foreign exchange fluctuations (from EUR 21 million in 2022 to EUR 50 million in 2023).

Income tax expense

The effective tax rate was 23.8% for 2023, and 25.7% for 2022. In 2022, restating the EUR 195 million Russia and Belarus deconsolidation impact from the profit before tax (no tax impact attached), the effective tax rate would have been of 24.6%. The corresponding income tax expense increased from EUR 1,211 million for 2022 to EUR 1,285 million for 2023.

Share of profit/ (loss) of associates

The share of associates was a EUR 51 million profit for 2023, compared to EUR 29 million profit for 2022.

Non-controlling interests

Non-controlling interests in net income for 2023 totaled EUR 166 million, compared to EUR 59 million for 2022. This represents the share in net income attributable to the non-controlling interests, mainly coming from the Group Chinese and Indian subsidiaries.

Profit for the year (attributable to owners of the parent)

Profit for the year attributable to the equity holders of our parent company amounted to EUR 4,003 million for 2023, compared to EUR 3,477 million profit for 2022.

Earnings per share

Basic Earnings per share amounted to EUR 7.15 per share for 2023 and EUR 6.23 per share for 2022.

Comments to the consolidated Cash-flow

The following table sets forth our cash-flow statement for 2023 and 2022:

(in millions of euros)	Note	Full Year 2023	Full Year 2022
Profit for the year		**4,169**	**3,536**
Share of (profit)/losses of associates		(51)	(29)
Income and expenses with no effect on cash flow:			
Depreciation of property, plant and equipment	11	743	750
Amortization of intangible assets other than goodwill	10	717	732
Impairment losses on non-current assets		60	61
Increase/(decrease) in provisions	21	87	32
Losses/(gains) on disposals of business and assets		(252)	70
Difference between tax paid and tax expense		(164)	139
Other non-cash adjustments		220	102
Net cash provided by operating activities		**5,529**	**5,393**
Decrease/(increase) in accounts receivable		62	(305)
Decrease/(increase) in inventories and work in progress		(382)	(553)
(Decrease)/increase in accounts payable		493	73
Decrease/(increase) in other current assets and liabilities		205	(254)
Change in working capital requirement		**378**	**(1,039)**
TOTAL I - CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		**5,907**	**4,354**
Purchases of property, plant and equipment	11	(914)	(707)
Proceeds from disposals of property, plant and equipment		52	69
Purchases of intangible assets	10	(451)	(386)
Net cash used by investment in operating assets		**(1,313)**	**(1,024)**
Acquisitions and disposals of businesses, net of cash acquired & disposed	2	611	(297)
Other long-term investments		(89)	40
Increase in long-term pension assets	20	(257)	(130)
Sub-total		**265**	**(387)**
TOTAL II - CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**(1,048)**	**(1,411)**
Issuance of bonds	22	3,509	1,092
Repayment of bonds	22	(1,299)	(829)
Sale/(purchase) of treasury shares		(703)	(219)
Increase/(decrease) in other financial debt		939	143
Increase/(decrease) of share capital	19	284	208
Transaction with non-controlling interests*	2	(4,702)	(73)
Dividends paid to Schneider Electric's shareholders	19	(1,767)	(1,618)
Dividends paid to non-controlling interests		(84)	(157)
TOTAL III - CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(3,823)**	**(1,453)**
TOTAL IV - NET FOREIGN EXCHANGE DIFFERENCE		**(240)**	**(70)**
TOTAL V - IMPACT OF RECLASSIFICATION OF ITEMS HELD FOR SALE		**(4)**	**(20)**
INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS: I + II + III + IV + V		**792**	**1,400**
Net cash and cash equivalents, beginning of the year	18	3,863	2,463
Increase/(decrease) in cash and cash equivalents		792	1,400
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	**18**	**4,654**	**3,863**

The accompanying notes are an integral part of the consolidated financial statements.

* In 2023, transactions with non-controlling interests mainly relate to the purchase of AVEVA's non-controlling interests.

5.7 Extract of the management report for the year ended December 31, 2023

Operating Activities

Net cash from operating activities before changes in working capital requirement reached EUR 5,529 million for 2023, increasing compared to EUR 5,393 million for 2022. It represented 15.4% of revenues for 2023 (15.8% of revenues from 2022).

Change in working capital requirement generated EUR 378 million in cash in 2023, compared to a consumption of EUR 1,039 million in 2022.

In all, net cash from operating activities increased from EUR 4,354 million in 2022 to EUR 5,907 million in 2023.

Investing Activities

Net capital expenditure, which includes capitalized development projects, increased, at EUR 1,313 million for 2023, compared to EUR 1,024 million for 2022, and representing 3.7% of sales in 2023 compared to 3.0% in 2022.

Free cash-flow (cash from operating activities net of net capital expenditure) amounted to EUR 4,594 million in 2023 versus EUR 3,330 million in 2022.

Cash conversion rate (free cash-flow over net income attributable to the equity holders of the parent company on continuing operations) was 115% in 2023 versus 96% in 2022.

The acquisitions net of disposals represented a cash in of EUR 611 million (net of acquired cash) for 2023, compared with a cash-out of EUR 297 million for 2022. Those amounts correspond mainly to the acquisitions and disposals described in Notes 2.1 and 2.2 of the Consolidated Financial Statements (Chapter 5).

Financing Activities

Net cash outflow from financing activities amounted to EUR 3,823 million during the year 2023, compared to cash outflow of EUR 1,453 million during the year 2022. The variance is mainly due to the purchase of AVEVA's non-controlling interests for EUR 4.7 billion and bond issuances in 2023 for EUR 3.5 billion (EUR 1.1 billion issued in 2022).

The dividend paid by Schneider Electric was EUR 1,767 million in 2023, compared with EUR 1,618 million in 2022.

6

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6.1 Balance Sheet

Assets

(in thousands of euros)	Note	12/31/2023 Gross	12/31/2023 Depr. & Amort.	12/31/2023 Net	12/31/2022 Net
NON-CURRENT ASSETS					
Intangible assets	1.1				
Intangible rights		27,429	(27,429)	–	–
Property, plant and equipment	1.2				
Land		2,784	–	2,784	2,784
Buildings		48	(48)	–	–
Other		1,221	–	1,221	1,221
Total intangible assets and property, plant and equipment		**31,482**	**(27,477)**	**4,006**	**4,006**
Financial investments					
Shares in subsidiaries and affiliates	2.1	5,377,099	(19,468)	5,357,631	5,357,631
Other investment securities	2.2	1,375,376	–	1,375,376	763,201
Advances to subsidiaries and affiliates	2.3	2,532,111	–	2,532,111	2,513,350
Other (Loans/Deposits and guarantees)		80,010	–	80,010	81,172
Total financial investments		**9,364,595**	**(19,468)**	**9,345,127**	**8,715,354**
Total non-current assets		**9,396,077**	**(46,945)**	**9,349,132**	**8,719,359**
CURRENT ASSETS					
Accounts receivable					
Accounts receivable – trade	3	570,104	–	570,104	392,646
Other	3	323,972	–	323,972	232,756
Total accounts receivable		**894,076**	**–**	**894,076**	**625,402**
Marketable securities and cash					
Marketable securities	4	279,624	–	279,624	734,726
Advances to the Group cash pool	5	12,286,738	–	12,286,738	8,175,864
Other		285	–	285	1,393
Total marketable securities and cash		**12,566,647**	**–**	**12,566,647**	**8,911,984**
Total current assets		**13,460,723**	**–**	**13,460,723**	**9,537,386**
PREPAYMENTS AND OTHER ASSETS					
Prepaid expenses	6.1	3,278	–	3,278	574
Deferred expenses	6.2	22,865	–	22,865	15,883
Call premiums	6.3	33,786	–	33,786	20,153
Translation losses	9	–	–	–	–
TOTAL ASSETS		**22,916,729**	**(46,945)**	**22,869,784**	**18,292,355**

The notes form an integral part of these parent company financial statements.

Equity and liabilities

(in thousands of euros)	Note	12/31/2023	12/31/2022
EQUITY	7		
Share capital	7.1	2,291,344	2,284,372
Additional paid-in capital	7.2	2,827,850	2,616,090
Reserves			
Legal reserve		243,027	243,027
Retained earnings	7.3	273,900	325,407
Net income for the financial year		2,560,475	1,744,408
Regulated provisions		2	2
Total equity		**8,196,598**	**7,213,305**
PROVISIONS FOR CONTINGENCIES	8		
Provisions for contingencies and expenses		286,602	316,327
Total provisions for contingencies and expenses		**286,602**	**316,327**
LIABILITIES			
Convertible bond	9	1,300,000	650,000
Bonds	9	9,773,502	8,094,325
Other borrowings	10	1,808,904	39,096
Debts related to investments	11	42,000	42,000
Borrowings and financial liabilities	12	1,018,000	1,491,000
Accounts payable – trade		109,162	79,789
Accrued taxes and payroll costs		296,565	237,057
Other		2,088	80,378
Total liabilities		**14,350,221**	**10,713,646**
Deferred revenue		–	–
Call premiums	6.3	28,987	40,199
Translation gains		7,376	9,877
TOTAL EQUITY AND LIABILITIES		**22,869,784**	**18,293,355**

The notes form an integral part of these parent company financial statements.

6.2 Statement of income

(in thousands of euros)	Note	2023	2022
Sales of services and other		1	79
Reversals of provisions, depreciation and amortization and expense transfers		–	11
Other operating revenue	15	486,927	412,303
Operating revenues		**486,928**	**412,393**
Purchase and external expenses	16	(122,475)	(171,810)
Taxes other than on income		(1,306)	(5,114)
Payroll expenses		(14,607)	(2,367)
Depreciation and provision expense		(1,071)	(1,928)
Other operating expenses and joint-venture losses		(2,382)	(2,223)
Operating expenses		**(141,841)**	**(183,442)**
Operating profit/(loss)		**345,087**	**228,952**
Dividend income		2,002,364	1,500,580
Interest income		536,573	89,438
Reversals of impairment provisions for long-term receivables and other		–	–
Financial income		**2,538,937**	**1,590,018**
Interest expense		(327,774)	(111,111)
Provision expense		(578)	1,396
Financial expenses		**(328,352)**	**(109,716)**
Net financial income/(loss)	17	**2,210,585**	**1,480,303**
Current result before tax		**2,555,672**	**1,709,254**
Proceeds from fixed asset disposals		39	312,074
Reinvoicing performance share		91,009	93,678
Provision reversals and expense transfers		138,116	145,098
Other		–	1,034
Non-recurring income		**229,164**	**551,884**
Carrying amount of fixed asset disposals		–	(272,321)
Provisions, depreciation and amortization		(105,761)	(108,927)
Other		(161,507)	(154,206)
Non-recurring expenses		**(267,268)**	**(535,354)**
Net non-recurring income/(loss)	18	**(38,104)**	**16,531**
Net income tax benefit	19	**42,907**	**18,623**
NET INCOME		**2,560,475**	**1,744,408**

The notes form an integral part of these parent company financial statements.

6.3 Notes to the financial statements

(All amounts are in thousands of euros unless otherwise indicated)

6.3.1 Significant events of the financial year

- The tax authority informed us that it will perform an accounting verification of all tax declarations made during the period from 01/01/2020 to 12/31/2022 and of all taxable income for the period from 01/01/2018 to 12/31/2019. This audit is already under way as at December 31, 2023.
- In May 2023, the 2022 dividend was paid in the amount of EUR 1,767 million.
- In January 2023, the Group withdrew EUR 1,700 million from its Term loan facility established to finance the acquisition of AVEVA's minority interests. This loan will mature in October 2025. On December 31, 2023, the amount due was still EUR 1,700 million at Euribor plus a margin of 0.56%.
- In 2023, Schneider Electric SE carried out a second convertible bond (OCEANE) issue for EUR 650 million at a rate of 1.97%, maturing in November 2030. As at the end of December 2023, the debt component recognized at its net book value was EUR 650 million. The initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 426.66 with a nominal value of EUR 100,000, which corresponds to EUR 234.38 per share.
- The company bought back 4.5 million of its own shares for EUR 703 million.
- As of December 31, 2023, the company decided to fund some of its current action plans on existing shares and to re-invoice the related expense to the various Group companies. As a result of these movements, the provision for charges was adjusted to EUR 279 million.

6.3 Notes to the financial statements

6.3.2 Accounting principles

As in the prior financial year, the financial statements for the financial year ended December 31, 2023 have been prepared in accordance with French generally accepted accounting principles and with ANC regulation no. 2014-03.

Accounting principles for the preparation of the financial statements of the parent company were applied, in accordance with the principle of prudence and based on the following fundamental assumptions:

- going concern,
- consistency of accounting methods from one period to the next,
- accrual basis.

Assets and liabilities are measured according to the historical cost convention.

Only significant information is disclosed.

Non-current assets

Non-current assets of all types are stated at their acquisition or transfer cost.

Acquisition costs include purchase price, including import duties and non-refundable taxes, as well as any expenses directly attributable to the preparation of the asset for use (registration fees, employee expenses related to establishment and preparation, installation and set-up costs, testing ,etc.).

The company uses the component approach as defined by CRC regulation no. 2002-10. The analysis and investigations carried out by the company and the Schneider Electric Group made it possible to ensure that the current split of non-current assets was in line with this principle: components with distinct useful lives are accounted for separately, according to their own depreciation plan.

Intangible assets

Intangible rights are amortized over a maximum of five years.

Property, plant and equipment

Amortizable items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years. Land is not depreciated.

Financial investments

Shares in subsidiaries and affiliates are recorded at acquisition cost, plus directly attributable costs (including acquisition costs related to these transactions).

Provisions for impairment may be made if the book value is higher than the value in use estimated at the end of the financial year. This estimate is determined mainly by reference to the net book value of the investment.

Shares in subsidiaries and affiliates are valued at their value in use each year.

Own shares

Own shares are assessed by category (investment securities, marketable securities), according to the FIFO "first-in, first-out" method.

The accounting classification of own shares depends on the purpose for which they are held:

- own shares are classified as marketable securities if they are explicitly or implicitly allocated to cover performance share distribution plans or if they are purchased to regulate the share price of the Group.
- own shares are classified as financial investments if they are not explicitly allocated to cover a share distribution plan or if they are purchased for use within the framework of a liquidity contract by an investment services provider, or for their subsequent cancellation as part of a capital reduction.

The accounting of an impairment of own shares depends on the purpose for which they are held:

- when own shares are allocated to cover performance share distribution plans, there is no reason to record a provision for impairment.
- in other cases, it is necessary to book an impairment if the average stock market price of the month before the reporting date is lower than the weighted average cost.
- A provision for risks and charges is recognized when the own shares are explicitly or implicitly allocated to cover performance share distribution plans.

Receivables and debts

Receivables and debts are valued at their face value (historical cost). Receivables are, where applicable, depreciated by means of a provision to take account of the risk of non-recovery.

At the end of the period, receivables and debts in foreign currencies are revalued at the rate at the end of the period and this revaluation is recognized in the balance sheet as a translation gain or loss.

The foreign exchange risk borne by the company is managed centrally at the level of Boissière Finance SNC.

The Schneider Electric Group organizes a foreign exchange risk hedging policy ("Fair Value Natural Hedge," hereinafter "FVNH") aimed at comprehensively managing the monetary assets and liabilities in foreign currencies recorded on the balance sheets of the subsidiaries.

The monetary assets and liabilities included in the company's FVNH position (customer invoices, supplier invoices, banks, current accounts) are consolidated and balanced on a daily basis through spot foreign exchange transactions carried out in current accounts with Boissière Finance SNC.

Provisions for depreciation of bad debts are recorded when it becomes probable that the debt will not be collected, and it is possible to reasonably estimate the amount of the loss. The identification of doubtful debts as well as the amount of the corresponding provisions are based on the historical experience of definitive losses on debts and the analysis by age of the specific accounts as well as the related credit risks. When it becomes certain that a bad debt will not be recovered, it, as well as its provision, is canceled on the income statement.

Other operating revenue

Royalties from the Schneider brand have been recognized in this item of the income statement

Net non-recurring income/(loss)

Income and expenses for the financial year are classified in the income statement in such a way as to differentiate between the items of current income and the items of non-recurring income, including:

- those for which the achievement is not related to the day-to-day operation of the business;
- which are not likely to be recurring;
- over which the company has only limited control.

Pension obligations

The present value of termination benefits is determined using the projected unit credit method. Provisions are funded for the supplementary pension benefits provided by the company on the basis of the contractual terms of top-hat agreements, granting a level of benefits exceeding the general schemes.

The company applies the corridor method to actuarial gains and losses arising from changes in estimates. Under this method, the portion of net cumulative actuarial gains and losses exceeding 10% of the projected benefit obligation is amortized over 10 years.

The actuarial assumptions used to determine the company's commitment are as follows:

- Valuation date: 12/31/2023;
- Data date: 10/31/2023;
- Inflation rate: 2.10%;
- Discount rate: 4.10%;
- Rate of return on assets: 4.10%;
- Retirement age: Full rate age;
- Age at start of employment: 23 years old;
- Turnover rate: 0.00%;
- Mortality rate: TGH, TGF 05;
- Annuity growth rate: 1.65%.

Currency risk

When necessary, a contingency provision is put in place for unrealized exchange losses. However, when there are unrealized exchange gains and losses on back-to-back transactions in the same currency and with the same maturity, the amount of the provision is then limited to the net loss.

Bonds

Issuance costs are amortized over the life of the bonds and are booked under "deferred expenses."

Issuance premiums are booked under "Call premiums" and amortized over the duration of the bonds.

In the case of convertible bonds (OCEANE), at conversion, the bond will be reclassified as equity for its nominal conversion amount.

6.3.3 Notes

Note 1 Non-current assets

1.1 – Intangible assets

This item primarily consists of capital increase and merger expenses, which are fully amortized.

1.2 – Property, plant and equipment

(in thousands of euros)

Property, plant and equipment	12/31/2022	Additions	Disposals	12/31/2023
Gross	4,054	–	–	4,054
Depreciation	(48)	–	–	(48)
NET	**4,006**	**–**	**–**	**4,006**

Property, plant and equipment are mainly comprised of undeveloped land.

Note 2 Financial investments

2.1 – Shares in subsidiaries and affiliates

(in thousands of euros)

Shares in subsidiaries and affiliates	12/31/2022	Increases	Decreases	12/31/2023
Gross	5,377,099	–	–	5,377,099
Provisions	(19,468)	–	–	(19,468)
NET	**5,357,631**	**–**	**–**	**5,357,631**

The provision of Schneider Electric Japan Holding is for EUR (15,200)k and Muller SAS for EUR (4,268)k.

The main investments at December 31, 2023 were as follows:

Shares in subsidiaries and affiliates	Carrying amount
Schneider Electric Industries SAS	5,343,544
Schneider Electric Japan Holding	6,049
Muller SAS	8,038
TOTAL	**5,357,631**

2.2 – Other investment securities

(in thousands of euros)

Other investment securities	12/31/2022	Increases	Decreases	12/31/2023
Own shares	763,201	703,184	(91,061)	1,375,376
Other	–	–	–	–
Provisions for other shares and own shares	–	–	–	–
NET	**763,201**	**703,184**	**(91,061)**	**1,375,376**

Other investment securities primarily include Schneider Electric SE shares acquired for allocation of share distribution plans.

In compliance with the decision adopted by the Board of Directors dated February 15, 2023, the company bought back 4,493,173 of its own shares for a total of EUR 703 million.

In line with previous years, the Group decided to fund the performance shares of plans 41ter, 42, 42bis and 42ter with Schneider Electric treasury shares; 1,468,821 shares for a total amount of EUR 106 million have been classified as marketable securities and 207,073 shares for EUR 14.7 million were reclassified from marketable securities to "Other investment securities" following the departure of the beneficiaries.

2.3 – Advances to subsidiaries and affiliates

(in thousands of euros)

Advances to subsidiaries and affiliates	12/31/2022	Increases	Decreases	12/31/2023
Gross	2,513,350	18,761	–	2,532,111
NET	**2,513,350**	**18,761**	**–**	**2,532,111**

At December 31, 2023, this item mainly consisted of a loan of EUR 2,500 million granted to Schneider Electric Industries SAS with a maturity date of 2024, and accrued interests for a total amount of EUR 32.1 million.

Note 3 Receivables

(in thousands of euros)

	12/31/2023	12/31/2022
Trade receivables	570,104	392,646
Other receivables	323,972	232,756
NET	**894,076**	**625,402**

Trade receivables mainly include the reinvoicing of the bonus share plans to Schneider Electric Industries SAS. and re-invoicing related to brand royalties.

At December 31, 2023, the "Other receivables" are mainly composed of tax receivables for EUR 292 million and R&D tax credits for EUR 63 million euros.

Note 4 Marketable securities

	12/31/2022		Acquisitions	Disposals	12/31/2023	
(in thousands of euros)	Number of shares	Value	Value	Value	Value	Number of shares
OWN SHARES						
Gross	4,849,753	311,979	91,061	(123,416)	279,624	4,159,845
Provisions	–	–	–	–	–	–
NET TOTAL	**4,849,753**	**311,979**	**91,061**	**(123,416)**	**279,624**	**4,159,845**
SICAV	–	422,747	–	(422,747)	–	–
TOTAL	**4,849,753**	**734,726**	**91,061**	**(546,163)**	**279,624**	**4,159,845**

Marketable securities primarily represent own shares held by the company for allocation to future performance share distribution plans.

In 2023, following the Group's decision to fund the performance shares of plans 41ter, 42, 42bis and 42ter with Schneider Electric treasury shares, 1,468,821 shares for a total amount of EUR 106 million have been transferred into marketable securities. The company has distributed 1.9 million shares for a total amount of EUR 123 million in connection with performance share plans, which have been re-invoiced to the concerned Group entities. Following the loss of the rights of employees who left the Group, the company switched back 207,073 shares for a total amount of EUR 14.7 million to "Other investment securities."

Note 5 Group cash and cash equivalents

This item consists of interest-bearing advances by Schneider Electric SE to the Group cash pool (Boissière Finance) that are immediately recoverable on demand.

Note 6 Prepayment and other assets

6.1 – Prepaid expenses

The prepaid expenses relate mainly to interest on commercial paper of EUR 2.6 million and fees.

