

VIGILANCE PLAN 2023

5th Edition

May 2024

Life Is On

Schneider
Electric

Vigilance Plan – 2023

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1 | Introduction



1.1 Schneider Electric’s purpose, mission, and ambition to make an impact

Schneider Electric’s purpose is to empower everyone to make the most of our energy and resources, bridging progress and sustainability for all. At Schneider Electric, we call this **LIFE IS ON**.

Our mission is to be your digital partner for sustainability and efficiency.

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

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

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

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

We are an impact company; this means sustainability is at the core of everything we do, in line with our purpose. At Schneider Electric, we pride ourselves in being an ‘Impact Company’ because sustainability does not just inform what we do, it drives corporate decision-making. This entails a responsibility to share our 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 sustainable impacts, we must combine solid profitability with leading practices across 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 together in our ecosystem, from our employees to supply chain partners, and customers, to local communities and institutions. Building on a foundation of trust, our unique operating model and multi-hub approach is set up to make an impact at both global and local levels. From a meaningful purpose, our culture builds on strong people and leadership values, empowering everyone at Schneider Electric to build a great company.

1 Do well to do good and vice-versa



Performance
The foundation for doing good



Business
Part of the solution



All ESG
Dimensions

2 Bring everyone along



Model & Culture
Set up for global and local impact



All Stakeholders
in your ecosystem

Our 2025 Sustainability Commitments

In response to societal, economic, and ecological worldwide transformations, expectations from its stakeholders, and in alignment with its purpose and the United Nations Sustainable Development Goals (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 leaders in corporate social responsibility.

1.1 Schneider Electric’s purpose, mission, and ambition to make an impact

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 Tools

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

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. The SSI is a scorecard demonstrating that rapid and disruptive changes for a more sustainable world are possible across diverse, complex topics. The programs are tracked and published quarterly, audited annually, and linked to short-term incentive plans for more than 64,000 employees.

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, to better empower leaders and collaborators to unlock meaningful local impacts.

The SSE reflects continuous improvement actions taken by the Group, complementing 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.



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 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. For the reporting requirements under the European Taxonomy Regulation, please refer to pages 277 to 293.



1.2 Policies

Trust Charter – Our Company Code of Conduct

Schneider Electric’s principles of responsibility are embedded into the Trust Charter, our Company Code of Conduct, demonstrating our commitment to ethics, safety, sustainability, quality, and cybersecurity. The Trust Charter sections outline clear Do’s and Don’ts and provide clear references to relevant company policies and procedures, which are adapted to meet local legal requirements when necessary.

The Trust Charter underpins every aspect of our business, and our willingness to behave and respond respectfully and in good faith to all our stakeholders. It applies to everyone working at Schneider Electric or any of our subsidiaries. It is available publicly on our website in more than 30 languages.

Our Human Rights Global Policy

At the end of 2022, Schneider Electric published the second version of its Human Rights Global Policy. The Company intends to increase its commitments by clearly stating its position on new challenges such as migrant workers and artificial intelligence. The policy 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, always. It includes eight new topics - Respect and dignity, human rights in cyberspace, migrant workers, conflicts minerals, inter-generational, solidarity, human rights activities within the Group’s supply chain, civic space, 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.

Following is the list of our key policies:

Policies			
Risk categories	Sub-risk categories (if any)	Public	Internal
Human Rights	Decent work	• Anti harassment • Human rights • Diversity & inclusion	• Flexibility at work • Global benefits • Family leave
	Health & safety	• Health & safety • Human rights	
Environment	Pollution and specific substances	• Environmental policy	
	Waste and circularity	• Environmental policy	
	Energy, CO ₂ and GHG	• Energy policy	
Business Ethics	Ethical business conduct	• Anti-corruption code of conduct • Philanthropy policy	• Conflict of interest • Export control • Competition law • Business agent
	Alert system, protection and non-retaliation		• Whistleblowing • Case management and investigation
Offer Safety		• Quality	
Data Privacy & Cybersecurity		• Data Privacy	• Data Charter • Cybersecurity for products and system • ~30 other specific policies
Suppliers		• Supplier Guidebook • Supplier Code of Conduct	



1.3 Duty of Vigilance

In 2017, Schneider started the implementation of a vigilance plan covering its business activities as well as those of its suppliers and subcontractors to prevent negative impacts on people or the planet within its value chain. Since then, this vigilance plan has been continuously reinforced, aiming to push further toward an end-to-end, risk-based mitigation plan.

Schneider Electric's ambition is to be an ethical company.

Our values shape the way we do business with our many customers, partners, suppliers, and communities around the world. They inform the way that we protect and foster human rights and guide our desire to make a positive impact on the planet and the environment. The Group's vigilance plan reflects this ambition. It also complies with the provisions of the 2017 French law on Corporate duty of vigilance 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 risks that Schneider Electric poses or may pose in its ecosystem, to people or to the environment
- A review of key actions implemented to remediate or mitigate these risks
- An alert system named 'Trust Line'
- Governance specific to vigilance

The aim of the vigilance plan you are currently reading is to explain Schneider Electric's business context, describe the governance system that is supporting the Duty of Vigilance, and review the main salient risks and actions to help mitigate or prevent these risks. This document's aim is to remain compact and synthetic, and therefore does not include fully detailed reviews of the subjects mentioned. Readers who may want additional specific information may refer to Schneider Electric's annual report (available on our website: <https://www.se.com/ww/en/about-us/investor-relations/regulatory-information/annual-reports.jsp>) or contact us directly.