6.2 – Deferred expenses

(in thousands of euros)

Bond issue expenses	12/31/2022	Increases	Decreases	12/31/2023
Mar. 11, 2015 over 10 years (EUR 750 million)	715	–	(323)	**392**
Sep. 8, 2015 over 8 years (EUR 600 million)	289	–	(289)	**–**
Oct. 13, 2015 over 10 years (EUR 100 million)	112	–	(40)	**72**
Oct. 13, 2015 over 10 years (EUR 200 million)	277	–	(98)	**179**
Sep. 9, 2016 over 8 years (EUR 800 million)	761	–	(449)	**312**
Dec. 13, 2017 over 9 years (EUR 750 million)	1,170	–	(296)	**874**
June. 21, 2018 over 9 years (EUR 750 million)	1,136	–	(254)	**882**
Jan. 15, 2019 over 9 years (EUR 250 million)	451	–	(89)	**362**
Jan. 15, 2019 over 9 years (EUR 500 million)	1,012	–	(201)	**811**
Sept. 9, 2019 over 5 years (EUR 200 million)	231	–	(136)	**95**
Mar. 11, 2020 over 9 years (EUR 800 million)	1,672	–	(270)	**1,402**
Apr. 9, 2020 over 7 years (EUR 500 million)	945	–	(221)	**724**
Jun. 12, 2020 over 3 years (EUR 500 million)	192	–	(192)	**–**
Nov. 24, 2020 over 6 years (EUR 650 million)	3,659	–	(1,313)	**2,346**
Nov. 9, 2022 over 5 years (EUR 500 million)	1,354	–	(277)	**1,077**
Nov. 9, 2022 over 10 years (EUR 600 million)	1,905	–	(196)	**1,709**
Jan. 13, 2023 over 6 years (EUR 600 million)	–	1,963	(280)	**1,683**
Jan. 13, 2023 over 11 years (EUR 600 million)	–	2,269	(194)	**2,075**
Apr. 6, 2023 over 2 years (EUR 750 million)	–	2,081	(765)	**1,316**
June 12, 2023 over 5 years (EUR 500 million)	–	1,260	(140)	**1,120**
June 12, 2023 over 10 years (EUR 500 million)	–	1,260	(167)	**1,093**
Nov. 27, 2023 over 7 years (EUR 650 million)	–	4,394	(53)	**4,341**
TOTAL	**15,883**	**13,227**	**(6,243)**	**22,865**

6.3 Notes to the financial statements

6.3 – Issuance premiums

(in thousands of euros)

Balance from IFRS	12/31/2022	Increases	Decreases	12/31/2023
Mar. 11, 2015 over 10 years (EUR 750 million)	2,012	–	(910)	1,102
Sep. 8, 2015 over 8 years (EUR 800 million)	403	–	(403)	–
Oct. 13, 2015 over 10 years (EUR 100 million)	(432)	–	152	(280)
Sep. 9, 2016 over 8 years (EUR 800 million)	1,726	–	(911)	815
Dec. 13, 2017 over 9 years (EUR 750 million)	2,288	–	(466)	1,822
June. 21, 2018 over 9 years (EUR 750 million)	3,614	–	(700)	2,914
Jan. 15, 2019 over 9 years (EUR 500 million)	70	–	(14)	56
Jan. 15, 2019 over 9 years (EUR 250 million)	(7,452)	–	1,416	(6,036)
Sept. 9, 2019 over 5 years (EUR 200 million)	(992)	–	586	(406)
Mar. 11, 2020 over 9 years (EUR 800 million)	3,848	–	(513)	3,335
Apr. 9, 2020 over 7 years (EUR 500 million)	1,761	–	(304)	1,457
Jun. 12, 2020 over 3 years (EUR 500 million)	177	–	(177)	–
Nov. 9, 2022 over 5 years (EUR 500 million)	268	–	(58)	210
Nov. 9, 2022 over 10 years (EUR 600 million)	3,986	–	(294)	3,692
Nov. 24, 2020 over 6 years (EUR 650 million)	(31,323)	–	9,059	(22,264)
Jan. 13, 2023 over 6 years (EUR 600 million)	–	4,818	(580)	4,238
Jan. 13, 2023 over 11 years (EUR 600 million)	–	7,956	(574)	7,382
Apr. 6, 2023 over 2 years (EUR 750 million)	–	937	(345)	592
June 12, 2023 over 5 years (EUR 500 million)	–	2,765	(198)	2,567
June 12, 2023 over 10 years (EUR 500 million)	–	3,930	(326)	3,604
TOTAL	**(20,046)**	**20,406**	**4,440**	**4,800**

Note 7 Shareholders' equity and retained earnings

(in millions of euros)

	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the financial year	Treasury shares	Total
December 31, 2021 before allocation of net income for the year	**2,276**	**2,412**	**688**	**1,498**	**–**	**6,874**
Change in share capital	8	204	–	–	–	212
Allocation of net income	–	–	1,498	(1,498)	–	–
2021 dividend	–	–	(1,619)	–	–	(1,619)
2022 net income	–	–	–	1,744	–	1,744
December 31, 2022 before allocation of net income for the year	**2,284**	**2,616**	**567**	**1,744**	**–**	**7,211**
Change in share capital	7	212	–	–	–	219
Allocation of net income	–	–	1,744	(1,744)	–	–
2022 dividend	–	–	(1,767)	–	–	(1,767)
Withholdings	–	–	(29)	–	–	(29)
2023 net income	–	–	–	2,560	–	2,560
DECEMBER 31, 2023 BEFORE ALLOCATION OF NET INCOME FOR THE YEAR	**2,291**	**2,828**	**516**	**2,560**	**–**	**8,196**

WESOP: Issuance of shares reserved for group employees who are members of the company savings plan and the international shareholding plan and for entities set up for the benefit of group employees.

7.1 – Capital

Share capital

The company's share capital at December 31, 2023 amounted to EUR 2,291,343,536 consisting of 572,835,884 shares with a par value of EUR 4, all fully paid up.

Changes in share capital

The increase in share capital of EUR 6,971,852 recorded over the year corresponding to a:

(i) EUR 1,874,116 capital increase through the issue of company shares reserved for employees participating in the PEG which correspond to 468,529 shares with a par value of EUR 4 bearing current dividend rights and which were subscribed at a price of EUR 126.20 by the FCPE Schneider Relais France 2023). Additional paid-in capital of EUR 57,254,244 was also recorded, due to the difference between the subscription price and the par value.

(ii) EUR 5,097,736 capital increase through the issue of shares reserved for Group employees based outside of France and for entities under shareholding or employee savings programs (i.e. 341,250 shares held by employees directly and 933,184 shares held by the FCPE Schneider Relais International 2023, at a subscription price of EUR 126.20 through the FCPE Schneider Relais International 2023). Additional paid-in capital of EUR 155,735,835 was also recorded, due to the difference between the subscription price and the par value. The total additional paid-in capital associated with the capital increase is EUR 212,990,079.

Own shares
At the reporting date, the total number of own shares held, and not allocated to performance share distribution plans, is 10,357,749 for a total net value of EUR 1,375,176,658.

7.2 – Additional paid-in capital

Additional paid-in capital decreased by EUR 212 million over the financial year, coming from capital increases.

7.3 – Allocation of prior year net income

Pursuant to the 3rd resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 4, 2023, the 2022 gain of EUR 1,744 million was allocated to retained earnings. In addition, EUR 1,767 million was distributed in the form of dividends.

Note 8 Provisions for contingencies and expenses

(in thousands of euros)

Provisions for contingencies	12/31/2022	Increases	Decreases	12/31/2023
Provision for fees on own shares distribution	312,009	105,761	(138,116)	279,654
Other	4,318	2,630	–	6,948
TOTAL	**316,327**	**108,391**	**(138,116)**	**286,602**

Management is confident that overall, the balance sheet provisions for disputes of which it is currently aware and in which the company is involved should be sufficient to ensure that these disputes do not have a material impact on its financial position or income.

A provision for risk of EUR 279 million was booked to cover the Group's decision to fund bonus share plans with existing shares.

Note 9 Bonds

(in thousands of euros)	Share capital 12/31/2023	Share capital 12/31/2022	Interest rate	Maturity
Schneider Electric SE 2019	94,325	94,325	Euribor + 0.60% TV	07/23/2024
Schneider Electric SE 2022	–	–	2.95% TF	09/27/2022
Schneider Electric SE 2025	750,000	750,000	0.875% TF	03/11/2025
Schneider Electric SE 2023	–	800,000	1.50% TF	09/08/2023
Schneider Electric SE 2025	200,000	200,000	1.841% TF	10/13/2025
Schneider Electric SE 2025	100,000	100,000	1.841% TF	10/13/2025
Schneider Electric SE 2024	800,000	800,000	0.25% TF	09/09/2024
Schneider Electric SE 2024	200,000	200,000	0.25% TF	09/09/2024
Schneider Electric SE 2026	750,000	750,000	0.875% TF	12/13/2026
Schneider Electric SE 2027	750,000	750,000	1.375% TF	06/21/2027
Schneider Electric SE 2028	500,000	500,000	1.5% TF	01/15/2028
Schneider Electric SE 2028	250,000	250,000	1.5% TF	01/15/2028
Schneider Electric SE 2029	800,000	800,000	0.25% TF	03/11/2029
Schneider Electric SE 2027	500,000	500,000	1% TF	04/09/2027
Schneider Electric SE 2023	–	500,000	0% TF	06/12/2023
Schneider Electric SE 2027	500,000	500,000	3.25% TF	11/09/2027
Schneider Electric SE 2032	600,000	600,000	3.5% TF	11/09/2032
Schneider Electric SE 2034	600,000	–	3.375% TF	04/13/2034
Schneider Electric SE 2025	750,000	–	3.375% TF	04/06/2025
Schneider Electric SE 2028	500,000	–	3.25% TF	06/12/2028
Schneider Electric SE 2033	500,000	–	3.5% TF	06/12/2033
Schneider Electric SE 2029	600,000	–	3.125% TF	10/13/2029
Schneider Electric SE 2024	29,177	–	0% TF	07/25/2024
TOTAL	**9,773,502**	**8,094,235**		

TF: fixed rate.
TV: floating rate.

Convertible bonds (OCEANE)

(in thousands of euros)	Share capital 12/31/2023	Share capital 12/31/2022	Interest rate	Maturity
Schneider Electric SE 2026	650,000	650,000	0%	06/15/2026
Schneider Electric SE 2030	650,000	–	1.97% TF	11/27/2030
TOTAL	**1,300,000**	**650,000**		

Schneider Electric SE has issued bonds during past years on different markets:
- as part of its Euro Medium-Term Notes (EMTN) program, for which bonds are traded on the Luxembourg stock exchange.

6.3 Notes to the financial statements

In November 2020, Schneider Electric SE issued sustainable bonds that are convertible into or exchangeable for new or existing shares (OCEANEs), for a nominal value of around EUR 650 million at a rate of 0.00%, maturing in June 2026. It should be noted that a long-term performance bonus of 0.5% of the nominal unit value applies in the event that the average performance score has not been met as at 12/31/2025.

The initial conversion and/or exchange ratio of the Bonds is one share per Bond with a nominal value set at EUR 176. According to the Sustainability-Linked Financing Framework, if the average sustainability performance score (calculated as the arithmetic average of the scores of the three key performance indicators) does not reach a certain level by December 31, 2025, the Group will pay an amount equal to the nominal value.

The three key performance indicators from the 11 new Schneider Sustainability Impact (SSI) 2021-2025 indicators are the following:
- Climate: Deliver 800 million tonnes of saved and avoided CO_2 emissions to our customers;
- Equality: Increase gender diversity, from hiring to front-line managers and leadership teams (50/40/30);
- Generation: Train 1 million underprivileged people in energy management.

The detailed rating methodology and approach are presented in the Group's Sustainability-Linked Financing Framework.

For all those transactions, issue premiums and issue costs are amortized per the effective interest rate method

In 2023, Schneider Electric SE also carried out a second convertible bond (OCEANE) issue for EUR 650 million at a rate of 1.97%, maturing in November 2030. As at the end of December 2023, the debt component recognized at its net book value was EUR 650 million.

The initial conversion and/or exchange ratio of the bonds is 426.66 shares per bond with a nominal value of EUR 100,000, which corresponds to EUR 234.38 per share.

At December 31, 2023, the other remaining bonds are as follows:
- EUR 800 million worth of 0.25% bonds issued in September 2016 and maturing on September 9, 2024;
- EUR 100 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 200 million worth of 1.841% bonds issued in October 2015 and maturing on October 13, 2025;
- EUR 750 million worth of 0.875% bonds issued in March 2015 and maturing on March 11, 2025;
- EUR 750 million worth of 0.875% bonds issued in December 2017 and maturing on December 13, 2026;
- EUR 650 million worth of 0% bonds issued in November 2020 and maturing on June 15, 2026;
- EUR 750 million worth of 1.375% bonds issued in June 2018 and maturing on June 21, 2027;
- EUR 200 million worth of 0.25% bonds issued in September 2018 and maturing on September 9, 2024;
- EUR 500 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR 800 million worth of 0.25% bonds issued in March 2020 and maturing on March 11, 2029;
- EUR 500 million worth of 1% bonds issued in April 2020 and maturing on April 9, 2027;
- EUR 94 million worth of Euribor 0.60% bonds renewed in April 2020 and maturing on July 23, 2024;
- EUR 250 million worth of 1.5% bonds issued in January 2019 and maturing on January 15, 2028;
- EUR 500 million worth of 3.25% bonds issued in November 2022 and maturing on November 9, 2027;
- EUR 600 million worth of 3.5% bonds issued in November 2022 and maturing on November 9, 2032.
- EUR 29 million worth of 0% bonds issued in May 2023 and maturing on July 25, 2024.
- EUR 750 million worth of 3.38% bonds issued in April 2023 and maturing on April 6, 2025;
- EUR 500 million worth of 3.25% bonds issued in June 2023 and maturing on June 12, 2028;
- EUR 600 million worth of 3.13% bonds issued in January 2023 and maturing on October 13, 2029;
- EUR 500 million worth of 3.50% bonds issued in June 2023 and maturing on June 12, 2033;
- EUR 600 million worth of 3.38% bonds issued in January 2023 and maturing on April 13, 2034.

The issue premiums and issuance costs are amortized in line with the effective interest method.

Note 10 Other borrowings

At December 31, 2023, other borrowings included drawdowns on credit lines and accrued interest on bonds. In total, EUR 1,700 million was drawn on credit lines and the accrued interest amounted to EUR 109 million

Note 11 Debts related to investments

Debts related to investments correspond to an intercompany loan of EUR 42 million with the Luxembourgish entity, Industrielle de Rassurance S.A

Note 12 Borrowings and financial liabilities

(in thousands of euros)

Borrowings and financial liabilities	01/01/2023	Increase	Decrease	12/31/2023
Commercial Paper	1,491,000	–	(473,000)	1,018,000
Borrowings	–	–	–	–
Overdrafts	–	–	–	–
Other	–	–	–	–
NET	**1,491,000**	**–**	**(473,000)**	**1,018,000**

Note 13 Maturities of receivables and payables

(in thousands of euros)	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
NON-CURRENT ASSETS				
Advances to subsidiaries and affiliates	2,532,111	2,532,111	–	–
CURRENT ASSETS				
Accounts receivable – trade	570,104	570,104	–	–
Other receivables	323,972	323,972	–	–
Marketable securities	279,624	279,624	–	–
Prepaid expenses	3,278	3,278	–	–
DEBT				
Bonds including convertible bonds	11,073,502	1,136,325	1,800,000	8,137,177
Other borrowings	1,808,904	1,808,904	–	–
Commercial paper	1,018,000	1,018,000	–	–
Accounts payable – trade	109,162	109,162	–	–
Accrued taxes and payroll costs	296,565	296,565	–	–
Other	2,088	2,088	–	–
Deferred revenue	–	–	–	–

Invoices received and issued during the period have not been subject to late payment.

Note 14 Related-party transactions (minimum 10% stake)

(in thousands of euros)	Gross	Net
Shares in subsidiaries and affiliates	5,377,098	5,357,631
Advances to subsidiaries and affiliates	2,532,111	2,532,111
Accounts receivable	405,060	405,060
Cash and cash equivalents	11,268,738	11,268,738
Revenues:		
• rebilled performance shares		91,009
• interest		2,532,461

It should be noted that Boissière Finance is included in this table concerning related companies although it is held through Schneider Electric Industries SAS and the stake is <10%.

Note 15 Other operating revenue

This item relates in its entirety to brand royalties billed to Group companies. Invoicing is carried out on the basis of a percentage of the turnover of each company, under the Schneider brand name or under associated brands.

Note 16 Other purchases and external expenses

This item mainly includes expenses inherent in the management of the Schneider Electric brand.

Note 17 Net financial income/(loss)

(in thousands of euros)	12/31/2023	12/31/2022
Dividends	2,002,364	1,500,580
Net interest income (expense)	208,799	(21,673)
Other	(578)	1,396
NET FINANCIAL INCOME/(LOSS)	**2,210,585**	**1,480,303**

In 2023, the company received EUR 2,002 million in dividends from Schneider Electric Industries SAS.

6.3 Notes to the financial statements

Note 18 Net non-recurring income/(loss)

(in thousands of euros)	12/31/2023	12/31/2022
Net gains/(losses) on fixed asset disposals	39	39,753
Provisions net of reversals	32,355	36,271
Other non-recurring income/(expense)	(70,498)	(59,494)
NET NON-RECURRING INCOME/(LOSS)	**(38,104)**	**16,531**

Non-recurring income/(loss) is mainly related to the income from the re-invoicing of performance shares and the non-recurring expenses associated with these performance shares.

Note 19 Net income tax benefit

The "Income tax expense" line item in the statement of income mainly consists of the Group tax relief recorded by the tax group headed by Schneider Electric SE, net of income tax due, for EUR 29 million.

Schneider Electric SE is the parent company of the tax group comprising all French subsidiaries that are over 95%-owned. Tax loss carry forwards available to the company in this capacity totaled EUR 1,627 million at December 31, 2023.

Note 20 Pension benefit commitment

The company had made commitments towards its executives, active managers and retirees. In 2015, the company closed the top-hat executive pension plans. Since the end of 2015, there have been no more active beneficiaries. The company has outsourced to AXA France VIE its commitments to the retired beneficiaries of top-hat executive pension plans.

Note 21 Off-balance sheet commitments

21.1 – Partnership obligations

The share of liabilities of "SC" non-trading companies attributable to Schneider Electric SE as partner is not material.
The share of liabilities of "SNC" flow-through entities attributable to Schneider Electric SE as partner is not material.

21.2 – Guarantees given and received

Commitments given
Counter-guarantees of bank guarantees: None
Other guarantees given: EUR 2,105 million, mainly to Group companies
Bank guarantees: EUR 20 million

Commitments received
Bank counter-guarantees: None
Credit lines: EUR 2,950 million

21.3 – Financial instruments

Schneider Electric Group hedging transactions, exchange guarantees, and the establishment of financial instruments are carried out by the manager of the Group cash pool, Boissière Finance, a wholly-owned subsidiary of Schneider Electric Industries SAS, which in turn is wholly-owned by Schneider Electric SE.

During the 2023 financial year, Schneider Electric SE set up EUR 800 million in interest rate swaps as a derivative instrument to partially hedge its exposure to interest rates.

Note 22 Contingencies

As previously disclosed, investigations were conducted in September 2018 by the French judicial authority and French Competition Authority (Autorité de la concurrence) at Schneider Electric's head office and other premises concerning the sale of electrical products through commercial distribution activities in France.

On July 4, 2022, Schneider Electric received a statement of objections (notification de griefs) from the French Competition Authority alleging that the pricing autonomy of some distributors in the French market would have been limited, in breach of competition rules. Schneider Electric strongly disagrees with the allegations of the statement of objections and has submitted its response to the French Competition Authority. The hearing in front of the French Competition Authority is not yet planned, the Group is expecting it to take place in 2024 and an enforceable decision may be issued late 2024 or 2025. Should the French Competition Authority deny Schneider Electric's arguments and conclude that anti-competitive practices have been involved, it has broad discretion to determine on a case-by-case basis the financial fine it may impose in accordance with the principles of proportionality and individuality as described in its 2021 press release (https://www.autoritedelaconcurrence.fr/sites/default/files/Communique_sanction.pdf).

This potential fine could not exist and could not exceed a maximum amount of 10% of the total 2021 Group revenue according to article L. 464-2 of the French Commercial Code.

Concurrently on October 7, 2022, Schneider Electric was indicted by an investigating judge who required Schneider Electric to provide a bank guarantee of €20 million and a cash guarantee of €80 million. Schneider Electric officially contested the indictment decision and raised numerous arguments in law and fact. Procedure is ongoing.

Those actions do not mean that Schneider Electric will ultimately be found guilty of any wrongdoing. Schneider Electric firmly disagrees with all the allegations made by the French investigating judge and the French Competition Authority and intends to vigorously and fully defend itself.

Considering the difficulty in assessing the extent to which the French Competition Authority considers the arguments of Schneider Electric in its defense as well as the multiple factors contributing to the determination of a fine, it is not possible to reliably estimate the amount of any potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group. In this context, no statutory provision has been made at this stage of the case.

Schneider Electric has other contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving the Group, or its subsidiaries were reviewed at the date on which the statutory financial statements were approved for issue. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

Note 23 Other Information

23.1 – Workforce

The average number of employees over the financial year is four.

23.2 – Consolidated financial statements

Schneider Electric SE is the parent company of the Group and accordingly publishes the consolidated financial statements of the Schneider Electric Group.

23.3 – Subsequent events

On January 10, 2024 SESE carried out a bond issue in two tranches: EUR 600 million at a rate of 3% and maturing in January 2031 and EUR 700 million at a rate of 3.25% and maturing in October 2035.

6.4 Statutory auditors' report on the annual financial statements (For the year ended December 31, 2023)

To the Annual General Meeting of Schneider Electric S.E.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Schneider Electric S.E. for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risks Committee.

Basis for opinion

Audit framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence
We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from January 1, 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and affiliates and related loans and advances
"Shares in subsidiaries and affiliates" paragraph of the "Accounting principles" section and Note 2 "Investments" to the financial statements

Description of risk	At December 31, 2023, shares in subsidiaries and affiliates and related loans and advances recorded in the Company's balance sheet amounted to €5,358 million and €2,532 million respectively. As described in the "Shares in subsidiaries and affiliates" paragraph in the "Accounting policies" section of the notes to the financial statements, shares in subsidiaries and affiliates are recorded at their acquisition cost and written down when their estimated value in use at the reporting date is less than their carrying amount. The estimated value in use of shares in subsidiaries and affiliates is determined primarily by reference to the accounting net assets of the investments and by taking into account the profitability of the investments and the outlook for the economic environment. For listed securities, the average share price for the last month of the financial year is taken into account. Due to the judgment required from management in making these estimates, particularly when they are based on forward-looking information, we considered that the valuation of shares in subsidiaries and affiliates, and by extension the related loans and advances, is a key audit matter.

How our audit addressed this risk	We examined the methodology employed by the Company to estimate the value in use of shares in subsidiaries and affiliates. Our audit work consisted in: • comparing the share in accounting net assets used to determine the value in use of shares in subsidiaries and affiliates with the financial statements of those subsidiaries and affiliates that have been audited or subject to analytical procedures; • assessing, when values in use have been determined on the basis of forecasts, the appropriateness of the valuation method on which the estimation is based; • assessing the main assumptions used in estimating values in use, in particular the long-term growth rate and the discount rate, with the help of our valuation experts, where appropriate; • verifying the arithmetical accuracy of the value in use calculations used by your Company; We also assessed the recoverability of the related receivables in light of the impairment tests performed on the shares in subsidiaries and affiliates.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about the payment terms referred to in Article D. 441-6 of the French Commercial Code.

Report on corporate governance
We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other verifications and information pursuant to legal and regulatory requirements

Format of presentation of the financial statements intended to be included37 in the annual financial report
We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors
We were appointed Statutory Auditors of Schneider Electric S.E. by the Annual General Meetings held on May 6, 2004 for Mazars and on May 5, 2022 for PricewaterhouseCoopers Audit.

At December 31, 2023, Mazars was in the twentieth consecutive year of their engagement and PricewaterhouseCoopers in their second year.

6.4 Statutory auditors' report on the annual financial statements

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L. 821-55-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risks Committee

We submit a report to the Audit and Risks Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risks Committee.

The Statutory Auditors

Mazars
Paris La Défense on February 29, 2024
Juliette Decoux Guillemot Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on February 29, 2024
Jean-Christophe Georghiou Séverine Scheer

6.5 List of securities held at December 31, 2023

Number of securities (in thousands of euros)	Company	Carrying amount
A. MAJOR INVESTMENTS		
(Carrying amounts over EUR 5 million)		
58,018,657	Schneider Electric Industries SAS	5,343,544
2,497	Muller SAS	8,038
10,357,749	Schneider Electric SE own shares	1,375,177
		6,726,759
B. OTHER INVESTMENTS		–
(Carrying amounts under EUR 5 million)		
C. INVESTMENTS IN REAL ESTATE COMPANIES		–
D. INVESTMENTS IN FOREIGN COMPANIES		6,049
Total		**6,732,807**
MARKETABLE SECURITIES		
4,159,845	Schneider Electric SE own shares	279,623
TOTAL		**7,012,430**

6.6 Subsidiaries and affiliates

Company (in thousands of euros)	Capital	Reserves and retained earnings before allocation of net income
I. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES WITH A CARRYING AMOUNT OF OVER 1% OF THE SHARE CAPITAL OF SCHNEIDER ELECTRIC SE		
A. Subsidiaries (at least 50% owned)		
Schneider Electric Industries SAS 35, rue Joseph-Monier 92500 Rueil-Malmaison	928,299	6,298,071
B. Affiliates (10 to 50%-owned)		
II. GENERAL INFORMATION ON OTHER SUBSIDIARIES AND AFFILIATES		
A. Subsidiaries not included in section I: (+50%)		
a) French subsidiaries (aggregate)	38	8,191
b) Foreign subsidiaries (aggregate)	–	–
B. Affiliates not included in section I: (0-50%)		
a) French companies (aggregate)	–	–
b) Foreign companies (aggregate)*	640	180,302

* Including income or loss in prior financial years
* the amounts in foreign currency have been converted into euros at the rate of December 31, 2023.

Stage 1 credit risk (%)	Gross value	Net value	Loans and advances provided by the company and still outstanding	Amounts guaranteed by the company	2023 revenue (ex VAT)	2023 profit/(loss) (£)	Dividends received by the company during the financial year 2023
100.00	5,343,544	5,343,544	2,532,111	–	4,486,895	2,068,597	1,999,903
99.84	12,306	8,038	–	–	–	(215)	–
–	–	–	–	–	–	–	–
4.80	21,249	6,048	–	–	137,481	56,924	2,460

6.7 The company's financial results over the last 5 years

Description	2023	2022	2021	2020	2019
FINANCIAL POSITION AT DECEMBER 31					
Share capital(in thousands of euros)	2,291,344	2,284,372	2,276,134	2,268,274	2,328,274
Number of shares in issue	572,835,884	571,092,921	569,033,442	567,068,555	582,068,555
Number of convertible bonds in issue	3,701,523	3,695,023	3,683,972	3,683,972	–
Maximum number of shares to be created:					
• through conversion of bonds	–	–	–	–	–
• through exercise of rights	–	–	–	–	–
RESULTS OF OPERATIONS					
(in thousands of euros)					
Sales (ex. VAT)	1	79	–	450	2,385
Investment revenue, interest income and other revenue	2,002,364	1,500,580	1,500,362	1,553	49,896
Earnings before tax, depreciation, amortization and provisions	2,555,672	1,690,046	1,392,930	(201,902)	(18,659)
Income tax	42,907	18,623	52,342	32,287	71,684
Earnings after tax, depreciation, amortization and provisions	2,560,475	1,744,408	1,498,235	(31,273)	57,108
Dividends paid[1] excluding tax credit and withholdings	2,002,363[2]	1,650,197	1,650,197	1,474,378	1,413,455
RESULTS OF OPERATIONS PER SHARE					
(in euros)					
Earnings before depreciation, amortization and provisions	4.42	2.99	2.54	(0.30)	0.09
Earnings after tax, depreciation, amortization and provisions	4.48	3.05	2.63	(0.06)	0.10
Net dividend per share	3.50[2]	3.15	2.90	2.60	2.55
EMPLOYEES					
Average number of employees during the financial year	4	2.5	1	1	1
Total payroll for the financial year (in thousands of euros)	13,505	1,496	1,130	1,961	3,693
Total of employee benefits paid over the financial year (Social security, other benefits, etc.)(in thousands of euros)	1,102	871	795	916	944

(1) For 2023, estimate based on existing shares at December 31, 2023, including treasury shares.
(2) Pending approval by the Annual Shareholders' Meeting of 2024.

6.8 Extract of the management report for the year ended December 31, 2023

In 2023, Schneider Electric SE's operating profit stood at EUR 345 million, compared with EUR 229 million the previous year. Interest expense net of interest income amounted to -EUR 208 million compared with EUR 22 million the previous year.

Income from ordinary activities before tax stood at EUR 2,555 million in 2023 compared with EUR 1,709 million in 2022. This difference was mainly due to Schneider Electric brand royalties, which were up by more than EUR 74 million, financial income, which was up by EUR 948 million, and financial expenses, which were up by EUR 218 million.

Net income for 2023 stood at EUR 2,560 million, compared with EUR 1,744 million for 2022. Equity amounted to EUR 8,196 million at December 31, 2023, compared with EUR 7,213 million at the previous year-end, taking into account 2023 profit, and the impact of dividend payments amounting to EUR 1,767 million.

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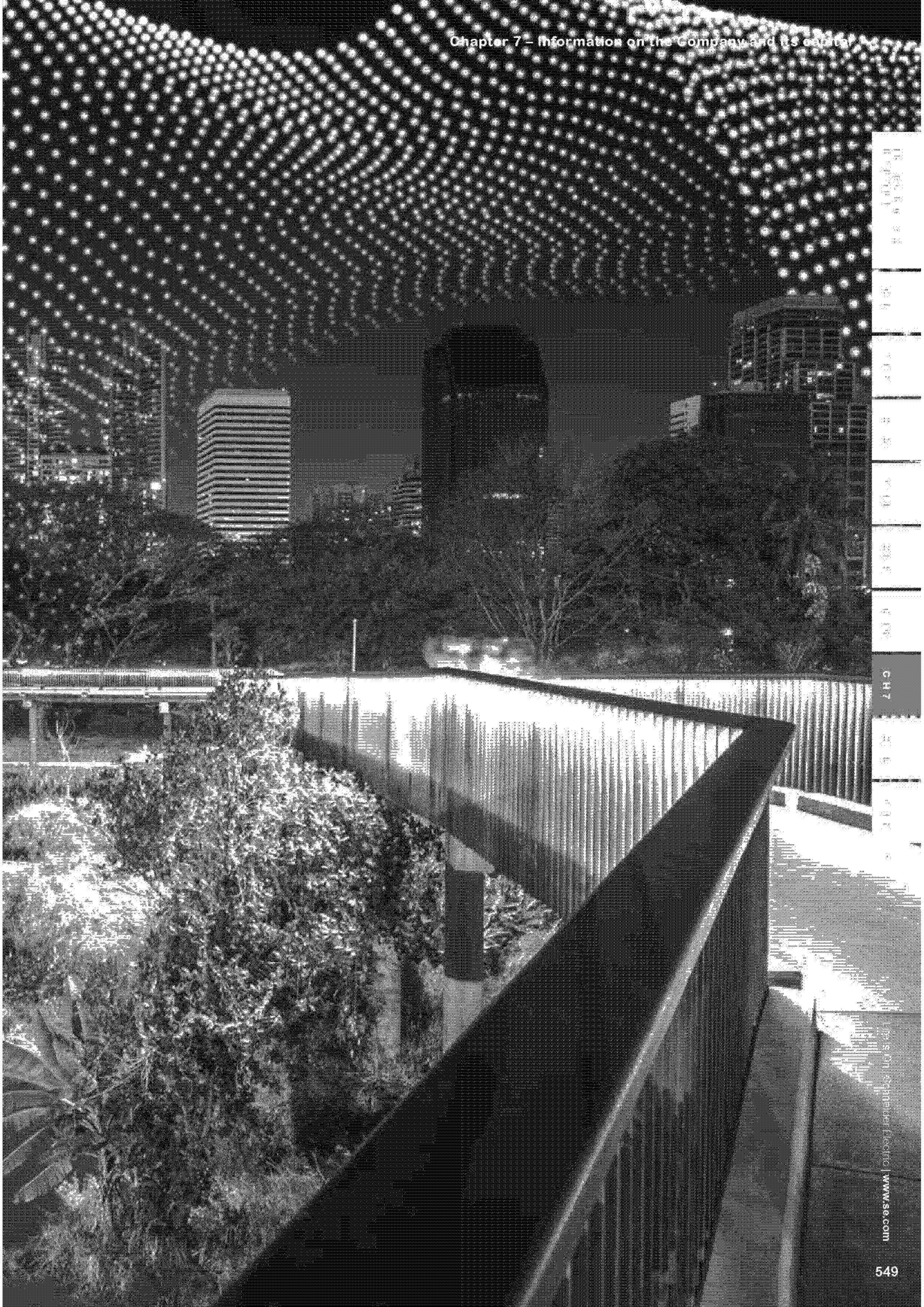
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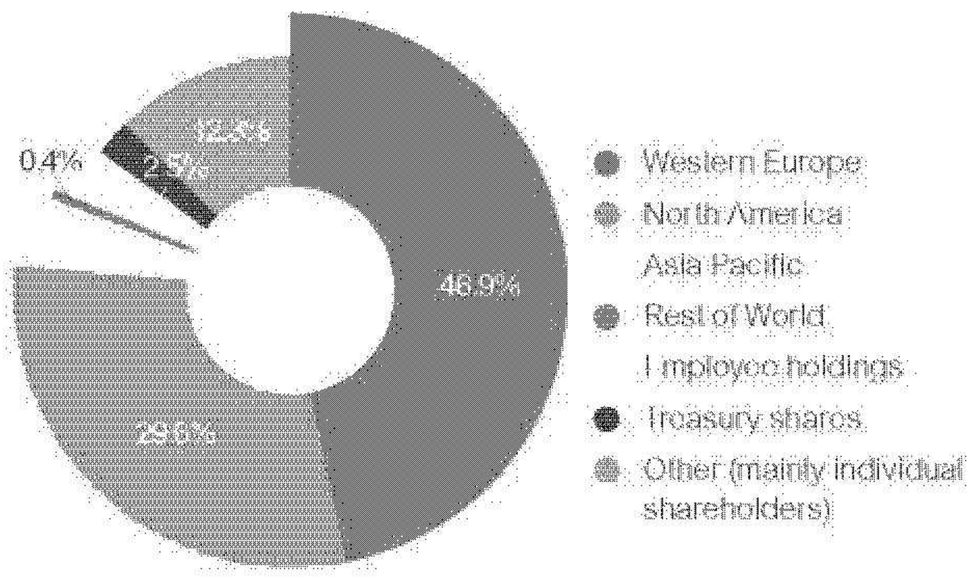
This Chapter includes elements of the Board of Directors' Corporate Governance Report.

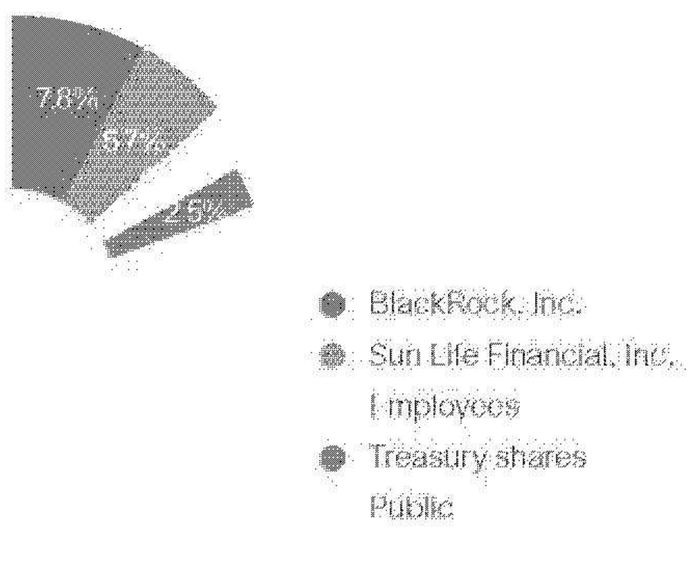
The table of section 7.2.3 "Authorizations to issue and cancel shares" summarizing the outstanding delegations relating to share capital increase and decrease granted by the Annual Shareholders' Meeting, sections 7.4.1 "Annual Shareholders' Meetings", 7.4.2 "Voting rights", 7.4.8 "Publication of information of Article L. 22-10-11 of the French Commercial Code", and Chapter 4 constitute the Board of Directors' Corporate Governance Report prepared in accordance with Article L. 225-37 of the French Commercial Code. They are indicated with a special mention.

7.1 Shareholding

7.1.1 Ownership structure

Major shareholders at December 31, 2023(1)





(1) Charts list ownership stakes to the best of the Company's knowledge.

Three-year summary of changes in capital(1)

At December 31, 2023, the share capital of Schneider Electric was EUR 2,291,343,536, divided into 572,835,884 common shares, to which 600,194,772 theoretical voting rights are attached. The following table presents, to the best of the Company's knowledge, changes in the distribution of the Company's share capital and voting rights over the last three years.

	Dec. 31, 2023				Dec. 31, 2022		Dec. 31, 2021	
	Capital %	Number of shares	Voting rights %(2)	Number of voting rights	Capital %	Voting rights %(4)	Capital %	Voting rights %(4)
BlackRock, Inc.	7.8	44,511,592	7.6	44,511,592	7.3	7.0	6.3	6.1
Sun Life Financial, Inc.(2)	5.7	32,854,522	5.6	32,854,522	6.8	6.6	7.0	6.8
Employees(3)	3.7	20,989,322	6.4	37,756,304	3.8	6.6	3.6	6.2
Treasury shares	2.5	14,518,652			2.1	–	2.2	–
Public	80.3	459,961,796	80.4	470,553,702	80.0	79.8	80.9	80.9
TOTAL	**100.0**	**572,835,884**	**100.0**	**585,676,120(4)**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Table lists ownership stakes that have breached the 5% ownership voting rights threshold in the previous three years, to the best of the Company's knowledge.
(2) These shares are mainly held by funds managed by MFS Investment Management which is part of Sun Life Financial, Inc.
(3) The total number of shares held by employees includes:
– 8,051,500 shares held by the FCPE Actionnariat France, corresponding to 1.4% of capital and 2.7% of voting rights,
– 5,543,100 shares held by the FCPE Actionnariat Mondial (International), corresponding to 1.0% of capital and 1.8% of voting rights, and
– 7,394,722 shares held directly by employees, corresponding to 1.3% of capital and 1.9% of voting rights.
(4) Number or percentage of voting rights excluding shares deprived of voting rights.

Disclosure thresholds

To the best of the Company's knowledge, no shareholders other than Sun Life Financial, Inc. and BlackRock Inc., both listed above, hold, either directly or indirectly, more than 5% of Schneider Electric's capital or voting rights.

Changes in holdings (for stake equal to or greater than 5%)

To the best of the Company's knowledge, no additional shareholders have made a change in holding during 2023 that crosses the 5% threshold for either capital or voting rights.

Control of the Company

At December 31, 2023, to the best of its knowledge, the Company was not controlled and has not been subject to any agreement binding on one or more shareholders or any other individual or legal entity, acting alone or in concert, concerning the direct or indirect holding of its capital or its control, or for which the implementation thereof might subsequently involve a change in the Company's control.

Shareholder pacts or agreements involving Schneider Electric shares

The Company has no knowledge of shareholder pacts or agreements, nor of shareholders acting in concert with regard to the shares comprising its share capital.

7.1.2 Employee shareholding

7.1.2.1 Profit-sharing plans

Most of the Group's French companies have profit-sharing and other profit-based incentive plans. The amounts paid by the Group's French entities over the last five years were:

	2023	2022	2021	2020	2019
Profit-based incentive plans and profit-sharing plans *(in millions of euros)*	**53.0**	61.7	65.8	57.0	59.3

In 2023, 64% of the total from incentives and profit-sharing was invested in the Schneider Electric shareholder fund and 13% was received by employees in cash.

7.1.2.2 The Schneider Electric employee shareholding

The Worldwide Employee Share Ownership Plan (WESOP) is one of the Group's recurring key annual reward programs, offering employees across the world an opportunity to become owners of the Company, at preferred conditions.

Through the WESOP, Schneider Electric shares Company value creation with employees, thus aligning both Company and employees' interests. In countries where regulations permit, Schneider Electric offers its employees the opportunity to invest during share capital increases reserved for its employees.

On December 31, 2023, Group employees held a total of 21.0 million Schneider Electric SE shares either directly, through the corporate mutual funds (FCPE), or through Performance Share plans, representing 3.7% of the share capital and 6.4% of the voting rights, considering double voting rights.

Voting rights attached to shares held by corporate mutual funds are exercised by the supervisory boards of these corporate mutual funds.

The Group's employee shareholders are spread across over 50 countries, as follows: 21% in France, 13% in China, 15% in India, 10% in the United States, and 41% elsewhere. Approximately 54% of all employees are shareholders of the Group.

7.2 Capital

7.2.1 Share capital and voting rights

At December 31, 2023, the share capital amounted to EUR 2,291,343,536 divided into 572 835 884 shares with a par value of EUR 4 fully paid up. 600,194,772 voting rights were attached to the 572,835,884 issued shares as at December 31, 2023.

7.2.2 Potential capital

At December 31, 2023, the potential capital consisted of:

- 129,050 Performance Shares, part of which remains subject to the achievement of performance conditions (plans 40, 41*ter*, 42*bis*, 42*ter*, 42*quater*, and 43, delivery of which, either in existing shares or shares to be issued, has not yet been determined by the Board). If all Performance Shares were vested, this would lead to the issuance of 129,050 shares. Schneider Electric SE capital would be composed of 572,964,934 ordinary shares, *i.e.* a 0.02% increase of the number of shares as of December 31, 2023; and
- 3,690,472 OCEANEs (out of which 3,683,972 OCEANEs issued in November 2020 and 6,500 OCEANEs issued on November 2023). If all OCEANEs were exercised, this would lead to the issuance of 6,483,049 shares (out of which 3,709,759 shares(1) under the OCEANEs issued in 2020 and 2,773,290 shares(2) under the OCEANEs issued in 2023). Schneider Electric SE capital would be composed of 579,447,983 ordinary shares, *i.e.* a 1.13% increase of the number of shares as of December 31, 2023.

(1) The initial conversion and/or exchange ratio was set at one share per OCEANE, subject to standard adjustments including dividend protection at EUR 2.65 per share. As the result of the dividend distribution of EUR 3.15 per share on May 11, 2023, the conversion and/or exchange ratio has been adjusted and increased from 1.003 to 1.00*4* share per OCEANE.

(2) The initial conversion and/or exchange ratio was set at 426.6601 shares per OCEANE, subject to standard adjustments including dividend protection.

7.2.3 Authorizations to issue and cancel shares

7.2.3.1 Table summarizing the outstanding delegations relating to share capital increases and decreases granted by the Annual Shareholders' Meeting

This table is part of the Board of Directors' Corporate Governance Report.

	Maximum nominal value of capital increases (in euros)	Number of shares	Authorization expiration date	Number of shares whose issuance has been authorized	Amount available (in number of shares)
Issues with preferential subscription rights					
Issuance of ordinary shares or other securities giving access to share capital of the Company **(19th resolution of the AGM of May 4, 2023)**	800 million(1)	200,000,000	May 4, 2023/ Jul. 3, 2025	None	197,226,710(3)(4)
Capitalizing additional paid-in capital, reserves, earnings, or other **(24th resolution of the AGM of May 4, 2023)**	800 million(1)	200,000,000	May 4, 2023/ Jul. 3, 2025	None	200,000,000
Issues without preferential subscription rights					
Issuance, in cash or in compensation of listed securities, shares, or other securities giving access immediately or in the future to the capital **(20th resolution of the AGM of May 4, 2023)**	224 million(1)(2)	56,000,000	May 4, 2023/ Jul. 3, 2025	None	53,226,710(3)(4)
Issuance of shares and other securities through an offer referred to in Article L. 411-2 1° of the French Monetary and Financial Code **(21st resolution of the AGM of May 4, 2023)**	120 million(1)	30,000,000	May 4, 2023/ Jul. 3, 2025	2,773,290(4)	27 226 710
Issuance of shares and other securities as consideration for unlisted securities **(23rd resolution of the AGM of May 4, 2023)**	224 million(1)(2)	56,000,000	May 4, 2023/ Jul. 3, 2025	None	56,000,000
Overall limits on issuance made under the above resolutions	**800 million(1)**	**200,000,000**	**May 4, 2023/ Jul. 3, 2025**	**2,773,290**	**197,226,710(3)(4)**

	Maximum par value of authorized capital increases (nominal)	Number of shares	Authorization/ delegation expiration date	Legal maximum number of shares to be issued	Amount available (number of shares)
Employee share issues					
Company Savings Plan **(25th resolution of the AGM of May 4, 2023)**	46 million[1]	11,500,000	May 4, 2023/ Jul. 3, 2025		7,800,000[2]
Share issues to promote share ownership among employees in foreign companies of the Group **(26th resolution of the AGM of May 4, 2023)**	24 million[2][3]	6,000,000	May 4, 2023/ Nov. 3, 2024		2,300,000[2]
Free shares or Performance Shares **(15th resolution of the AGM of May 5, 2022)**	45.5 million[2]	11,375,000	May 5, 2022/ May 4, 2025	1,602,681	9,772,319[5]

	Maximum amount of the authorized capital (nominal)	Number of shares	Authorization/ delegation expiration date	Amount available (number of shares)
Reduction in capital through cancellation of shares				
Cancellation of own shares **(27th resolution of the AGM of May 4, 2023)**	224 million per 24-month period	56,000,000	May 4, 2023/ May 3, 2025	56,000,000

(1) The overall ceiling for issues is capped at EUR 800 million in aggregate.
(2) All issuances made without preference right (20th, 21st, and 23rd resolutions) are globally limited to EUR 224 million.
(3) Using the authorization of the 16th resolution of the Annual General Meeting (AGM) held on May 5, 2022, and the delegation of the Board of Directors granted on December 14, 2022, 168,529 shares were issued in 2023 for French employees participating in a company savings plan. At its meeting of December 13, 2023, the Board of Directors authorized capital increases within a limit of 3.7 million shares, *i.e.* 0.65% of the capital.
(4) Issuances of shares reserved for employees in non-French subsidiaries will be deducted from the ceiling for capital increases reserved for employees participating in a company savings plan.
(5) At the Board of Directors' meeting of July 27, 2022, 67,590 shares were granted under the 2022 Long-term incentive plan. At the Board of Directors' meeting of October 26, 2022, 25,090 shares were granted under the 2022 Long-term incentive plan. At the Board of Directors' meeting of March 28, 2023, 1,414,309 shares were granted under the 2023 Long-term incentive plan. At the Board of Directors' meeting of May 4, 2023, 17,559 shares were granted under the 2023 Long-term incentive plan. At the Board of Directors' meeting of July 27, 2023, 47,628 shares were granted under the 2023 Long-term incentive plan. At the Board of Directors' meeting of October 25, 2023, 30,605 shares were granted under the 2023 Long-term incentive plan.
(6) On the date of the 2023 Annual Shareholders' Meeting, the share capital was EUR 2,284 million.
(7) On the date of the 2022 Annual Shareholders' Meeting, the share capital was EUR 2,276 million.
(8) At its meeting of August 28, 29, and 30, 2023, the Board of Directors decided to use the powers granted to it by the General Meeting of May 4, 2023, in its 21st resolution and grant full powers to the Chief Executive Officer to carry out the issuance of the OCEANEs within certain limits. On November 20, 2023, the CEO decided the issuance by the Company, of 6,500 OCLANEs, in the context of an offering referred to in Article L. 411-2, 1° of the French Monetary and Financial Code to qualified investors in France and outside France without the shareholders' preferential subscription right, each OCLANE giving right to conversion or exchange into new and/or existing shares of the Company (excluding any adjustments to preserve the rights of holders of OCEANEs).

7.2.3.2 Use of authorizations granted by the Annual Shareholders' Meeting: issuance of OCEANEs

7.2.3.2.1 Additional report by the Board of Directors of December 13, 2023 – Issue of bonds convertible and/or exchangeable for new and/or existing shares (OCEANEs)

Madam, Sir,

We present to you the additional report referred to in Articles L. 225-129-5 and R. 225-116 of the French Commercial Code on the use by the Board of Directors of the authorization granted to it under the twenty-first resolution of the combined general meeting of shareholders of May 4, 2023.

Legal framework of the issuance of the OCEANEs

The Shareholders' Meeting of Schneider Electric SE (the "**Company**") held on May 4, 2023 (the "**Shareholders'** Meeting") has, pursuant to its twenty-first resolution and acting in accordance with the quorum and majority requirements for extraordinary shareholders' meetings, in accordance with the provisions of the French Commercial Code, in particular in Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 228-91 to L. 228-93, L. 22-10-49, L. 22-10-52, and of Article L. 411-2 1° of the French Monetary and Financial Code, delegated to the Board of Directors, with the power to subdelegate, in compliance with applicable laws and regulations, the authority to decide through an offer referred to in Article L. 411-2 1° of the French Monetary and Financial Code, on one or more occasions, in the proportion and at the times it deems appropriate, in France and/or abroad, in euros or in any other currency or unit of account set by reference to several currencies, the capital increase without the shareholders' preferential subscription right, through the issue of ordinary shares and/or securities, governed by Articles L. 228-91 et seq. of the French Commercial Code granting access by any means, immediately and/or in the future, to ordinary shares of the Company or of a company in which it directly or indirectly owns more than half of the share capital (the "equity-linked securities"), it being specified that (a) the subscription of shares and other securities may be performed either in cash or by offsetting debts, and (b) the shares to be issued will grant the same rights as the existing shares; it being specified that the issuance of any shares or securities giving access to preferred shares is excluded. The Shareholders' Meeting set the validity period of this delegation at 26 months granted within a maximum nominal amount of capital increase of EUR 120 million being deducted from the capital increase ceiling of EUR 224 million provided for in the twentieth resolution and from the capital increase ceiling of EUR 800 million provided for in the nineteenth resolution of said Shareholders' Meeting.

7.2 Capital

At its meeting of August 28, 29, and 30, 2023, the Board of Directors decided to use the powers granted to it by the Shareholders' Meeting in its twenty-first resolution, and to approve the principle of an issuance, by the Company, on one or more transactions, of securities giving access to the share capital, represented by OCEANEs, in the context of a public offering referred to in Article L. 411-2, 1° of the French Monetary and Financial Code, to qualified investors in France and outside France (as the case may be, except in the United States, Canada, Japan, and/or Australia), without the shareholders' preferential subscription right within the limits of a total nominal amount of EUR 750 million and a maximum total nominal amount of the corresponding capital increase(s) resulting from the potential conversion of the OCEANEs into new ordinary shares of EUR 30 million (excluding any adjustments to preserve the rights of holders of OCEANEs). The Board of Directors subdelegated until August 30, 2024, to the Chief Executive Officer, all powers to carry out the issuance of OCEANEs and to set its conditions. The Chief Executive Officer using this subdelegation decided on November 20, 2023, to issue 6,500 OCEANEs with a nominal value of EUR 100,000 and a per-unit issue price of EUR 100,000.

Main features of the issuance of the OCEANEs

In pursuance of the above-mentioned Board's decision, OCEANEs have been issued under the main terms and conditions as follows:

- **Date of announcement and launching of the issuance:** November 20, 2023
- **Settlement-delivery of the OCEANEs:** November 27, 2023
- **Terms of issue of the OCEANEs:** by way of a placement to qualified investors only (within the meaning of Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation")), in accordance with Article L. 411-2-1° of the French Monetary and Financial Code, in France and outside of France (excluding, in particular, the United States, Australia, Japan, Canada, and South Africa)
- **Number and nominal value of the OCEANEs to be issued:** 6,500 OCEANEs with a nominal value of EUR 100,000
- **Corresponding nominal amount of the issuance:** EUR 650,000,000
- **Issue price of the OCEANEs:** EUR 100,000
- **Redemption price of the OCEANEs:** EUR 100,000
- **Reference share price:** EUR 164.4762 per share
- **Interest rate:** 1.97% per annum, payable semi-annually in arrears on May 27 and November 27 of each year (or on the following business day if this date is not a business day), and for the first time on May 27, 2024
- **Initial conversion/exchange premium:** 42.5% above the Company's reference share price on the regulated market of Euronext in Paris. The conversion premium of 42.5% was set in view of the Schneider Electric SE share price at EUR 166.2 on November 17, 2023, increasing 27% since January 1, 2023, and the duration of the transaction. Over 7 years, this premium corresponds to a compound annual growth rate composed of the share price of 5.2% to reach the conversion price. This premium was set in consideration of the coupon and the market practices observed for the recent issuance of convertible bond. In accordance with the provisions of Article R. 22-10-32 of the French Commercial Code, the price of the share to be issued is at least equal to the weighted average of the prices of the last three trading sessions preceding the start of the offer, possibly reduced by a maximum discount of 10%
- **Initial conversion/exchange price:** EUR 234.3786
- **Maturity of the OCEANEs:** November 27, 2030
- **Conditions for redemption:** redemption at nominal value
- **Conditions for early redemption:** at par plus any accrued interest at the Company's option at any time from December 18, 2028 (inclusive), subject to a prior notice of at least 30 (but not more than 60) calendar days, if the arithmetic average, calculated over a period of 10 consecutive trading days chosen by the Company from among the 20 consecutive trading days preceding the day of the publication of the early redemption notice, of the daily products on each of such 10 consecutive trading days of the volume weighted average price of the Company's shares on Euronext Paris and the applicable conversion/exchange ratio on each such trading day, exceeds 150% of the nominal value of each bond
- **Dates, deadlines, and conditions of conversion/exchange:** right to convert or exchange the bonds into new and/or existing shares of the Company, exercisable at any time from January 7, 2024, up to the 7th business day (inclusive) preceding November 27, 2030, or, as the case may be, the relevant early redemption date; and
- **Initial conversion/exchange ratio:** 426.6601 shares per bond (adjustments: French standard protection against dilution and dividend protection).

Impact on the holder of securities of the Company

Impact of the issuance on the share in equity of the Company

For information purpose, on the assumption that the Company decides to issue new shares only in case of exercise of the right to convert or exchange the bonds into shares of the Company, the impact of the issuance of these new shares on the share in equity of the Company (on the basis of the Company's equity resulting from an interim financial situation and the number of shares making up the share capital as of June 30, 2023) would be as follows:

	Equity (in euros)	
	Non-diluted basis	Diluted basis(*)
Before issuance of OCEANEs	13.21	14.22
After issuance of OCEANEs and exercise of the right to attribution of shares	14.28	15.27

(*) In the event that all performance shares not yet qualified are delivered from shares to be issued (i.e., as of June 30, 2023: 1,472,869 new shares to be issued).

Impact of the issuance on the shareholder's situation

For information purpose, on the assumption that the Company decides to issue new shares only in case of exercise of the right to convert or exchange the bonds into shares of the Company, the impact of the issuance of these new shares on the shareholder's ownership, holding 1% of the Company's share capital prior to the issuance and who does not subscribe to it (on the basis of the number of shares making up the share capital as of June 30, 2023), would be as follows:

	Shareholder's holding (in %)	
	Non-diluted basis	Diluted basis(*)
Before issuance of OCEANEs	1%	0.991%
After issuance of OCEANEs and exercise of the right to attribution of shares	0.995%	0.986%

(*) In the event that all performance shares not yet qualified are delivered from shares to be issued (i.e., as of June 30, 2023: 1,472,669 new shares to be issued).

Theoretical impact of the issuance on the current market value of the Schneider Electric SE share

The theoretical impact of the issuance on the current market value of the Schneider Electric share is 0.48%.

This theoretical impact was calculated based on the number of shares making up the share capital as of June 30, 2023, and the average of the twenty trading sessions preceding the issue as follows:

Average value of the twenty trading sessions preceding the issue (A)	€151.1595
Number of shares making up the share capital as of June 30, 2023 (B)	571,092,921
Theoretical market capitalization before the issuance of OCEANEs calculated on the basis of the average value of the twenty trading sessions preceding the issue (C=A*B)	€86,326,120,391.90
Potential number of shares to be issued in case of exercise of the right to convert or exchange the bonds into shares of the Company on the basis of a conversion/exchange ratio of 426.6601 shares per bond (D)	2,773,291
Number of shares making up the share capital after conversion or exchange of all the OCEANEs into Company shares (E=B+D)	573,866,212
Theoretical share price after conversion or exchange of all the OCEANEs into Company shares (F=C/E)	€150.43
Theoretical impact of the issuance on the current market value of the Company share (A-F)/A	**0.48%**

7.2.3.2.2 Statutory Auditors' additional report on the issue of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANEs) with cancellation of pre-emptive subscription rights

To the Annual General Meeting of Schneider Electric SE,

In our capacity as Statutory Auditors of your Company (the "Company") and in accordance with the requirements of article R. 225-116 of the French Commercial Code (Code de commerce), and further to our report of March 20, 2023, we hereby report to you on the issue, with the cancellation of pre-emptive subscription rights, through an offer referred to in Paragraph II of Article L. 411-2-1° of the French Monetary and Financial Code, of (i) ordinary shares of the Company, (ii) securities governed by articles L. 228-91 et seq. of the French Commercial Code which are equity securities of the Company, giving access to other equity securities of the Company and/or giving entitlement to the allotment of debt securities of the Company and/or (iii) debt securities governed or not by articles L. 228-91 et seq. of the French Commercial Code, giving or likely to give access to equity securities to be issued by the Company, and which may also give access to existing equity securities and/or debt securities of the Company, and/or (iv) securities which are equity securities of the Company giving access to existing equity securities or to equity securities to be issued by, and/or to debt securities of, companies in which the Company holds directly or indirectly, at the time of issue, more than half of the share capital, and/or (v) debt securities governed or not by articles L. 228-91 et seq. of the French Commercial Code, giving access or likely to give access to equity securities to be issued by companies in which the Company directly or indirectly holds, at the time of issue, more than half of the share capital, such securities also being able, where applicable, to give access to existing equity securities and/or debt securities of said companies, as authorized by the Extraordinary Shareholders' Meeting of May 4, 2023.

This Extraordinary Shareholders' Meeting delegated to the Board of Directors, with the option of sub-delegation under the conditions laid down by law, the authority to decide on such issuance within a period of 26 months and up to a maximum nominal amount of capital increase of €120 million being deducted from the capital increase ceiling of €224 million provided for in the 20th resolution and to the capital increase ceiling of €800 million provided for in the nineteenth resolution of the said Extraordinary Shareholders' Meeting.

Using this authorization, the Board of Directors decided at its meeting of August 28, 29 and 30, 2023, to approve the principle of an issuance of securities giving access to the Company's capital, represented by bonds convertible into or exchangeable for new or existing shares in the Company ("OCEANEs"), in the context of a public offering referred to in Article L.411-2, 1° of the French Monetary and Financial Code to qualified investors in France and outside France (as the case may be, except in the United States of America, Canada, Japan and/or Australia), without shareholders' preferential subscription rights. The Board of Directors has decided that (i) the total nominal amount of such issuance of OCEANEs may not exceed €750 million and (ii) the maximum total nominal amount of the corresponding capital increase(s) resulting from the potential conversion of the OCEANEs into new ordinary shares may not exceed €30 million euros (excluding any adjustments to preserve the rights of OCEANE holders).

7.2 Capital

The Board of Directors sub-delegated to the Chief Executive Officer, for a period of 12 months from the date of the meeting, all powers to decide the issuance of OCEANEs and to set its conditions.

Using this sub-delegation, the Chief Executive Officer decided on November 20, 2023 to issue 6,500 OCEANEs bonds with a nominal value of 100,000 euros at a unit price of €100,000.

At its meeting on December 13, 2023, the Board of Directors placed on record the completion of this issuance.

It is the responsibility of the Board of Directors to prepare an additional report in accordance with Articles R. 225-115 et seq. of the French Commercial Code. Our role is to report on the fairness of the interim financial information, on the cancellation of pre-emptive subscription rights and on certain other disclosures relating to the issue, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body *(Compagnie Nationale des Commissaires aux Comptes)* for this type of engagement. These procedures mainly consisted in verifying:

- the fairness of the financial information taken from the interim financial statements as at June 30, 2023, prepared under the responsibility of the Board of Directors using the same methods and presentation as the latest annual financial statements. Our procedures in respect of this interim financial position consisted in interviewing the members of management responsible for accounting and financial matters, verifying that it has been prepared in accordance with the same accounting principles and the same valuation and presentation methods as those used to prepare the latest annual financial statements, and performing analytical procedures;
- the compliance of the terms and conditions of the issue with the delegation of authority granted by the Extraordinary Shareholders' Meeting;
- the information provided in the Board of Directors' additional report on the choice of constituent elements used to determine the issue price and on its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from the interim financial statements and included in the Board of Directors' additional report;
- the compliance of the terms and conditions of the issue with the delegation of authority granted by the Extraordinary Shareholders' Meeting of May 4, 2023 and the information provided to shareholders;
- the choice of constituent elements used to determine the issue price of equity securities and its final amount;
- the presentation of the impact of the issue on the situation of the holders of shares and securities carrying rights to share, as expressed in relation to shareholders' equity and on the company's share price;
- the proposed cancellation of pre-emptive subscription rights, upon which you have voted.

Courbevoie and Neuilly-sur-Seine, December 22, 2023

The Statutory Auditors

Mazars — Juliette Decoux Guillemot, Mathieu Mougard

PricewaterhouseCoopers Audit — Jean-Christophe Georghiou, Séverine Scheer

7.2.4 Three-year summary of changes in capital

The following table shows changes in Schneider Electric SE's share capital and additional paid-in capital since December 31, 2020, through capital increases/decreases:

	Number of shares issued or cancelled	Cumulative number of shares	Total amount of share capital (€ euros)
Capital as of Dec. 31, 2020[1]		567,068,555	2,268,274,220
Employee share issue	1,964,887		
Performance Shares issued	–		
Capital as of Dec. 31, 2021[2]		569,033,442	2,276,133,768
IGE+XAO merger share issue	284,308		
Employee share issue	1,775,171		
Performance Shares issued	–		
Capital as of Dec. 31, 2022[3]		571,092,921	2,284,371,684
Employee share issue	1,742,963		
Performance Shares issued	–		
CAPITAL AS OF DEC. 31, 2023[4]		**572,835,884**	**2,291,343,536**

(1) Decrease in share capital (EUR 60 million) and in additional paid-in capital (EUR 929.4 million).
(2) Increase in share capital (EUR 7.86 million) and in additional paid-in capital (EUR 208.6 million).
(3) Increase in share capital (EUR 8.2 million) and in additional paid-in capital (EUR 204.5 million).
(4) Increase in share capital (EUR 7 million) and in additional paid-in capital (EUR 212.0 million).

7.2.5 Share buybacks

7.2.5.1 Current share buyback program

We remind you that on February 14, 2019, Schneider Electric initiated a new EUR 1.5 billion to EUR 2.0 billion share buyback program. The program has been launched under the 15th resolution approved at the 2018 Annual Shareholders' Meeting and pursued under the 14th, 17th, 15th, 14th, and 18th resolutions approved respectively at the 2019, 2020, 2021, 2022, and 2023 Annual Shareholders' Meetings. These buybacks are part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from Long-Term Incentive Plans. All the shares acquired by the Company as part of the share buyback program are held to cover Long-Term Incentive Plans.

At the beginning of 2021, due to the economic uncertainty, and considering the ongoing acquisitions, the share buyback program remained on-hold after its suspension due to the COVID-19 crisis in 2020. The share buyback program restarted at the end of July 2021. On May 5, 2022, the proposal to raise the cap on purchase price to EUR 250 per share (from the previous EUR 150 per share) was approved at the Annual Shareholders' Meeting. Schneider Electric did not further progress the buyback in the second half-year of 2022, primarily due to restrictions on account of the proposed transaction with the AVEVA minority shareholders that was in progress during the period. Schneider Electric resumed its share buyback program in June 2023.

Since the beginning of the program in 2019, a total EUR 1,500,153,358 of share buyback corresponding to 12,094,889 shares bought back by the Company had been completed including EUR 703,183,915 of share buyback in 2023 corresponding to 4,493,173 shares bought back by the Company pursuant to the last authorizations achieving the targeted range for its share buyback program.

7.2.5.2 Share buyback program to be submitted to the Annual Shareholders' Meeting of May 23, 2024

Details of this share buyback program are as follows:

Number of shares and percentage of share capital held directly and indirectly by Schneider Electric SE*	• Own shares: 14,517,594 shares, *i.e.* 2.53% of share capital • Treasury shares: 1,058 shares • Total: 14,518,652 shares, *i.e.* 2.53% of share capital
Overview of purposes for which shares have been held*	• For all own shares* held: coverage of long-term inventive plans for employees or corporate officers
Share buyback program objectives	• Allotment to employees or Corporate Officers as a long-term compensation tool • Delivery as a result of the exercise of rights attached to securities giving access to the Company's capital • Cancellation • Delivery in connection with external growth operations • Disposal in the course of a share management agreement
Maximum number of shares that may be acquired	• 10% of the issued share capital at any moment: – On the basis of the issued share capital*: 57,283,588 Schneider Electric SE shares with a nominal value of EUR 4, – Taking into account treasury stock and own shares*: 42,764,936 shares or 7.46%
Maximum purchase price and maximum aggregate amount of share purchases	• The maximum purchase price is set at EUR 250 per share, *i.e.* EUR 14,320,897,000
Duration of the buyback program	• 18 months maximum, expiring on November 22, 2025
Transactions carried out pursuant to the program authorized by the Annual Shareholders' Meeting 2023 between May 5, 2023, and February 14, 2024	• Number of shares acquired: 4,493,173. • Average purchase price: EUR 156.50. • Number of shares transferred: 1,952,776. • Average transfer price: EUR 51.79.

* As of January 31, 2024.

7.2.6 Pledge

Pledges on Schneider Electric SE shares

382,838 shares are pledged.

Pledges on subsidiaries' shares

Schneider Electric SE has not pledged any shares in significant subsidiaries.

7.3 General information on the Company

As a European Company *(Societas Europaea)* with a Board of Directors (since June 18, 2014), domiciled in France, Schneider Electric SE is governed by European Council Regulation (EC) No. 2157/2001 of October 8, 2001, governing the status of European Companies ("SE Regulation"). Issues not covered by the SE Regulation are governed by the provisions of the French Commercial Code *(Code de commerce)* applicable to limited-liability companies *(société anonyme)*, as well as by their Articles of Association. The provisions of the French Commercial Code regarding the management and governance of limited-liability companies are applicable to the European Company.

As of December 31, 2023, the Company's share capital was EUR 2,291,343,536. Its head office is located at 35, rue Joseph Monier, 92500 Rueil-Malmaison, France, telephone: +33 (0)1 41 29 70 00.

Schneider Electric SE is registered with the commercial court registry of Nanterre under No. 542 048 574, APE code (principal activity code) 7010Z, Legal Entity Identifier (LEI) 969500A1YF1XUYYXS284.

The Company was incorporated in 1871. It is due to expire on July 1, 2031. It was first called Spie Batignolles, then changed its name to Schneider SA when it merged with Schneider SA in 1995, and then to Schneider Electric SA in May 1999, before becoming Schneider Electric SE in 2014.

As stated in Article 2 of its Articles of Association, the Company has the following corporate purpose, directly or indirectly, in any form, in France and in all other countries:

(i) the design, development, and sale of products, equipment, and solutions related to the metering, management, and use of energy in all its forms and delivering reliability, efficiency, and productivity, in particular through engaging in, whether by creating, acquiring, or otherwise, all activities related to:
- electrical equipment manufacturing, electrical distribution, and secured power supply,
- building control, automation, and safety,
- industrial control and automation, including software,
- management of all types of data centers, networks, equipment, and other infrastructure;

(ii) the acquisition, purchase, sale, and use of any intellectual and/or industrial property rights relative to these industries; and

(iii) involvement, in any way, in any enterprise, company, or consortium, whatever the type, undertaking activities related to the Company's business or such as to encourage its industry and commerce, and, more generally, all industrial, commercial, and financial, asset and real estate operations related directly or indirectly in any way to the above objective.

The Company may enter into any transactions that fall within the scope of its objectives either alone for its own account or on behalf of third parties, either by having an interest in, or by the purchase, subscription, contribution, or exchange of company shares, partnership shares and the purchase of any company, irrespective of type, in pursuance of a similar or related purpose, or that promote its expansion or development.

7.4 Shareholders' rights and obligations

7.4.1 Annual Shareholders' Meetings (Article 19 of the Articles of Association)

This section is part of the Board of Directors' Corporate Governance Report.

Annual Shareholders' Meetings are called and run in accordance with the conditions prescribed by law.

The meetings are held at the head office or any other address provided in the call to meeting. The Board may decide, when each meeting is called, to organize the public transmission of all or part of the meeting by video conference and/or using teletransmission techniques.

All shareholders may attend meetings, in person or by proxy, after providing proof of identity and share ownership in accordance with applicable laws and regulations.

When the decision is made to call an Annual Shareholders' Meeting, the Board of Directors may also decide to allow shareholders to participate or vote at Annual Shareholders' Meetings using video conferencing facilities and/or any other telecommunication medium allowed under applicable legislation.

Remote voting procedures are governed by the applicable laws and regulations. In particular, shareholders may send proxy and mail ballot forms before Annual Shareholders' Meetings either in paper form or, if approved by the Board of Directors and stated in the meeting announcement and/or notice, electronically.

When the decision is made to call an Annual Shareholders' Meeting, the Board of Directors may authorize shareholders to fill out and sign these forms electronically through a secure site set up by the Annual Shareholders' Meeting organizer using a process that complies with applicable laws and regulations (Paragraph 2 of Article 1367 of the French Civil Code) and consisting of a username and password.

Proxies or votes so submitted electronically before the Annual Shareholders' Meeting, as well as the related acknowledgments of receipt, will be considered irrevocable and binding documents. However, in the event that shares are sold before the applicable record date (midnight Paris time two business days before the meeting date), the Company will cancel or amend, as appropriate, any related proxy or electronic votes submitted before the Annual Shareholders' Meeting.

Meetings shall be chaired by the Chairman of the Board of Directors or in his absence by the Vice-Chairman, or in his absence by a member of the Board of Directors specially appointed for that purpose by the Board of Directors. In the event that no chairman has been selected, the Annual Shareholders' Meeting elects its chairman.

The two shareholders present who hold the largest number of votes and who accept shall act as scrutineers. The Board appoints a secretary, who is not required to be a shareholder.

As required by law, a register of attendance is kept.

Copies or extracts of the meeting's minutes are certified either by the Chairman or Vice-Chairman of the Board of Directors, or the Annual Shareholders' Meeting's secretary.

7.4.2 Voting rights

This section is part of the Board of Directors' Corporate Governance Report.

7.4.2.1 Double voting rights (Article 20 of the Articles of Association)

Voting rights attached to shares are proportionate to the equity in the capital they represent, assuming that they all have the same nominal value. Each capital share or dividend share confers the right to one vote except where compulsory legal provisions limit the number of votes a shareholder may have. Notwithstanding the foregoing, double voting rights are attributed to fully paid-up shares registered in the name of the same holder for at least two years prior to the end of the calendar year preceding that in which the Annual Shareholders' Meeting takes place, subject to compliance with the provisions of the law. In the case of a bonus share issue paid up by capitalizing reserves, earnings, or additional issue premiums, each bonus share allotted in respect of shares carrying double voting rights will also have double voting rights.

The shares are stripped of their double voting rights if they are converted into bearer shares or transferred, except in the case of the transfer from one registered holder to another as part of an inheritance or family gift.

Double voting rights may also be stripped by a decision of the Extraordinary Annual Shareholders' Meeting after ratification by a Special Shareholders' Meeting of beneficiaries benefiting from double voting rights.

The minimum holding period to qualify for double voting rights was reduced from four to two years by decision of the Ordinary and Extraordinary Shareholders' Meeting of June 27, 1995.

7.4.2.2 Ceiling on voting rights (Article 20 of the Articles of Association)

At the Annual Shareholders' Meeting, no shareholder may exercise, either in person or through a proxy, by virtue of single voting rights conferred by the shares they hold directly and indirectly and by virtue of the proxy votes entrusted to them, more than 10% of the total number of the voting rights conferred by shares in the Company. However, if a shareholder also holds double voting rights directly or indirectly and/or as proxy, the limit set may be exceeded taking into consideration only the resulting additional voting rights, without the total voting rights thereby held exceeding 15% of the total number of the voting rights conferred by the shares in the Company.

To apply these provisions:

- The total number of voting rights allowed are calculated as of the date of the Annual Shareholders' Meeting and announced to the shareholders at the beginning of such Annual Shareholders' Meeting;
- The number of voting rights held directly and indirectly are understood to include those conferred by shares held personally by a shareholder, those conferred by shares held by a legal entity controlled by a shareholder as defined by Article L. 233-3 of the French Commercial Code, and those shares that are assimilated to the shares owned, as defined by the provisions of Articles L. 233-7 et seq. of the Code; and
- Shareholders' proxies returned to the Company that do not appoint a representative are subject to the above ceilings. However, these ceilings do not apply to the meeting chairman voting on behalf of such proxies.

The above ceilings will no longer apply, without it being necessary to put the matter to the vote again by the Extraordinary Shareholders' Meeting, if any individual or legal entity, acting alone or jointly with one or other individuals or legal entities, acquires or increases its stake to at least two-thirds of the Company's capital through a public tender offer for all the Company's shares. The Board of Directors takes note of this nullity and undertakes the formalities necessary to amend the Articles of Association. The ceiling on voting rights was approved by the Ordinary and Extraordinary Shareholders' Meetings of June 27, 1995.

In accordance with Article L. 225-96, Paragraph 1 of the French Commercial Code, any amendment to the Articles of Association must be approved by the Extraordinary Shareholders' Meeting, by a majority of at least two-thirds of the voting rights represented by shareholders in attendance or participating by proxy.

7.4.3 Allocation of income (Article 22 of the Articles of Association)

Net income for the year less any losses brought forward from prior years is appropriated in the following order:

- 5% to the legal reserve (this appropriation is no longer required once the legal reserve represents one-tenth of the capital, provided that further appropriations are made in the case of a capital increase);
- To discretionary reserves, if appropriate, and to retained earnings; and
- To the payment of the balance in the form of a dividend.

The Shareholders' Meeting may decide to offer shareholders the opportunity to receive the dividend in cash or in the form of new shares. Dividends not claimed within five years from the date of payment are forfeited and paid to the government, in accordance with the law.

7.4 Shareholders' rights and obligations

7.4.4 Holding of shares (Article 7 Paragraph 1 of the Articles of Association)

Shareholders may elect to hold their shares in registered or bearer form. To establish proof of ownership, the shares must be recorded in the shareholder's account in accordance with the procedures and conditions defined by current legislation and regulations.

7.4.5 Disclosure thresholds (Article 7 Paragraph 2 of the Articles of Association)

The Articles of Association stipulate that any individual or legal entity that owns or controls (as these terms are defined in Article L. 233-9 of the French Commercial Code) directly or indirectly, shares or voting rights representing at least 1% of the total number of shares or voting rights outstanding, or a multiple thereof, is required to disclose the total number of shares, voting rights, and share equivalents held directly, indirectly, or in concert to the Company by registered letter with return receipt requested, within five trading days of the disclosure threshold being crossed. In addition, effective November 1, 2009, the shareholder must notify the Company, in the disclosure letter, of the number of existing shares it is entitled to acquire by virtue of agreements or financial instruments referred to in point b) of the third paragraph of Article L. 233-7 of the French Commercial Code and of the number of existing shares covered by any agreement or financial instrument referred to in point c) of said paragraph. Shareholders are also required to notify the Company if the number of shares or voting rights held falls below one of the thresholds defined above. In the case of failure to comply with these disclosure obligations, the shares in excess of the disclosure threshold will be stripped of voting rights at the request of one or several shareholders owning at least 2.5% of the share capital, subject to compliance with the relevant provisions of the law. These provisions are from the Ordinary and Extraordinary Shareholders' Meetings of June 27, 1995, May 5, 2000, and April 23, 2009.

7.4.6 Identifiable holders of bearer shares (Article 7 Paragraph 3 of the Articles of Association)

The Company may at any time request Euroclear to identify holders of bearer securities conferring immediate or future voting rights. This provision was adopted by the Ordinary and Extraordinary Shareholders' Meetings of June 30, 1988 and May 5, 2000.

7.4.7 Disposal of shares (Article 8 of the Articles of Association)

Shares in the Company are freely negotiable and transferable.

7.4.8 Publication of information of Article L. 22-10-11 of the French Commercial Code

This section is part of the Board of Directors' Corporate Governance Report.

Items that could have an impact in the event of a public tender offer include:

- Agreements calling for payments to the Corporate Officers (see section 4.2.3.1 of this Universal Registration Document) or to employees if they resign or are terminated without real cause or if their employment ends due to a public tender offer;
- Certain financing arrangements with conditional provisions of anticipated reimbursement or cancellation in the event of change of control. Under these provisions, the debt holders may request for repayment or cancellation if a shareholder or shareholders acting together hold more than 50% of the Company's shares. As of December 31, 2023 back-up facilities with this type of condition amounted EUR 2.9 billion, fully undrawn. It also applied to the Term Loan set up for the funding of the minority interest of Aveva which amounts EUR 1,7 billion as of December 31, 2023, fully drawn. Bonds include such a change of control event if the change of control triggers a down grading of the Company's rating. As of December 31, 2023, EUR 10.9 billion of bonds were subject to this type of conditions; and
- Statutory restrictions in the Articles of Association on the exercise of voting rights (see section 7.4.2 of this Universal Registration Document) relating to the non-application of the ceiling on voting rights when a public tender offer is successfully completed.

7.5 Stock market data

In France, Schneider Electric is listed on Euronext Paris (sub-fund A), where it is traded on a per-share basis under ISIN code FR0000121972. Schneider Electric SE shares are included on the CAC 40 index established by Euronext.

18-month trading data in Paris

Year	Month	Number of securities traded (in thousands of shares)	Value (in millions of euros)	High[1]	Low[1]	Number of trading sessions
2022	August	17,344	2,257	137.80	118.56	23
	September	20,499	2,462	131.38	111.14	22
	October	18,090	2,256	133.66	112.46	21
	November	19,727	2,718	143.94	124.80	22
	December	17,519	2,376	143.22	129.56	21
2023	January	18,231	2,634	149.36	131.72	22
	February	18,436	2,812	159.62	148.22	20
	March	21,501	3,219	157.64	139.92	23
	April	14,085	2,123	158.92	141.38	18
	May	16,043	2,565	166.96	153.26	22
	June	18,166	2,961	167.98	156.52	22
	July	15,505	2,496	166.90	155.58	21
	August	16,190	2,569	163.00	152.74	23
	September	16,777	2,619	159.38	151.40	21
	October	17,759	2,625	158.70	134.38	22
	November	19,693	3,172	169.16	144.00	22
	December	14,416	2,545	182.94	168.06	19
	Total 2023	**206,801**	**32,340**	**182.94**	**131.72**	**255**
2024	January	13,946	2,482	185.80	171.10	22

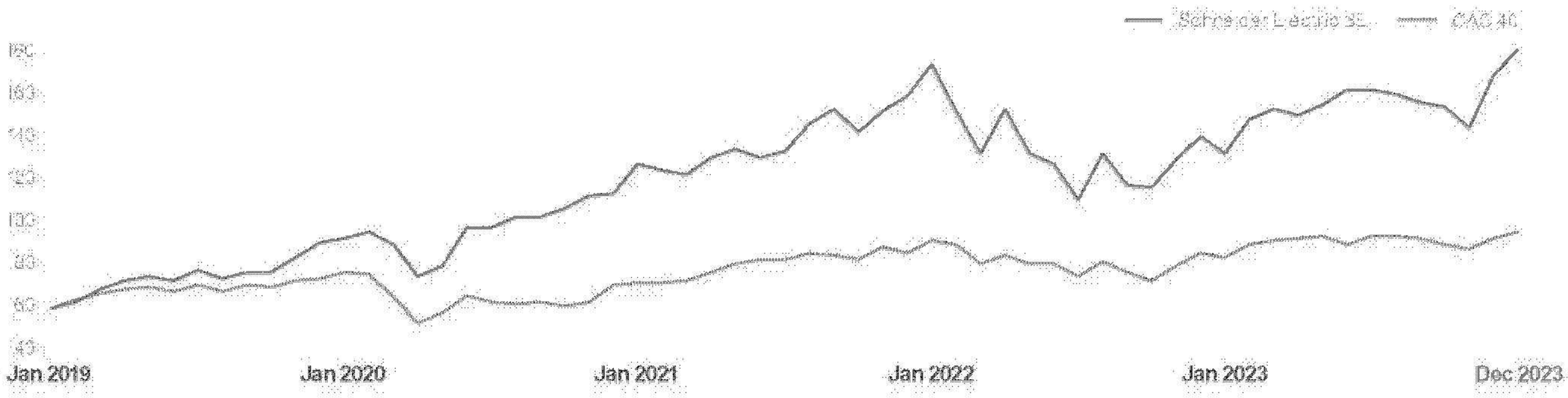
(1) Data corresponds to trading volumes on NYSE Euronext.

7.5 Stock market data

Five-year trading summary

	2023	2022	2021	2020	2019
Average daily trading volume on the Paris stock exchanges (NYSE Euronext):					
• number of shares *(in thousands)*	**810.99**	1,001.51	890.06	1,426.11	1,347.22
• in millions of euros	**126.82**	135.05	123.40	134.90	100.98
High and low share prices *(in euros)*					
• high	**182.94**	178.78	173.78	121.80	94.58
• low	**131.72**	110.02	119.10	61.72	57.58
Year-end closing price *(in euros)*	**181.78**	130.72	172.46	118.30	91.50
Yield *(%)*	**1.93**	2.41	1.68	2.20	2.79

The Schneider Electric SE share results vs. the CAC 40 index (rebased) over five years



MONEP

Schneider Electric SE shares have been traded on the MONEP market since December 20, 1996.

Ordinary bonds

The information is disclosed in note 9 of the Company financial statements (pages 535 and 536).

7.6 Investor relations

7.6.1 Person responsible for financial information

Hilary Maxson
Chief Financial Officer
35, rue Joseph Monier – CS 30323
92506 Rueil-Malmaison Cedex (France)
Tel: +33 (0)1 41 29 71 34

7.6.2 Contacts

Any information or document may be requested from:
Amit Bhalla – Head of Investor Relations

For institutional investors and financial analysts:
Tel: +44 (0)20 4557 1328

For individual investors:
Tel: 0 805 651 650
Email: actionnaires@se.com or *via* the contact form available on the institutional website at www.se.com.

7.6.3 Shareholders' Advisory Committee

The Committee is the voice of Schneider Electric's individual shareholders. The Committee consists of eight to ten independent volunteers appointed by Schneider Electric.

The Shareholders' Advisory Committee meets three to four times a year to discuss various topics with a strong emphasis on the Company's strategy towards individual shareholders (enhancing communication material and defining dedicated events). The Committee also plays a role in the Annual Shareholders' Meeting as one of its members opens the Q&A session with the Chief Executive Officer.

7.6.4 Publicly available documents and regulated information

The Company provides its shareholders with newsletters upon request, and videos and presentations are available in a dedicated section on the corporate website at www.se.com.

The Articles of Association, minutes of Annual Shareholders' Meetings, statutory auditors' reports, and other legal documents concerning the Company are available for consultation at the Company's head office (office of the Secretary to the Board of Directors) located at 35, rue Joseph Monier, 92500 Rueil-Malmaison, France.

The Articles of Association, press releases, regulated information within the meaning of the *Autorité des marchés financiers* (AMF), registration and universal registration documents, sustainable development reports, notice of the Shareholders' Meeting, and other documents are also available on the Company's website at www.se.com.

8

Annual Shareholders' Meeting

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8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

This section presents the draft resolutions that will be submitted to the Annual Shareholders' Meeting of the Company that will be convened on May 23, 2024, and the report of the Board of Directors (explanatory comments) for those resolutions. The Board of Directors' report and the draft resolutions are those approved by the Board of Directors in its meeting of February 14, 2024. They may be subject to further amendments in the final Notice of Meeting to be published in the BALO official journal, where necessary, in order to take into account subsequent decisions of the Board of Directors.

Agenda

Item on the agenda: Company Climate strategy (without a resolution subject to shareholder approval)

ORDINARY SHAREHOLDERS' MEETING:

Resolution 1

Approval of statutory financial statements for the 2023 fiscal year

Resolution 2

Approval of consolidated financial statements for the 2023 fiscal year

Resolution 3

Appropriation of profit for the fiscal year and setting the dividend

Resolution 4

Approval of regulated agreements governed by Article L. 225-38 *et seq.* of the French Commercial Code

Resolution 5

Appointment of Mazars as the statutory auditor responsible for certifying sustainability information

Resolution 6

Appointment of PricewaterhouseCoopers Audit as the statutory auditor responsible for certifying sustainability information

Resolution 7

Approval of the information on the Directors' and the Corporate Officers' compensation paid or granted for the fiscal year ending December 31, 2023 mentioned in Article L. 22-10-9 of the French Commercial Code

Resolution 8

Approval of the components of the total compensation and benefits of all types paid during the 2023 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire in his capacity as Chairman and Chief Executive Officer (from January 1, 2023 to May 3, 2023)

Resolution 9

Approval of the components of the total compensation and benefits of all types paid during the 2023 fiscal year or awarded in respect of the said fiscal year to Mr. Peter Herweck in his capacity as Chief Executive Officer (from May 4, 2023 to December 31, 2023)

Resolution 10

Approval of the components of the total compensation and benefits of all types paid during the 2023 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire in his capacity as Chairman of the Board of Directors (from May 4, 2023 to December 31, 2023)

Resolution 11

Approval of the compensation policy for the Chief Executive Officer

Resolution 12

Approval of the compensation policy for the Chairman of the Board of Directors

Resolution 13

Approval of the Directors' compensation policy

Resolution 14

Renewal of the term of office of Mr. Fred Kindle

Resolution 15

Renewal of the term of office of Mrs. Cécile Cabanis

Resolution 16

Renewal of the term of office of Mrs. Jill Lee

Resolution 17

Appointment of Mr. Philippe Knoche as a Director

Resolution 18

Authorization granted to the Board of Directors to buy back Company shares

EXTRAORDINARY SHAREHOLDERS' MEETING:

Resolution 19

Delegation of authority to the Board of Directors to undertake capital increases reserved for participants in a company savings plan without shareholders' preferential subscription right

Resolution 20

Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of certain non-French subsidiaries of the Group, directly or *via* entities acting to offer those employees benefits comparable to those offered to participants in a company savings plan without shareholders' preferential subscription right

Resolution 21

Powers for formalities

8.1.1 Ordinary Shareholders' Meeting

1st, 2nd, and 3rd resolutions: Approval of annual financial statements and setting the distribution

Explanatory statement

Under the **1st and 2nd resolutions**, shareholders are invited to approve:
- the statutory financial statements of Schneider Electric SE for the year 2023 which show a profit of EUR 2,560,474,201.08; and
- the consolidated financial statements for the year 2023 which show a net income (Group share) of EUR 4,003 million.

The activity and the results for the 2023 fiscal year are presented in the 2023 Universal Registration Document as well as in the Notice of meeting available on the Company's website.

Under the **3rd resolution**, we recommend a distribution of EUR 3.50 per share, representing a distribution rate of 48.1% of the Group's Adjusted net income and an estimated total distribution of EUR 1,954,114,015.00[1] (based on the number of shares ranking for dividends at December 31, 2023). No dividend will be paid on treasury shares held by the Company on the payment date. This distribution will be paid out of the distributable earnings amounting to EUR 2,834,374,351.98. The proposed dividend is an integral part of Schneider Electric's policy to reward shareholders over the long term. It represents an increase of 11% compared to last year.

The distribution will be paid according to the following schedule:
- Dividend ex-date: May 28, 2024
- Record date: May 29, 2024
- Dividend payment date: May 30, 2024

For individual beneficiaries who are tax residents in France, the dividend is subject upon payment to a social security tax of 17.2% and, in principle, to a mandatory non-definitive levy of 12.8%. This tax is levied at source and is computed on the gross amount of the dividend.

For its taxation in 2025, this dividend will fully be eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code where an express, global, and irrevocable election is made for taxation under the progressive scale of personal income tax. Where this option is not made, the dividend will be taxed at a final flat-rate income 12.8% and will not be eligible for this 40% rebate. In both cases, the levy of 12.8% borne at the time of the payment of the dividend is deducted from the individual income tax due.

Text of the first resolution

(Approval of statutory financial statements for the 2023 fiscal year)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report and the statutory auditors' report, approves the statutory financial statements for the 2023 fiscal year as presented, as well as the transactions reflected in these statements or summarized in these reports showing a net profit of EUR 2,560,474,201.08.

In addition, pursuant to Article 223 quater of the French Tax Code (Code général des impôts), the Shareholders' Meeting approves the value of expenses and charges non-deductible from taxable result liable to corporate income tax and amounting to EUR 7,042 as well as the theoretical tax borne as a result of these charges amounting to EUR 1,819.

(1) This amount is calculated based on the number of shares ranking for dividends at December 31, 2023 and could therefore change if this number varies between January 1, 2024 and the ex-dividend date.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

Text of the second resolution
(Approval of consolidated financial statements for the 2023 fiscal year)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report and the statutory auditors' report, approves the consolidated financial statements for the 2023 fiscal year as presented, as well as the transactions reflected in these statements or summarized in these reports.

Text of the third resolution
(Appropriation of profit for the financial year and setting the dividend)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having noted that the Company's fiscal year ending December 31, 2023 closed with a net profit of EUR 2,560,474,201.08 and, considering the retained earnings amounted to EUR 273,900,150.90, that the distributable earnings amounted to EUR 2,834,374,351.98, upon proposal of the Board of Directors, decides:

- *the distribution to the shareholders of a dividend of EUR 3.50 per share, i.e., EUR 1,954,114,015.00(1) on the basis of the number of shares ranking for dividends at December 31, 2023 paid from the distributable earnings; and*
- *the allocation of the balance of the distributable earnings after distribution to the retained earnings.*

The ex-dividend date will be May 28, 2024 and the dividend will be payable from May 30, 2024. If, at the time of payment of the dividend, the number of treasury shares held by the Company has changed compared to that held on December 31, 2023, the fraction of the dividend relating to this variation will either increase or reduce retained earnings.

For individual beneficiaries who are tax residents in France, the dividend is subject upon payment to a social security tax of 17.2% and, in principle, to a mandatory non-definitive levy of 12.8%. This tax is levied at source and is computed on the gross amount of the dividend.

For its taxation in 2025, this dividend will fully be eligible for the 40% tax rebate referred to in Article 158.3.2° of the French Tax Code where an express, global, and irrevocable election is made for taxation under the progressive scale of personal income tax. Where this option is not made, the dividend will be taxed at a final flat-rate income 12.8% and will not be eligible for this 40% rebate. In both cases, the levy of 12.8% borne at the time of the payment of the dividend is deducted from the individual income tax due.

Dividends/coupons paid by Schneider Electric SE for the three most recent fiscal years are as follows:

	2020	2021	2022
Net dividend paid per share *(in euros)*	2.60	2.90	3.15

4th resolution: Regulated agreements

Explanatory statement

In the **4th resolution**, you are invited to take due note of the absence of any new regulated agreement concluded during the fiscal year ending December 31, 2023.

Text of the fourth resolution
(Approval of regulated agreements governed by Article L. 225-38 et seq. of the French Commercial Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, and having considered the statutory auditors' special report on related party agreements referred to in Article L. 225-38 of the French Commercial Code, approves this report in all its provisions and notes that no new agreement has been concluded during the fiscal year ending December 31, 2023.

(1) This amount is calculated based on the number of shares ranking for dividends at December 31, 2023 and could therefore change if this number varies between January 1, 2024 and the ex-dividend date.

5th and 6th resolutions: Appointment of Mazars and PricewaterhouseCoopers Audit as the statutory auditors responsible for certifying sustainability information

Explanatory statement

Pursuant to Article L. 232-6-3 of the French Commercial Code (Code de commerce) transposing the Corporate Sustainability Reporting Directive (known as the "CSRD" directive), the Company will be subject from 2024 to an obligation to publish, in the 2025 annual report, information on sustainability (in place of the declaration of non-financial performance known as the "DPEF").

The sustainability information to be published must be certified either by one or both of the statutory auditors or an independent assurance provider which shall be appointed by the Shareholder's Meeting.

PricewaterhouseCoopers Audit, one of the two statutory auditors responsible for certifying the accounts of the Company, has been the independent third-party body responsible for verifying the non-financial performance declaration for 2022 and 2023.

In order to ensure continuity and consistency between the mission of verifying the non-financial performance declaration and the mission of certifying sustainability information while favoring a collegial approach to the certification mission of sustainability information, the Audit & Risks Committee recommended to the Board of Directors to appoint the current board of statutory auditors consisting in Mazars and PricewaterhouseCoopers Audit as the statutory auditors responsible for certifying sustainability information from the fiscal year beginning January 1, 2024.

Under the **5th resolution**, you are invited to appoint Mazars as the statutory auditor responsible for certifying sustainability information from the fiscal year beginning January 1st, 2024 and for the remaining period of its mission of certifying the Company's accounts which will expire at the closing of the Annual Shareholders' Meeting which will be held in 2028 to approve the financial statements for the fiscal year ending December 31, 2027.

Under the **6th resolution**, you are invited to appoint PricewaterhouseCoopers Audit as the statutory auditor responsible for certifying sustainability information from the fiscal year beginning January 1, 2024 and for the remaining period of its mission of certifying the Company's accounts which will expire at the closing of the Annual Shareholders' Meeting which will be held in 2028 to approve the financial statements for the fiscal year ending December 31, 2027.

Text of the fifth resolution
(Appointment of Mazars as the statutory auditor responsible for certifying sustainability information)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, and pursuant to Article L. 233-28-4 of the French Commercial Code, decides to appoint Mazars as the statutory auditor responsible for certifying sustainability information from the fiscal year beginning January 1, 2024 and for the remaining period of its mission of certifying the Company's accounts which will expire at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the fiscal year ending December 31, 2027.

The company Mazars has indicated that it accepts these functions and that it is not affected by any incompatibility or any prohibition likely to prevent its assignment.

Text of the sixth resolution
(Appointment of PricewaterhouseCoopers Audit as the statutory auditor responsible for certifying sustainability information)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, and pursuant to Article L. 233-28-4 of the French Commercial Code, decides to appoint PricewaterhouseCoopers Audit as the statutory auditor responsible for certifying sustainability information from the fiscal year beginning January 1, 2024 and for the remaining period of its mission of certifying the Company's accounts which will expire at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the fiscal year ending December 31, 2027.

The company PricewaterhouseCoopers Audit has indicated that it accepts these functions and that it is not affected by any incompatibility or any prohibition likely to prevent its assignment.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

7th to 10th resolutions: Approval of the information on the Directors' and the Corporate Officers' compensation paid or granted for 2023 (Say on pay *ex-post*)

Explanatory statement

Under the **7th resolution**, in pursuance of Article L. 22-10-34 I of the French Commercial Code, you are invited to approve the information listed in Article L. 22-10-9 of the French Commercial Code relating to the compensation of Directors and the Corporate Officers that are presented to you in the corporate governance report referred to in Article L. 225-37 of the French Commercial Code. You will find all this information set out in detail in section 4.2.2 of Chapter 4 of the 2023 Universal Registration Document and in section 4.2 of the Notice of meeting.

Under the **8th resolution**, in pursuance of Article L. 22-10-34 II of the French Commercial Code, you are asked to approve fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the last fiscal year or awarded in respect of the said year, to the Chairman & Chief Executive Officer, Mr. Jean-Pascal Tricoire, from January 1, 2023 to May 3, 2023. They have been paid or awarded in accordance with the compensation policy approved by the Annual Shareholders' Meeting of May 4, 2023. These components are detailed in section 4.2.2.2.1 of Chapter 4 of the 2023 Universal Registration Document and in section 4.2.1 of the Notice of meeting.

Under the **9th resolution**, in pursuance of Article L. 22-10-34 II of the French Commercial Code, you are asked to approve fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the last fiscal year or awarded in respect of the said year, to the Chief Executive Officer, Mr. Peter Herweck, from May 4, 2023 until December 31, 2023. They have been paid or awarded in accordance with the compensation policy approved by the Annual Shareholders' Meeting of May 4, 2023. These components are detailed in section 4.2.2.2.2 of Chapter 4 of the 2023 Universal Registration Document and in section 4.2.2 of the Notice of meeting.

Under the **10th resolution**, in pursuance of Article L. 22-10-34 II of the French Commercial Code, you are asked to approve fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the last fiscal year or awarded in respect of the said year, to the Chairman of the Board of Directors, Mr. Jean-Pascal Tricoire, from May 4, 2023 to December 31, 2023. They have been paid or awarded in accordance with the compensation policy approved by the Annual Shareholders' Meeting of May 4, 2023. These components are detailed in section 4.2.2.2.3 of Chapter 4 of the 2023 Universal Registration Document and in section 4.2.3 of the Notice of meeting.

Text of the seventh resolution
(Approval of the information on the Directors' and the Corporate Officers' compensation paid or granted for the fiscal year ending December 31, 2023 mentioned in Article L. 22-10-9 of the French Commercial Code)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 I of the said Code, the information mentioned in Article L. 22-10-9 I of the French Commercial Code as stated in the 2023 Universal Registration Document, Chapter 4, section 4.2.2.

Text of the eighth resolution
(Approval of the components of the total compensation and benefits of all types paid during the 2023 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire in his capacity as Chairman and Chief Executive Officer (from January 1, 2023 to May 3, 2023))

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 II of the said Code, the fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the 2023 financial year or awarded in respect of the 2023 fiscal year to the Chairman & Chief Executive Officer, Mr. Jean-Pascal Tricoire, from January 1, 2023 to May 3, 2023 as stated in the 2023 Universal Registration Document, Chapter 4, section 4.2.2.2.1.

Text of the ninth resolution
(Approval of the components of the total compensation and benefits of all types paid during the 2023 fiscal year or awarded in respect of the said fiscal year to Mr. Peter Herweck in his capacity as Chief Executive Officer (from May 4, 2023 to December 31, 2023))

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 II of the said Code, the fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the 2023 financial year or awarded in respect of the 2023 fiscal year to the Chief Executive Officer, Mr. Peter Herweck, from May 4, 2023 to December 31, 2023 as stated in the 2023 Universal Registration Document, Chapter 4, section 4.2.2.2.2.

Text of the tenth resolution
(Approval of the components of the total compensation and benefits of all types paid during the 2023 fiscal year or awarded in respect of the said fiscal year to Mr. Jean-Pascal Tricoire in his capacity as Chairman of the Board of Directors (from May 4, 2023 to December 31, 2023))

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-34 II of the said Code, the fixed, variable, and exceptional components of the total compensation and benefits of all types paid during the 2023 financial year or awarded in respect of the 2023 fiscal year to the Chairman of the Board of Directors, Mr. Jean-Pascal Tricoire, from May 4, 2023 to December 31, 2023 as stated in the 2023 Universal Registration Document, Chapter 4, section 4.2.2.2.3.

11th to 13th resolutions: Approval of the 2023 compensation policy applicable to the Corporate Officers and the Directors (Say on pay *ex-ante*)

Explanatory statement

Under the **11th and 12th resolutions**, in pursuance of Article L. 22-10-8 II of the French Commercial Code, shareholders are invited to approve the compensation policy for the Corporate Officers, i.e. the Chief Executive Officer and the Chairman of the Board of Directors. These policies as well as the manner in which they serve the corporate interest, support the Company strategy, and contribute to the sustainability of the Company are presented in section 4.2.3.1 of Chapter 4 of the 2023 Universal Registration Document and in section 4.3.1 of the Notice of meeting. Shareholders are called to approve separately:

- the compensation policy for the Chief Executive Officer as presented in detail in section 4.2.3.1.2 of Chapter 4 of the 2023 Universal Registration Document and in section 4.3.1.1 of the Notice of meeting. This policy would apply to Mr. Peter Herweck (**11th resolution**); and
- the compensation policy for the Chairman of the Board of Directors as presented in detail in section 4.2.3.1.3 of Chapter 4 of the 2023 Universal Registration Document and in section 4.3.1.2 of the Notice of meeting. This policy would apply to Mr. Jean-Pascal Tricoire (**12th resolution**).

Under the **13th resolution**, we ask you to, in accordance with Article L. 22-10-8 II of the French Commercial Code, to approve the compensation policy of the Directors which means, firstly, the maximum amount that is proposed to be allocated to the Board members annually and, secondly, the allocation rules of this amount as presented in detail in section 4.2.3.2 of Chapter 4 of the 2023 Universal Registration Document and in section 4.3.2 of the Notice of meeting.

Text of the eleventh resolution
(Approval of the compensation policy for the Chief Executive Officer)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Chief Executive Officer as stated in the 2023 Universal Registration Document, Chapter 4, section 4.2.3.1.2.

Text of the twelfth resolution
(Approval of the compensation policy for the Chairman of the Board of Directors)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Chairman of the Board of Directors as stated in the 2023 Universal Registration Document, Chapter 4, section 4.2.3.1.3.

Text of the thirteenth resolution
(Approval of the Directors' compensation policy)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings and reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 22-10-8 II of the said Code, the compensation policy of the Directors as stated in the 2023 Universal Registration Document, Chapter 4, section 4.2.3.2.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

14th, 15th, 16th, and 17th resolutions: Renewal of Mr. Fred Kindle, Mrs. Cécile Cabanis, and Mrs. Jill Lee, appointment of Mr. Philippe Knoche

Explanatory statement

As of March 28, 2024, the Board of Directors is composed of sixteen members, including eleven who are deemed independent within the meaning of the AFEP-MEDEF Corporate Governance Code, two Directors representing the employees, and one Director representing the employee shareholders.

Each year, the Board of Directors conducts a review to ensure that there is an appropriate balance in its composition and that of its committees. In particular, the Board seeks to ensure gender balance and broad diversity in terms of skills, experience, nationality, and age, as described in its diversity policy (see section 4.1.1.4 of Chapter 4 of the Universal Registration Document). The Board investigates and evaluates not only potential candidates, but also whether existing Directors should seek reappointment based on their individual performance assessment and contribution. The Board seeks above all to ensure that its composition is consistent with the strategic needs of the Company and reflects the values that are essential to its proper functioning: independence of mind, richness of perspective, competence, commitment, and complementarity of experience and people.

As part of the Board's continuous review of its composition, the Board of Directors asked the Governance, Nominations & Sustainability Committee to make a recommendation on the renewal of Mr. Fred Kindle, Mrs. Cécile Cabanis, and Mrs. Jill Lee, as well as search for complementary profile in line with the skill set highlighted by its Board skills matrix and the challenges of the Company (see section 4.1.1.4 of Chapter 4 of the Universal Registration Document describing the director recruitment process).

In that respect, the Committee has analyzed Mr. Fred Kindle's, Mrs. Cécile Cabanis', and Mrs. Jill Lee's situation with regards to their relevance and performance, their time commitment and availability to fulfill their duties, as well as the value added by each of them to the work of the Board.

- Mr. Fred Kindle, Vice-Chairman & Lead Independent Director, brings to the Board of Directors the benefit of his experience as former Chief Executive Officer of ABB as well as his skills in corporate finance, and his knowledge of international markets, Schneider's industry, and governance matters. He holds none other position at listed companies, and his attendance rate at the meetings of the Board and the committees in which he participates in 2023 is 100%. The Committee recommended to the Board that Mr. Fred Kindle continues to participate in the work of the Board as Vice-Chairman & Lead Independent Director, which leads the Board to propose to you the renewal of his mandate for a four-year term.

- Mrs. Cécile Cabanis brings to the Board her experience as former Chief Financial Officer of Danone, a major French group in the CAC 40, and as Deputy Chief Executive Officer of Tikehau Capital where she oversees the Human Capital, ESG/CSR, Communications, and Brand Marketing functions of the group. The Board is benefiting from her skills in accounting, risks & audit, sustainability, and her knowledge of international markets. She holds only one other position in a listed company (Vice-Chairwoman of the Supervisory Board of Unibail-Rodamco-Westfield SE), and her attendance rate at Board meetings in 2023 is 86%, while her attendance rate at meetings of the Committee in which she participates is 100%. Upon the recommendation of the Governance, Nominations & Sustainability Committee, the Board proposes to you the renewal of her mandate for a four-year term.

- Mrs. Jill Lee brings to the Board her experience as former Chief Financial Officer of Sulzer Ltd. as well as her knowledge in accountability, risks & audit, Schneider Electric's industry, and understanding of international markets, especially the Asian markets. Mrs. Jill Lee holds no other directorship in listed companies, and her attendance rate at the meetings of the Board and the committees in which she participates in 2023 is 100%. The Committee recommended to the Board that Mrs. Jill Lee continues to participate in the work of the Board as Chairwoman of the Audit & Risks Committee, which leads the Board to propose to you the renewal of her mandate for a four-year term.

The Governance, Nominations & Sustainability Committee also identified the skills that would be useful to diversify and strengthen the Board composition and hired an external recruitment firm (Heidrick & Struggles) to search for suitable candidates identified as being a French speaker, connected to French environment with a strong expertise in energy and software. Among these candidates, the Governance, Nominations & Sustainability Committee preselected a short list and the members of the Committee interviewed them. Following these interviews, the Committee recommended one candidate to the Board of Directors, Mr. Philippe Knoche, who joined the Board as an Observer on February 14, 2024 with the intent to propose his appointment as a Board member to the 2024 Annual Shareholders' Meeting.

Mr. Philippe Knoche, a French and German dual citizen based in Paris, who was the Chief Executive Officer of Orano from 2015 to 2023, has recently joined Thales as Senior Executive Vice President Operations and Performance in October 2023. He will bring to the Board his expertise in energy and technology as well as his experience in transformations both at a strategic and operational level. He will qualify as an independent Director with regard to all the criteria set by Article 10.5 of the AFEP-MEDEF Corporate Governance Code and, if appointed by the Shareholders' Meeting in May 2024, will join the Audit & Risks Committee.

Acting upon recommendation of the Governance, Nominations & Sustainability Committee, the Board of Directors proposes to shareholders:

- in the **14th resolution**, to renew the term of office of Mr. Fred Kindle for a four-year (4) term;
- in the **15th resolution**, to renew the term of office of Mrs. Cécile Cabanis for a four-year (4) term;
- in the **16th resolution**, to renew the term of office of Mrs. Jill Lee for a four-year (4) term; and
- in the **17th resolution**, to appoint Mr. Philippe Knoche as a Director for a four-year (4) term.

Should these resolutions be approved, the Board of Directors would consist of 17 members (including one Director representing the employee shareholders and two Directors representing the employees), with an independence rate of 86% and 43% of women (excluding the three Directors who are also employees), and 82% being of non-French origin or nationalities.

Mr. Fred Kindle's, Mrs. Cécile Cabanis', Mrs. Jill Lee's, and Mr. Philippe Knoche's biographies are provided in section 2.1.3 of the Notice of meeting and section 4.1.1.2 of Chapter 4 of the 2023 Universal Registration Document.

Text of the fourteenth resolution
(Renewal of the term of office of Mr. Fred Kindle)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mr. Fred Kindle as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the 2027 fiscal year.

Text of the fifteenth resolution
(Renewal of the term of office of Mrs. Cécile Cabanis)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mrs. Cécile Cabanis as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the 2027 fiscal year.

Text of the sixteenth resolution
(Renewal of the term of office of Mrs. Jill Lee)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, takes note that the term of office of Mrs. Jill Lee as a Director expires at the closing of this Shareholders' Meeting and decides to renew it for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the 2027 fiscal year.

Text of the seventeenth resolution
(Appointment of Mr. Philippe Knoche as a Director)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, decides to appoint Mr. Philippe Knoche as a Director for a four-year (4) term expiring at the closing of the Annual Shareholders' Meeting to be held in 2028 to approve the financial statements for the 2027 fiscal year.

18th resolution: Share buybacks

Explanatory statement

As the pre-existing authorization comes to its term in November 2024, it is hereby proposed, in the **18th resolution** submitted to the Annual Shareholders' Meeting, to reconduct, for a new eighteen-month period starting after the present Annual Shareholders' Meeting, the authorization given to the Board of Directors to purchase the Company's shares as part of a share buyback program pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code and European Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse.

We remind you that on February 14, 2019 Schneider Electric initiated a new EUR 1.5 billion to EUR 2.0 billion share buyback program. These buybacks are part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from Long-term Incentive Plans.

At the beginning of 2021, due to the economic uncertainty, and considering the ongoing acquisitions, the share buyback program remained on-hold after its suspension due to the COVID-19 crisis in 2020. The share buyback program restarted at the end of July 2021. On May 5, 2022, the proposal to raise the cap on purchase price to EUR 250 per share (from the previous EUR 150 per share) was approved at the Annual Shareholders' Meeting. Schneider Electric did not further progress the buyback in the second half-year of 2022, primarily due to restrictions on account of the proposed transaction with the AVEVA minority shareholders that was in progress during the period. Schneider Electric resumed its share buyback program in June 2023.

Since the beginning of the program in 2019, a total EUR 1,500,153,358 of share buyback corresponding to 12,094,889 shares bought back by the Company had been completed including EUR 703,183,915 of share buyback in 2023 corresponding to 4,493,173 shares bought back by the Company pursuant to the last authorizations achieving the targeted range for its share buyback program.

All the 14,517,594 treasury shares held on December 31, 2023 (representing 2.53% of the share capital) are allocated to cover long-term inventive plans for employees or corporate officers.

The authorization that you would give to the Board would allow to proceed to purchase shares for the purposes, amongst others, of:
- their allotment to employees or Corporate Officers as a long-term compensation tool;
- their delivery as a result of the exercise of rights attached to securities giving access to the Company's capital;
- their cancellation;
- their delivery in connection with external growth operations; and
- their disposal in the course of a share management agreement.

Shares bought back may be canceled under the authorization adopted by the Annual Shareholders' Meeting of May 4, 2023 (27th resolution).

The number of shares thus purchased, and the number of shares held may not exceed 10% of the share capital at any time (for reference purposes, based on the issued capital on December 31, 2023: 57,283,588 shares). The maximum purchase price of the shares would be set at EUR 250, and the total amount allocated to the share repurchase program would not exceed EUR 14.3 billion. As for previous years, the resolution prevents that the authorization be used during a public offering on the Company's shares.

Further information on the Company's share buyback programs can be found in section 7.2.5 of Chapter 7 of the 2023 Universal Registration Document.

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

Text of the eighteenth resolution
(Authorization granted to the Board of Directors to buy back Company shares)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for ordinary meetings, having heard the Board of Directors' report, hereby authorizes the Board of Directors, pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code, Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse and its delegated regulations, and the French Financial Market Authority's General rules, to buyback or arrange for the buyback of the Company's shares for the purpose of:

- *the allotment or transfer of shares to employees or Corporate Officers of the Company, and/or of current or future related companies, for the purposes of implementing any stock option or Performance Share plan, or any other grant, allocation, or disposal to employees and Corporate Officers of the Company;*
- *the delivery of shares as a result of the exercise of rights attached to securities giving access to the Company's capital by redemption, conversion, exchange, presentation of a warrant, or by any other mean;*
- *the cancellation by way of share capital decrease of all or part of these repurchased shares;*
- *the delivery of shares (for exchange, payment or otherwise) in connection with external growth operations (up to a limit of 5% of the share capital);*
- *their provision for the purposes of a share management agreement entered into with an investment services provider in order notably to maintain a liquid market; or*
- *the implementation of any market practice which would be allowed by the French Financial Market Authority.*

This authorization also allows the Company to trade in its shares for any other purposes authorized or that may be authorized by law or regulation. In such a case, the Company would inform its shareholders through a public release.

Shares acquired may also be canceled, subject to compliance with the provisions of Articles L. 225-204 and L. 225-205 of the French Commercial Code and in accordance with the 27th resolution of the Annual Shareholders' Meeting of May 4, 2023.

The number of shares that may be purchased shall be subject to following limits:

(i) the number of shares that the Company may purchase during the term of the buyback program should not exceed 10% of the Company's share capital at any time (i.e. for information purposes, 57,283,588 shares, on the basis of the share capital as of December 31, 2023), it being specified that the number of shares acquired in view of their retention and their future delivery for the purpose of an external growth operation cannot exceed 5% of the Company's share capital; and

(ii) the number of shares that the Company can hold at any time may not exceed 10% of the Company's share capital.

The maximum share purchase price is set at EUR 250 per share (excluding acquisition costs) without exceeding the maximum price set by applicable laws and regulations. The total amount allocated to the share repurchase program will not exceed EUR 14.3 billion (excluding acquisition costs).

The purchase, exchange, disposal, or transfer of shares can be decided by the Board of Directors on one or more occasions, at any time except during takeover bid involving the Company's shares, and by any means, provided that laws and regulations in force are complied with, on or off the stock market, over the counter, in whole or in part in blocks of shares, by takeover bid in cash or in shares, by using options or derivatives, either directly or indirectly through the intermediation of an investment services provider, or in any other way.

The Annual Shareholders' Meeting grants authority to the Board of Directors, which may further delegate as permitted by law, to adjust the price set forth above in the event of transactions on the Company's share capital, and in particular an increase in capital through the capitalization of reserves, the allocation of free shares, a stock split or reverse stock split, the distribution of reserves or any other assets, impairment of share capital or any other transaction involving share capital or shareholders' equity, to take into account the impact of these transactions on the stock value.

The Annual Shareholders' Meeting gives full powers to the Board of Directors with powers to subdelegate under the conditions set out by law, to use this authorization, in particular to give any and all orders, enter into any and all agreements, allocate or reallocate the shares acquired to the objectives pursued under the applicable legal and regulatory conditions, set the terms and conditions under which the rights of holders of securities giving access to the share capital or other rights giving access to the share capital will be preserved, if applicable, in accordance with legal and regulatory provisions and, if applicable, contractual provisions providing for other cases of adjustment, prepare all documents and press releases, carry out any and all formalities and make all appropriate declarations to the authorities, and in general take all necessary measures.

This authorization supersedes, for the unused portion, the authorization given to the Board of Directors by the Shareholders' Meeting of May 4, 2023 in its 18th resolution and is granted for an eighteen (18)-month period as from this Annual Shareholders' Meeting.

8.1.2 Extraordinary Shareholders' Meeting

19th and 20th resolutions: Capital increases reserved for employees

Explanatory statement

Schneider Electric is convinced of the importance of developing the Company's employee shareholder base in order to align employee interests with those of shareholders and also stabilize the Company's share capital. The Board of Directors wishes to continue making the Company's share capital accessible to a large number of employees, in particular through employee share ownership plans (WESOP). As of December 31, 2023, employees held 3.66% of the capital either directly or through the corporate mutual funds (FCPE).

The Company carried out capital increases reserved for Group employees in 2023 (WESOP 2023). These transactions are presented in section 7.1.2.2 of Chapter 7 of the 2023 Universal Registration Document.

As part its offer policy to Group employees on an annual basis, the Board decided that there will be a new employee share ownership plan implemented in 2024. As part of the 25th and the 26th resolutions of the Annual Shareholders' Meeting of May 4, 2023, the Board of Directors, at its meeting of December 13, 2023, decided to renew the annual employee shareholder plan in 2024, within a limit of 3.7 million shares (approximately 0.65% of the capital). This plan, which does not include a leveraged offer, is open to 47 countries representing 80% of the Group's employees. The shares are offered with a discount of 15% on the share price to all subscribers and a maximum employer contribution around EUR 1,400.

To allow for the implementation of a new global employee share ownership plan in 2025, you are requested to approve:

- the **19th resolution** which will grant the Board of Directors the authority to carry out capital increases reserved for employees participating in a company savings plan within the limit of 2% of the Company's capital, with the provision that the maximum discount at which the shares could be offered is set at 30% (it will be valid for a period of twenty-six (26) months; the authority in force as voted by the Annual Shareholders' Meeting of May 4, 2023 in its 25th resolution shall cease to be effective as from November 4, 2024[1]); and
- the **20th resolution** which will grant the Board of Directors the authority to carry out capital increases reserved for employees and Corporate Officers of non-French Group companies or to entities acting on their behalf; this authorization will not exceed 1% of the capital and will be deducted from the ceiling of 2% of the capital set for the issuance of shares to employees who are member of a company savings plan (this authorization will be valid for a period of eighteen (18) months and may only be used on or after November 4, 2024[2]).

(1) The maximum amount of subscription applicable to the employee share ownership operations carried out before November 3, 2024 will be the ceiling applicable to the 25th resolution of the Annual Shareholders' Meeting of May 4, 2023.

(2) The maximum amount of subscription applicable to the employee share ownership operations carried out before November 3, 2024 will be the ceiling applicable to the 26th resolution of the Annual Shareholders' Meeting of May 4, 2023.

Text of the nineteenth resolution
(Delegation of authority to the Board of Directors to undertake capital increases reserved for participants in a company savings plan without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Article L. 3332-1 et seq. of the French Labor Code and Articles L. 225-129 to L. 225-129-6, L. 225-138-1, and L. 228-91 et seq. of the French Commercial Code:

1. *delegates to the Board of Directors the authority, with the power to subdelegate, for a period of twenty-six (26) months from the date of this Annual Shareholders' Meeting, to undertake a capital increase on one or more occasions at its discretion by issuing ordinary shares or securities providing access through any means, immediately and/or in the future, to ordinary shares of the Company, under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, reserved for participants in a company savings plan and French or non-French companies affiliated with the Company in a maximum nominal amount of 2% of the share capital on the date of this Shareholders' Meeting, with the possibility to issue shares against cash or by capitalizing reserves, profits, or premium in case of grants of free shares or of securities granting access to share capital on account for the discount and/or the matching contribution, it being specified that this authorization may be used only from and after November 4, 2024;*

2. *set the maximum discount to be offered in connection with the company savings plan at 30% of an average of the trading price of the Company's shares on Euronext Paris during the twenty (20) trading sessions preceding the date of the decision of the Board of Directors or of its authorized representative setting the date to begin taking subscriptions, it being specified that the Board of Directors may reduce the aforementioned discount within applicable legal and regulatory requirements, or not to grant one, in particular so as to take into account the laws and regulations applicable in countries where such offering may be implemented;*

3. *authorizes the Board of Directors, in application of Article L. 3332-21 of the French Labor Code, to make grants of free ordinary shares or other securities granting immediate or differed access to ordinary share capital under all or part of the discount and/or, as the case may be, for the matching contribution, provided that the value of the benefit resulting from this grant on account for the discount and/or the matching contribution, shall not exceed the limits imposed by applicable law and regulations;*

4. *decides to waive, in favor of the above-mentioned beneficieries, the shareholders' preferential subscription rights with respect to the shares or equity-linked securities that are the subject of this delegation which entails waiver of the shareholders' preferential subscription right to shares to which securities that may be issued under this resolution would give right; and*

8.1 Explanatory comments & draft resolutions submitted to the Annual Shareholders' Meeting

5. *decides that the Board of Directors shall have full powers to use this delegation, with the power to subdelegate as permitted by law, within the limits and subject to the conditions specified above in order to, and in particular:*
   - **a.** *set in accordance with applicable laws and regulations the scope of companies whose above mentioned beneficiaries may subscribe to the shares or equity-linked securities issued hereby and benefit, as the case may be, from shares or equity-linked securities;*
   - **b.** *decide that the subscriptions may be made directly or through Company mutual funds (fonds commun de placement d'entreprise) or other structures or entities as permitted by applicable laws and regulations;*
   - **c.** *determine the conditions, in particular those relating to seniority, which shall have to be met by the beneficiaries of the capital increases;*
   - **d.** *set the opening and closing dates of the subscription periods;*
   - **e.** *set the amounts of the issuances to be undertaken pursuant to this authorization and determine, in particular, the issuance prices, dates, time-periods, terms, and conditions for the subscription, payment, settlement, and dividend rights of the securities (which may be retroactive) as well as the other terms and conditions of the issuances, in accordance with applicable laws and regulations;*
   - **f.** *when granting free shares or equity-linked securities, set the number of shares or equity-linked securities to be issued, the number to be granted to each beneficiary, and determine the dates, time periods, terms, and conditions of granting such shares or equity-linked securities in accordance with applicable laws and regulations and, in particular, choose either to fully or partially substitute the granting of such shares or equity-linked securities for the discount to the reference price provided for above, or to allocate the value of such shares, or equity-linked securities to the total amount of the employer contribution, or to combine these two possibilities;*
   - **g.** *acknowledge the completion of capital increases in the amount of the shares that are subscribed (after possible reduction in the event of over-subscription);*
   - **h.** *as the case may be, allocate the expenses of capital increases to the amount of premiums related thereto and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new share capital resulting from such capital increases;*

   enter into any agreements, carry out directly or indirectly through an agent all transactions and terms, including any formalities following the capital increases and subsequent modifications to the Company's Articles of Association, generally, enter into any agreement in order to successfully complete the contemplated issuances, take all measures and decisions and carry out all formalities necessary for the completion of the issuance, listing, and financial servicing of the securities issued pursuant to this authorization as well as the exercise of rights attached thereto or subsequent to the completed capital increases.

This delegation (i) cancels, effective November 4, 2024, the authorization given by the Annual Shareholders' Meeting of May 4, 2023, in its 25th resolution, for its amounts unused by the Board of Directors and (ii) is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Text of the twentieth resolution

(Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of certain non-French subsidiaries of the Group, directly or via entities acting to offer those employees benefits comparable to those offered to participants in a company savings plan without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, having satisfied the quorum and majority requirements for extraordinary shareholders' meetings, having heard the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-129 to L. 225-129-6, L. 225-138, and L. 228-91 et seq. of the French Commercial Code:

1. *delegates to the Board of Directors, with the power to subdelegate, in compliance with applicable laws and regulations, the necessary powers to decide one or several capital increases through the issue, in the proportions and at the times it deems appropriate up to a maximum of 1% of the share capital on the date of this Shareholders' Meeting, by issuing ordinary shares or securities providing access through any means, immediately and/or in the future, to ordinary shares of the Company, such issue to be reserved for persons meeting the characteristics of the class defined below; it being specified that (i) such limit shall be charged against the limits set forth in the 19th resolution of this Annual Shareholders' Meeting, and (ii) this delegation may be used only from and after November 4, 2024;*

2. *decides to waive the shareholders' preferential right to subscribe for shares or other securities granting access to the share capital pursuant to this resolution and to reserve the right to subscribe to one and/or another class of beneficiaries or recipients having the following characteristics: (i) employees and officers of companies of Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code and the head office of which is located outside France; and/or (ii) OPC mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the Company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; and/or (iii) any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, to the extent that subscription of the person authorized in accordance with this resolution would make it possible for employees of subsidiaries located outside France to benefit from and take advantage of forms of shareholder incentive or investment or savings plans equivalent in terms of economic benefit to those from which the other employees of the Group benefit;*

3. *takes note that this authorization shall constitute automatically and by law an express waiver by the shareholders, in favor of the holders of securities granting access to Company capital, of their preferential right to subscribe for ordinary shares of the Company which such securities carry the right to acquire;*

4. *decides that the amount payable to the Company for all shares issued, or to be issued, and pursuant to this resolution shall be set by the Board of Directors on the basis of the trading price of the Company's shares on Euronext Paris; the issue conditions shall be determined at the discretion of the Board of Directors on the basis of either (i) the first or last quoted trading price of the Company's shares at the trading session on the date of the decision by the Board of Directors or the authorized representative thereof setting the issue conditions, or (ii) of an average of the quoted prices for the Company's shares during the twenty (20) trading sessions preceding the date of the decision by the Board of Directors or the authorized representative thereof setting the issue conditions under this resolution or setting the issue price under the 19th resolution of this Annual Shareholders' Meeting; the Board of Directors may set the issue price by applying a maximum discount of 30% of the trading price of the Company's shares determined in accordance with either of the two methods set forth in clauses (i) and (ii) of*

this paragraph; the percentage of such discount applied to the trading price of the Company's shares shall be determined by the Board of Directors taking into consideration, among other things, legal, tax, and regulatory provisions of foreign law applicable, as the case may be, to the persons benefiting from the issue;

5. *decides that the Board of Directors may provide for the allocation, to the beneficiaries indicated in point 2 above, free of charge or at an additional discount, of shares to be issued or already issued, by way of a matching and/or a discount, provided that the taking into account of their pecuniary countervalue, evaluated at the subscription price, does not have the effect of exceeding the ceiling provided for in this resolution; and*

6. *hereby resolves that the Board of Directors shall have full authority, under the terms and conditions provided by law and within the limits set forth hereinabove, to implement and give effect to this authorization and determine the list of the beneficiaries and recipients within the classes described in this resolution and the number of securities to be offered to each thereof, provided that the Board of Directors may decide that the capital increase shall be completed for the amounts subscribed, on the condition that a minimum of 75% of the shares or other offered securities providing access to capital have been subscribed, as well as, among other things:*
   - *to determine the characteristics of the securities to be issued, to decide on the issue price, dates, time periods, terms and conditions of subscribing, payment, delivery and effectiveness of the shares and equity securities, the lock-up, and early release period, within applicable limits of the law and regulations,*
   - *to record and determine the capital increase, to undertake the issuance of the shares and other securities providing access to the share capital of the Company, to amend the Articles of Association accordingly,*
   - *and, as a general rule, to enter into any agreement, in particular to ensure the due and proper completion of the contemplated issuances, take all steps and complete any required formalities in connection with the issue, the listing and financial servicing of the securities issued under and this authorization, as well as the exercise of the rights attaching thereto, and, more generally, to do whatever may be necessary.*

This delegation (i) cancels, effective November 4, 2024, the authorization given by the Annual Shareholders' Meeting of May 4, 2023, in its 26th resolution, for its amounts unused by the Board of Directors and (ii) is granted for a period of (18) eighteen months as from this Shareholders' Meeting.

21st resolution: Power for formalities

Explanatory statement

Finally, under the **21st resolution**, we request that you grant us the powers necessary to carry out the formalities.

Text of the twenty-first resolution
(Powers for formalities)

The Annual Shareholders' Meeting confers full powers upon the bearer of a copy or excerpts of the minutes confirming these resolutions for the purposes of carrying out all legal and administrative formalities.

8.2 Statutory auditors' special reports

8.2.1 Statutory auditors' report on the issuance of shares or securities giving access to capital reserved for members of a company savings plan

Shareholders' meeting as of May 23, 2024 - resolution n°19

To the Shareholders of the company Schneider Electric SE,

In our capacity as statutory auditors of your company and in compliance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your board of directors to decide whether to proceed with an issue of shares or securities giving access to the share capital of your company with cancellation of preferential subscription rights, reserved for participants in a company savings plan of the company and of the French or non-French companies affiliated with it, in accordance with Article L. 225-180 of the French Commercial Code (*Code de commerce*) and the Article L. 3344-1 of the French Labor code (*Code du travail*), an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from this issue is 2% of the share capital on the date of this shareholders' meeting.

This operation is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial code (*Code de commerce*) and L. 3332-18 *et seq.* of the French Labor code (*Code du travail*).

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of twenty-six months, to decide on whether to proceed with issues and proposes to cancel your preferential subscription rights to the shares and securities to be issued. If applicable, it shall determine the final conditions of these issues.

This delegation cancels, effective August 1, 2024, the authorization given by the annual shareholders' meeting of May 4, 2023 in its twenty-fifth resolution for its amounts unused by the board of directors.

It is the responsibility of the board of directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to these issues provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issues have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization, in the event of the issue of shares or securities giving access to other equity securities and of the issue of securities giving access to equity securities to be issued.

The Statutory Auditors

Mazars
Paris La Défense on March 20, 2024

Juliette Decoux Guillemot Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on March 20, 2024

Jean-Christophe Georghiou Séverine Scheer

8.2.2 Statutory auditors' report on the issuance of shares or securities reserved for a category of beneficiaries

Shareholders' meeting as of May 23, 2024 - resolution n°20

To the Shareholders of the company Schneider Electric SE,

In our capacity as Statutory auditors of your company and in compliance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to delegate to the Board of Directors the competence to decide on the issue of ordinary shares or securities giving access to the share capital of the company, with cancellation of preferential subscription right, an operation upon which you are called to vote.

This resolution is reserved to the following classes of beneficiaries:

(i) employees and officers of companies of Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code (*Code du travail*) and the head office of which is located outside France;

(ii) and/or OPC mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph;

(iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, to the extent that subscription of the person authorized in accordance with this resolution would make it possible for employees of subsidiaries located outside France to benefit from and take advantage of forms of shareholder incentive or investment or savings plans equivalent in terms of economic benefit to those from which the other employees of the Group benefit.

The maximum nominal amount of the increase in capital that may result from this issue is 1% of the share capital on the date of this annual shareholders' meeting, it being specified that this amount shall be deducted from the overall ceiling set out in the nineteenth resolution of 2% of the share capital on the date of this annual shareholders' meeting.

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of eighteen months, to decide on whether to proceed with an increase in capital and to cancel your preferential subscription rights to securities to be issued. If applicable, it shall determine the final conditions of this operation.

This delegation cancels, effective August 1, 2024, the authorization given by the annual shareholders' meeting of May 4, 2023 in its twenty-sixth resolution for its amounts unused by the board of directors.

It is the responsibility of the board of directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization, in the event of the issue of ordinary shares with cancellation of preferential subscription right or securities giving access to other equity securities and of the issue of securities giving access to equity securities to be issued.

The Statutory Auditors

Mazars
Paris La Défense on March 20, 2024
Juliette Decoux Guillemot Mathieu Mougard

PricewaterhouseCoopers Audit
Neuilly-sur-Seine on March 20, 2024
Jean-Christophe Georghiou Séverine Scheer

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Persons responsible for the Universal Registration Document and audit of the financial statements

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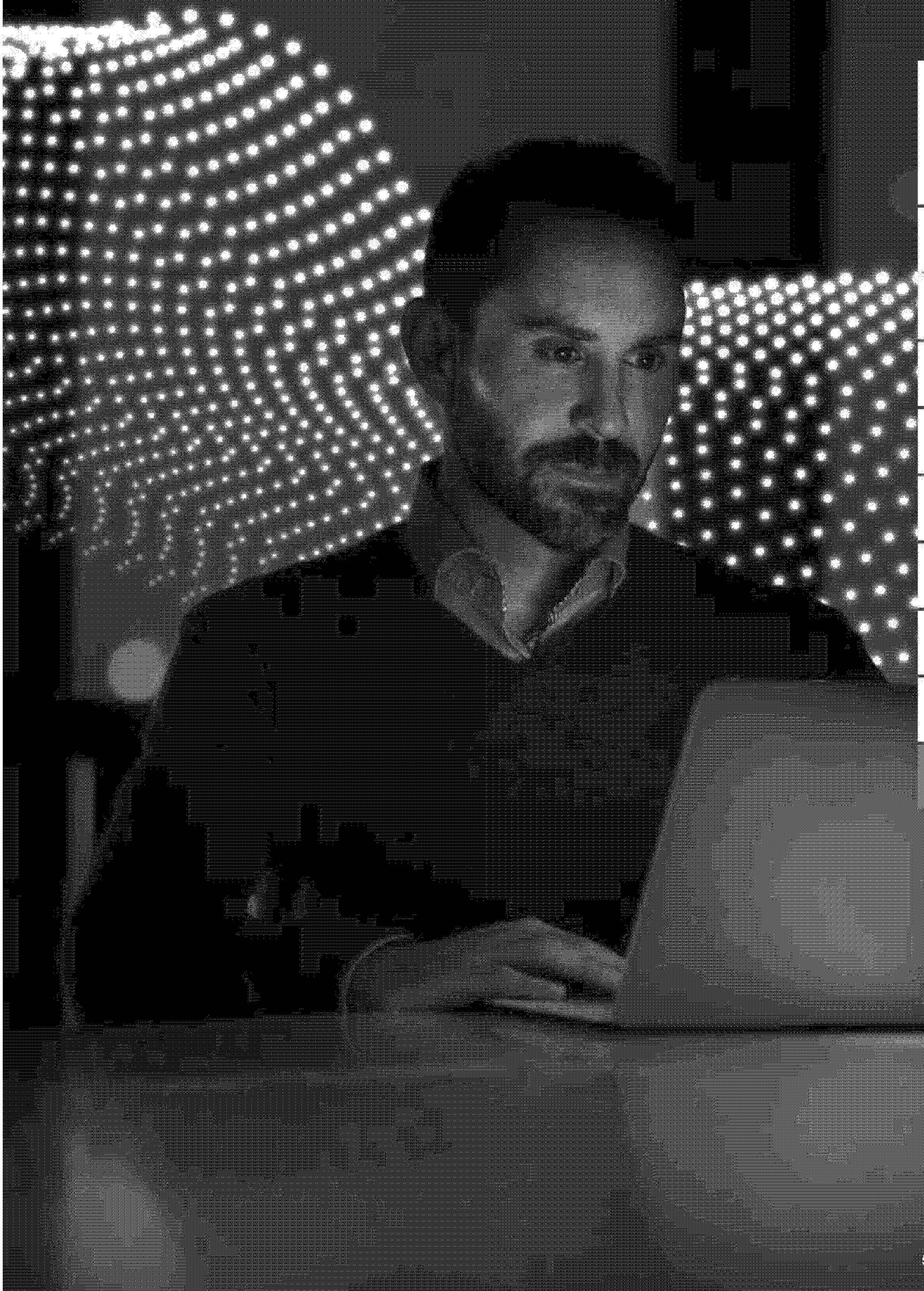
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Persons responsible for the Universal Registration Document

Attestation

I declare that the information contained in the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they present fairly the assets, financial position and results of the Company and the consolidated Group. To the best of my knowledge, the business review accurately presents the changes in business, results and financial position of the Company and the consolidated Group and describes their principal risks and contingencies.

March 28, 2024

CEO of Schneider Electric SE

Peter Herweck

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in the present Universal Registration Document:

- the consolidated financial statements and corresponding auditors' reports provided in Chapter 5 of the Universal Registration Document for the year ended December 31, 2021, registered with the AMF under number D.22-0171 on March 29, 2022;
- the consolidated financial statements and corresponding auditors' reports provided in Chapter 5 of the Universal Registration Document for the year ended December 31, 2022, registered with the AMF under number D.23-0158 on March 28, 2023;
- the parent company financial statements and corresponding auditors' reports provided in Chapter 6 of the Universal Registration Document for the year ended December 31, 2021, registered with the AMF under number D.22-0171 on March 29, 2022;
- the parent company financial statements and corresponding auditors' reports provided in Chapter 6 of the Universal Registration Document for the year ended December 31, 2022, registered with the AMF under number D.23-0158 on March 28, 2023;
- the management report provided in the Universal Registration Document for the year ended December 31, 2021, registered with the AMF under number D.22-0171 on March 29, 2022;
- the management report provided in the Universal Registration Document for the year ended December 31, 2022, registered with the AMF under number D.23-0158 on March 28, 2023;
- Passages not incorporated in these documents are either irrelevant for the investor or covered in another section of the Universal Registration Document.

Persons responsible for the audit of the financial statements

	Date appointed	Appointment expires
Statutory auditors		
PricewaterhouseCoopers Audit – 63 rue de Villiers – 92200 Neuilly-sur-Seine Represented by Séverine Scheer and Jean-Christophe Georghiou	2022	2028
Mazars Tour Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie Represented by Juliette Decoux-Guillemot and Mathieu Mougard	2004	2028

PricewaterhouseCoopers Audit and Mazars are members of the Auditors' Regional Company of "Versailles et du Centre".

Universal Registration Document cross-reference table

To facilitate the reading of the Annual Report, filed as Universal Registration Document, the following table allows the identification of the main headings required by Regulation (EU) 2017/1129 of the European Parliament and of the Council.

Information required by Annex 1 of Commission Delegated Regulation (EU) 2019/980		Corresponding section and chapter of the Universal Registration Document	Page no.
1.	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**		
1.1	Identity of the persons responsible for the information	Chapter 9	582
1.2	Declaration by the persons responsible	Chapter 9	582
1.3	Statement of experts and declaration of interest	N/A	N/A
1.4	Certification on information provided by third parties	N/A	N/A
1.5	Declaration of deposit to the competent authority	Inside front cover	N/A
2.	**STATUTORY AUDITORS**		
2.1	Names and addresses	Chapter 9	582
2.2	Resignation or departure of statutory auditors	N/A	N/A
3.	**RISK FACTORS**	**Chapter 3, section 3.4**	**337-356**
4.	**INFORMATION ABOUT THE ISSUER**		
4.1	Legal and business name	Chapter 7, section 7.3	558
4.2	Place of registration and registration number	Chapter 7, section 7.3	558
4.3	Issuer's incorporation date and length of life	Chapter 7, section 7.3	558
4.4	Domicile, legal form, applicable legislation, country of incorporation, registered office's address, and telephone number	Chapter 7, section 7.3	558
5.	**BUSINESS OVERVIEW**		
5.1	Principal activities		
5.1.1	Nature of transactions made by the Company and its principal activities	Integrated Report	6-9, 24-29
5.1.2	New products/services launched on the market	Integrated Report	20-21
5.2	Principal markets	Integrated Report	24-29
5.3	Exceptional events	N/A	N/A
5.4	Strategy and objectives	Integrated Report Chapter 1, section 1.1 Chapter 1, section 1.4	2-9 50 59-61
5.5	Dependence on patents, licenses, contracts, or new manufacturing processes	Chapter 3, section 3.4	340-341, 348
5.6	Competitive position	N/A	N/A
5.7	Investments		
5.7.1	Principle investments realized during each year of the period covered by the historical financial information until the date of the Universal Registration Document	Chapter 5, section 5.7	516-517
5.7.2	Major investments planned by the issuer and for which the management bodies have already taken a firm commitment	N/A	N/A
5.7.3	Information on significant shareholdings in companies	Chapter 5, section 5.5	504-510
5.7.4	Environmental issues potentially affecting the use of the tangible fixed assets	N/A	N/A
6.	**ORGANIZATIONAL STRUCTURE**		
6.1	Brief description of the Group	Chapter 7, section 7.3	558
6.2	List of main subsidiaries	Chapter 5, section 5.5	504-510

Universal Registration Document cross-reference table

Information required under Annexes I and II of Commission Delegated Regulation (EU) 2019/980		Corresponding sections and chapters of the Universal Registration Document	Pages
7.	**OPERATING AND FINANCIAL REVIEW**		
7.1	Financial condition		
7.1.1	Evolution and result of activities	Chapter 5, section 5.7	516-523
7.1.2	Future expected development of the activities and R&D activities	Integrated Report	19
7.2	Operating results		
7.2.1	Significant factors affecting the income from operations	Integrated Report Chapter 5, section 5.7	13-18 516-523
7.2.2	Reasons for material changes in net sales or revenues	Integrated Report Chapter 5, section 5.7	13-14 516-519
8.	**CASH AND CAPITAL**		
8.1	Information concerning capital resources (short and long term)	Chapter 5, section 5.4 Chapter 5, section 5.5	457 486-489
8.2	Sources, amounts, and description of cash flows	Chapter 5, section 5.2 Chapter 5, section 5.7	454 521-522
8.3	Information on borrowing conditions and financing structure	Chapter 5, section 5.5 Chapter 6, section 6.3	493-501 535-537
8.4	Restrictions on use of capital resources that have materially affected, or could materially affect, directly or indirectly, the operations	Chapter 3, section 3.4	344-345
8.5	Expected sources of financing	Integrated Report	12, 19
9.	**REGULATORY ENVIRONMENT**	**N/A**	**N/A**
10.	**TREND INFORMATION**		
10.1	Main trends in production, sales, and inventory, and in costs and selling prices, since the end of the last fiscal year to the date of the Universal Registration Document	Integrated Report	19
10.2	Known trends, uncertainties, demands, commitments, or events that might have a material effect on prospects for the current fiscal year	Integrated Report	19
11.	**PROFIT FORECASTS OR ESTIMATES**	**N/A**	**N/A**
12.	**ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**		
12.1	Information concerning members of the administrative and management bodies (list of mandates performed during the last five years)	Integrated Report Chapter 4, section 4.1	34-35 362-373
12.2	Conflicts of interest in administrative and management bodies	Chapter 4, section 4.1	378
13.	**REMUNERATION AND BENEFITS**		
13.1	Remuneration paid and benefits in kind	Chapter 4, section 4.2	408-449
13.2	Amounts of provisions booked or otherwise recognized for the payment of pensions, retirement annuities, or other benefits	Chapter 4, section 4.2	414-415 422-423, 427
14.	**BOARD PRACTICES**		
14.1	Expiry date of current terms of office	Chapter 4, section 4.1	364, 365-373
14.2	Service contracts with members of administrative bodies	Chapter 4, section 4.1	378
14.3	Information about the Audit Committee and the Remuneration Committee	Chapter 4, section 4.1	388-390 392-393
14.4	Declaration – corporate governance applicable in the home country of the issuer	Chapter 4, section 4.1	361
14.5	Potential material impacts on corporate governance	Chapter 4, section 4.1	361
15.	**EMPLOYEES**		
15.1	Number of employees	Chapter 2, section 2.8 Chapter 5, section 5.5	312-320 501
15.2	Profit sharing and stock options	Chapter 4, section 4.2 Chapter 7, section 7.1	446-449 551
15.3	Agreements for employees' equity stake in the capital of the issuer	Chapter 7, section 7.1	550-551

Information required under Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980		Corresponding section and chapter of the Universal Registration Document	Pages
16.	**MAJOR SHAREHOLDERS**		
16.1	Shareholders owning more than 5% of the share capital or voting rights	Chapter 7, section 7.1	550
16.2	Existence of specific voting rights	Chapter 7, section 7.4	559
16.3	Control of the Company	Chapter 7, section 7.1	550
16.4	Agreement known to the Company which could lead to a change in control if implemented	Chapter 7, section 7.1	550-551
17.	**RELATED PARTY TRANSACTIONS**	**Chapter 5, section 5.5**	**502**
18.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES**		
18.1	Historical financial information	Chapter 6, section 6.7	546
18.2	Interim financial information	N/A	N/A
18.3	Auditing of historical annual financial information		
18.3.1	Statement of audit of historical financial information	Chapter 5, section 5.6 Chapter 6, section 6.4	511-515 540-542
18.3.2	Other information contained in the Universal Registration Document that has been audited by the auditors	Chapter 2, section 2.7 Chapter 4, section 4.1 Chapter 8, section 8.2	302-305 405 578-579
18.3.3	Financial data contained in the Universal Registration Document and not extracted from the issuer's audited financial statement	N/A	N/A
18.4	*Pro forma* financial information	N/A	N/A
18.5	Dividend policy		
18.5.1	Dividend distribution policy	Integrated Report Chapter 8, section 8.1	3, 12, 16 567-568
18.5.2	Dividend amount per share for each year of the fiscal year covered by the historical financial information	Chapter 5, section 5.5 Chapter 6, section 6.7	487 546
18.6	Legal and arbitration proceedings	Chapter 3, section 3.4 Chapter 5, section 5.5 Chapter 6, section 6.3	341-342 502 539
18.7	Significant change in the financial or business situation	N/A	N/A
19.	**ADDITIONAL INFORMATION**		
19.1	Share capital		
19.1.1	Amount of issued capital	Chapter 7, section 7.2	552
19.1.2	Shares not representing capital	Chapter 7, section 7.2	552
19.1.3	Treasury shares	Chapter 5, section 5.5 Chapter 6, section 6.3 Chapter 6, section 6.5	488 534-535 543
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19.1.5	Terms of any acquisition right and/or commitment in respect of authorized but non-issued capital	Chapter 4, section 4.2	446-449
19.1.6	Information about the capital of any group member which is under option or agreed conditionally or unconditionally to be put under option	N/A	N/A
19.1.7	History of the share capital	Chapter 7, section 7.1 Chapter 7, section 7.2	550 556
19.2	Articles of incorporation and bylaws		
19.2.1	Corporate purpose	Integrated Report Chapter 7, section 7.3	2 558
19.2.2	Rights, privileges, and restrictions attached to shares	Chapter 7, section 7.4	558-560
19.2.3	Actions necessary to change the rights of shareholders	Chapter 7, section 7.4	558
20.	**MATERIAL CONTRACTS**	**N/A**	**N/A**
21.	**DOCUMENTS AVAILABLE**	**Chapter 7, section 7.6**	**563**

Annual Financial Report cross-reference table

This Universal Registration Document includes all the information of the Annual Financial Report as mentioned in Articles L. 451-1-2 of the French Commercial Code and 222-3 of the AMF's General Regulations.

Annual Financial Report	Corresponding sections and chapters of the Universal Registration Document	Pages
STATEMENT OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT	**Chapter 9**	**582**
MANAGEMENT REPORT		
Analysis of results, financial conditions, key performance indicators (financial and non-financial), parent company and consolidated Group risks, climate change risks, internal control, and risk management procedures for the Company and its consolidated subsidiaries (Articles L. 225-100-1 and L. 22-10-35 of the French Commercial Code)	Integrated Report Chapter 3, section 3.3 Chapter 3, section 3.4 Chapter 5, section 5.7	3, 13-18, 32 332-336 337-356 516-523
Information about share buybacks (Article L. 225-211, paragraph 2 of the French Commercial Code)	Chapter 7, section 7.2	557
FINANCIAL STATEMENTS		
Statutory financial statements	Chapter 6	526-539
Statutory auditors' report on the statutory financial statements	Chapter 6, section 6.4	540-542
Consolidated financial statements	Chapter 5	462-510
Statutory auditors' report on the consolidated financial statements	Chapter 5, section 5.6	511-515

Cross-reference table referring to the elements of the Management Report

This Universal Registration Document includes all the information of the Management Report required by Articles L. 225-100 et seq., L. 232-1, I and II, and R. 225-102 et seq. of the French Commercial Code.

Information in the Management Report	Corresponding sections of the Universal Registration Document	Page No.
Objective and exhaustive analysis of the business, results trend, and financial situation including the debt situation of the Group during the fiscal year (Articles L. 225-100-1 and L. 233-6 of the French Commercial Code)	Integrated Report	2-17
Report on the subsidiaries' activity and results (Article L. 233-6, paragraph 2 of the French Commercial Code)	Integrated Report Chapter 5, section 5.5 Chapter 6, section 6.5	2-17 504-510 543
Analysis of the Company's situation during the last fiscal year, its expected development, and the important events occurred since the closing date (Article L. 232-1-II of the French Commercial Code)	Integrated Report Chapter 5, section 5.5 Chapter 6, section 6.3	19 503 539
Activities in research and development (Article L. 233-26 and L. 232-1-II of the French Commercial Code)	Integrated Report Chapter 1, section 1.4 Chapter 5, section 5.5	12, 24-29 60 462-463, 474
Non-financial key performance indicators (environmental information) (Articles L. 225-100-1, L. 225-102-1, V, and R. 225-105 of the French Commercial Code)	Chapter 2, section 2.8.1	306-311
Non-financial key performance indicators (social information) (Article L. 225-100-1, L. 225-102-1, V, and R. 225-104 of the French Commercial Code)	Chapter 2, section 2.8.2	312-320
Financial key performance indicators (Article L. 225-100-1 of the French Commercial Code)	Integrated Report	2-17
Financial risks linked to climate change and what has been implemented to reduce them (Article L. 22-10-35 of the French Commercial Code)	Chapter 2 section 2.3.1	156-159
Characteristics of internal control procedures and risk management (Article L. 22-10-35 of the French Commercial Code)	Chapter 3, sections 3.1–3.3	327-336
Main risks and uncertainties (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, section 3.4	337-356
Information on the risks in the event of interest rate fluctuation, exchange rate fluctuation and market price fluctuation (Article L. 225-100-1 of the French Commercial Code)	Chapter 3, section 3.4	345
Transactions executed by the Executive Officers on the shares of the Company (Article L. 621-18-2 of the Monetary and Financial Code)	Chapter 4, section 4.1.1	379
Retention requirement by the Executive Directors of free shares and/or stock options which were awarded (Article L. 225-197-1-II, paragraph 5, and L. 225-185, paragraph 4 of the French Commercial Code)	Chapter 4, sections 4.1.1, 4.2.5	379, 446-449
Stock Options awarded to employees and Executive Officers (Article L. 225-197-1 and L. 225-185 of the French Commercial Code)	N/A	N/A
Shares held by employees (Article L. 225-102 of the French Commercial Code)	Chapter 7, section 7.1	550
Items of calculation and results of adjustment in case of an issuance of securities giving access to capital (Article L. 225-181, paragraph 2 of the French Commercial Code)	Chapter 7, section 7.2	552
Distribution of share capital and information on the crossing thresholds declared to the Company (Article L. 233-13 of the French Commercial Code)	Chapter 7 sections 7.1.1–7.4.5	550-560
Amount of dividends and distribution for the last three fiscal years (Article 243 bis of the French Tax Code)	Chapter 8, section 8.1	567-568
Parent company's results over the last five fiscal years (Article R. 225-102 of the French Commercial Code) and comments on the results	Chapter 6, section 6.7	546
Information on payment terms (Article L. 441-14 of the French Commercial Code)	Chapter 6, section 6.3	537
Information on the number of treasury shares on transactions executed during the fiscal year (Article L. 225-211, paragraph 2 of the French Commercial Code)	Chapter 7, section 7.1.1	550
Information on participations acquired in the share capital of French companies (Article L. 233-6 of the French Commercial Code)	N/A	N/A
List of main consolidated subsidiaries	Chapter 5, section 5.5	504-510
Additional tax information (Articles 34-9 and 223 *quater* and *quinquies* of the French Tax Code)	Chapter 8, section 8.1.1	567-568
Policy for preventing technological accidents risks, including the Company's ability to cover its responsibility and means to manage the indemnification of victims (Article L. 225-102-2 of the French Commercial Code)	N/A	N/A

Cross-reference table referring to the elements of the Corporate Governance Report

This Universal Registration Document includes all the information of the Corporate Governance Report required by Articles L. 225-37 *et seq.* and L. 22-10-8 *et seq.* of the French Commercial Code.

Information of the Corporate Governance Report	Corresponding sections of the Universal Registration Document	Pages
Remuneration policy for Corporate Officers (Article L. 22-10-8, I, paragraph 2 of the French Commercial Code)	Chapter 4, section 4.2	408
Directors' compensation of any kind (Article L. 22-10-9, I, 1° of the French Commercial Code)	Chapter 4, section 4.2.2.3	428
Relative proportion of fixed and variable compensation (Article L. 22-10-9, I, 2° of the French Commercial Code)	Chapter 4, section 4.2.2.1	410
Use of the possibility of claiming back variable remuneration (Article L. 22-10-9, I, 3° of the French Commercial Code)	Chapter 4, section 4.2.3	440
Directors' commitments of any kind (Article L. 22-10-9, I, 4° of the French Commercial Code)	Chapter 4, sections 4.1.1.5, 4.1.6	378-405
Remuneration paid or granted by an undertaking included in the scope of consolidation (Article L. 22-10-9, I, 5° of the French Commercial Code)	Chapter 4, section 4.2.2	410
Ratios between executive compensation and the compensation of employees other than Corporate Officers (Article L. 22-10-9, I, 6° of the French Commercial Code)	Chapter 4, section 4.2.2.4	429
Evolution of compensation, Company performance, average compensation of non-executive employees and *ratios* referred to above (Article L. 22-10-9, I, 7° of the French Commercial Code)	Chapter 4, section 4.2.2.4	429
Explanation of the way in which the total compensation complies with the adopted compensation policy (Article L. 22-10-9, I, 8° of the French Commercial Code)	Chapter 4, section 4.2	408
Manner in which the vote of the last general shareholders' meeting provided for in Article L. 225-100 of the French Commercial Code has been taken into account (Article L. 22-10-9, I, 9° of the French Commercial Code)	Chapter 4, section 4.2.2	410
Any deviation from the procedure for implementing the remuneration policy and any waiver applied (Article L. 22-10-9, I, 10° of the French Commercial Code)	Chapter 4, section 4.2.2	410
Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code relating to the suspension of the remuneration of the Board of Directors in the event of non-compliance with the parity rules (Article L. 22-10-9, I, 11° of the French Commercial Code)	Chapter 4, section 4.2.2.3	428
List of directorships or functions performed by each Director during the last fiscal year (Articles L. 225-37-4, 1° and L. 22-10-10 of the French Commercial Code)	Chapter 4, section 4.1.1.2	365-373
Regulated agreements (Articles L. 225-37-4, 2° and L. 22-10-10 of the French Commercial Code)	Chapter 4, section 4.1.6	405
Table of the delegations granted to the Board of Directors by the shareholders' meetings and the use of those delegations (Articles L. 225-37-4, 3° and L. 22-10-10 of the French Commercial Code)	Chapter 7, section 7.2.3	552-553
Distinction made or not between the Chief Executive Officer and the Chairman of the Board of Directors (Articles L. 225-37-4, 4° and L. 22-10-10 of the French Commercial Code)	Chapter 4, section 4.1.2.1	380
Board of Directors' composition, condition for preparing and organizing the work of the Board (Article L. 22-10-10, 1° of the French Commercial Code)	Chapter 4, sections 4.1.1-4.1.2	362-380
Application of the balanced representation of women and men at the Board of Directors level (Article L. 22-10-10, 2° of the French Commercial Code)	Chapter 4, section 4.1.1	362
Limits to the powers of the Chief Executive Officer (Article L. 22-10-10, 3° of the French Commercial Code)	Chapter 4, section 4.1.2	382
Corporate Governance Code to which the Company adheres, including comply or explain detail (Article L. 22-10-10, 4° of the French Commercial Code)	Chapter 4	361
Participation in Shareholders' meeting by shareholders (Article L. 22-10-10, 5° of the French Commercial Code)	Chapter 7, section 7.4.1	558
Assessment process of regulated agreements (Article L. 22-10-10, 6° of the French Commercial Code)	Chapter 4, section 4.1.6	405
Factors likely to affect the outcome of a takeover bid (Article L. 22-10-11 of the French Commercial Code)	Chapter 7, section 7.4.8	560

Cross-reference table pursuant to Articles L. 225-102-1, L. 22-10-36 and R. 225-105 (disclosure on extra-financial performance), and Article L. 225-102-4 (vigilance plan) of the French Commercial Code

This Universal Registration Document includes all the information required by Articles L. 225-102-1, L. 22-10-36 and R. 225-105 (disclosure on extra-financial performance), and Article L. 225-102-4 (vigilance plan) of the French Commercial Code.

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Glossary

Adjusted EBITA Adjusted EBITA (Earnings Before Interest, Taxes, Amortization of Purchase Accounting Intangibles). Adjusted EBITA corresponds to the operating income before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, other operating income and expenses, and restructuring costs.

ADMS Advanced Distribution Management Systems

AFEP-MEDEF Code Corporate Governance Code of listed corporations developed by the French Association of Private Enterprises – *Association française des entreprises privées* (AFEP), and the Movement of the Enterprises of France – *Mouvement des entreprises de France* (MEDEF).

AGM Annual General Meeting. The annual meeting of Schneider Electric shareholders. The next meeting will be held on May 23, 2024.

AI Artificial Intelligence

AMF French Financial Market Authority – *Autorité des Marchés Financiers*

CapEx Capital Expenditure: company expenditure on major, long-term assets such as buildings, machinery, and vehicles.

Carbon neutral A state in which the greenhouse gas (GHG) emissions released into the atmosphere have been reduced or avoided and the remaining ones are compensated with carbon credits. To achieve carbon neutrality, carbon credits from projects that reduce, avoid, or temporarily capture GHGs are accepted.

Circular Certified Schneider Electric label to give products a second life (unsold or obsolete stock, commercial returns).

COP27/COP28 United Nations Climate Change Conference – Sharm El-Sheikh 2022 (COP27) and Dubai 2023 (COP28)

CSR Corporate Social Responsibility

DEI Diversity, Equity, and Inclusion

Digital Twin A near-real-time digital image of a physical object or process that helps optimise business performance.

EcoDesign Way™ Schneider Electric embraces circular principles all along the lifecycle of products and offers. The keystone of circularity is EcoDesign Way™, a process that is applied to the development of all new products.

EcoStruxure™ EcoStruxure™ is Schneider Electric's IoT-enabled, plug-and-play, open, interoperable architecture and platform, used in homes, buildings, data centers, infrastructure, and industries. EcoStruxure™ enables enhanced safety, reliability, efficiency, sustainability, and connectivity with "Innovation at Every Level" from connected products to edge control, and apps, analytics, & services.

EcoXpert Schneider Electric Partner Program to share our expertise, stimulate growth in a new customer base, and together deliver best-in-class services to our valued customers.

Edge computing Decentralized data processing as close to its source as possible to improve network bandwidth and response times.

EHS Environment, Health, and Safety

Energy transition The energy transition replacing fossil fuels with low-carbon energy sources.

Enterprise Metaverse Real machines, factories, buildings, and grids systems are mirrored in the virtual world to create a digital environment, where problems can be found, analysed, and fixed quickly. Leveraging a single data-hub, problems can be discovered before they arise and collaboration between off-site and on-site support can be improved.

EPS Earnings Per Share

ESG Environmental, Social and Governance

GHG Green House Gas

Green Premium™ Our Green Premium™ label was created to provide our customers with more sustainable products and transparency with environmental information. In 2023, more than 80% of Schneider's product sales came from Green Premium™ products.

IEC International Electrotechnical Commission

IIoT Industrial Internet of Things

Impact Company Schneider Electric aims to champion environmental, social, and ethical issues across its entire value chain and stakeholders, while delivering solutions to its customers for sustainability and efficiency. We call this dual approach "Impact Company".

Impact revenues Schneider Impact revenues are offers that bring energy, climate, or resource efficiency to customers while not generating any significant harmful impact to the environment.

Industrial Tech Electrical & Automation technologies are converging with Software & Sustainability as enablers for rapid acceleration through One data infrastructure, One customer experience and One digital twin.

Industry 4.0 Refers to the fourth industrial revolution; combining physical production and operations with smart digital technology such as cloud computing, Internet of Things (IoT), Artificial Intelligence (AI), and machine learning to create a bigger impact and greater productivity.

IPCC Intergovernmental Panel on Climate Change

KPI Key Performance Indicator

Living wage Schneider Electric believes earning a living wage is a basic human right and a key element to decent work. Schneider Electric is committed to paying all employees at or above the living wage to meet their families' basic needs. By basic needs, the Group considers food, housing, sanitation, education, healthcare, plus discretionary income for a given local standard of living.

Glossary

LTIP Long Term Incentive Plan

Microgrid Local, self-contained electrical network which allows to generate electricity on-site and use it when needed.

Multi-hub Four hubs now serve the Group's different markets (Europe, North America, India, and China). Each hub has its own capabilities, while operating and contributing together toward the same Group objectives.

Net-zero As per the SBTI's "Corporate Net Zero Standard", it means reducing emissions at a pace that is in line with the latest climate science and balancing any remaining essential residual emissions through carbon removal credits (rather than carbon credits).

OEM Original Equipment Manufacturer

OpEx Operational Expenditure: costs which are incurred through a company's day-to-day business operations (like salaries, rent, energy costs etc.)

R&D Research & Development

REACH Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals.

RoHS Restriction of Hazardous Substances

SaaS Software as a Service

SBTI Science Based Targets initiative

SCADA Supervisory control and data acquisition

SDG United Nations' Sustainable Development Goals

SF_6 Sulfur hexafluoride, one of most potent greenhouse gases. Schneider Electric launched SF6-free green and digital MV switchgear with GM AirSeT™ in 2020.

SRI Socially Responsible Investment

SSE Schneider Sustainability Essentials has been created to maintain a high level of commitment and transparency in the actions taken by the Group. This new tool brings balance between the innovative transformation plans of the Schneider Sustainability Impact (SSI) and the need to keep progressing on other long-lasting programs. In this spirit of continuous improvement, and in a holistic vision of sustainability, the SSE will track annual progress with 25 quantitative KPIs, as well as additional qualitative programs.

SSERI Schneider Sustainability External & Relative Index; measures the long-term sustainability performance of the Group in terms of relative performance, through a combination of external indices (including DJSI World, Euronext Vigeo, Ecovadis, and CDP Climate Change).

SSI Schneider Sustainability Impact is the translation of our six long-term commitments (climate, equal, resources, generations, trust, and local) into a selection of 11 highly transformative and innovative sustainability programs. It's the Group's five-year (2021 – 2025) plan with progress tracked and published quarterly, as well as audited annually.

STIP Short Term Incentive Plan

TCO Total Cost of Ownership – Quantifies the cost of the purchase across the product's entire lifecycle from purchase to decomissioning.

The Next Frontier The next milestone of Schneider Electric revenues, profitability and Free Cash Flow journey supported by five megatrends that reinforce our strategic vision – creating unprecedented opportunities in our end-markets through the cycle.

Trust Charter The Trust Charter acts as the Group's Code of Conduct, demonstrating its commitment to ethics, safety, sustainability, quality, and cybersecurity.

TZCP The Zero Carbon Project: Actions to reduce the greenhouse gas emissions from Schneider's suppliers. The ambition of TZCP is to collaborate with 1,000 suppliers and reduce their operational greenhouse gas (GHG) emissions by 50% by 2025 (SSI #3).

UPS Uninterruptable Power Supply

VOC Volatile Organic Compounds – Organic substance which can be vaporized by small changes in temperature or pressure. VOCs are a category of air pollutant mainly from industrial processes and automobiles. Schneider Electric does everything to reduce them as much as possible.

VolunteerIn Schneider Electric's VolunteerIn programme was created in 2012 to organize volunteer missions benefiting the Schneider Electric Foundation's partners. Wherever the Company is based, VolunteerIn empowers people to be actors and ambassadors of societal commitments in the fields of education, access to energy, and the fight against energy poverty.

WEEE Waste Electrical and Electronic Equipment

WESOP Worldwide Employee Share Ownership Plan

Financial Calendar

Investor Relations

May 23, 2024 Annual Shareholders' Meeting

Financial Releases

February 15, 2024 2023 Annual Results
April 25, 2024 Q1 2024 Revenues
July 31, 2024 2024 Half Year Results
October 30, 2024 Q3 2024 Revenues

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