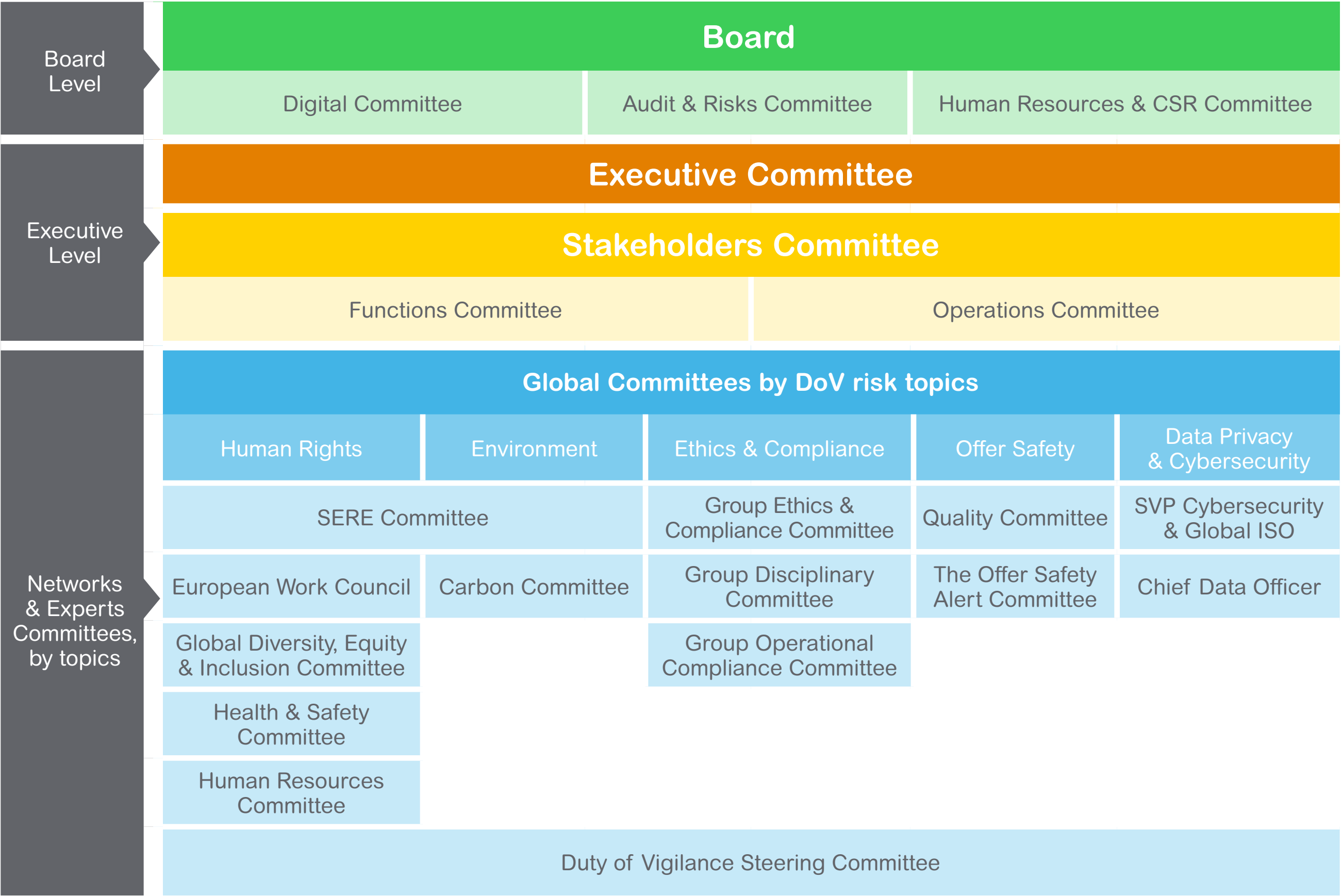
2 | Governance and Stakeholders



2.1 Global Governance

Schneider Electric has set up dedicated governance to the Duty of Vigilance (DoV), with robust instances involving every level of the company, from the Board of Directors to Executive and Experts Committees.

- **Board of Directors:** The Board, composed of 17 directors, defines the functions, missions, and resources of five study committees. Several topics addressed in the vigilance plan are included in the work of the following instances: Digital Committee (cybersecurity), Audit & Risks Committee (Ethics & Compliance program and cybersecurity), Human Capital & Remunerations committee and Governance, Nominations & Sustainability Committee (HR topics and our sustainability approach).
- **Executive Committee:** The executive committee is composed of 17 members. They are actively involved in the various definitions of policies and the implementation of actions, some of which are directly or indirectly related to functions committee.
- **External Stakeholders Committee:** To reinforce its sustainability governance further with solid external insights. The Committee is composed of 9 external members, and its mission is to oversee the delivery of long and short-term commitments undertaken by Schneider Electric in accordance with its purpose and sustainability strategy.
- **Network & Experts Committees:** To define Schneider Electric's strategy on sustainability, including topics addressed in our vigilance plan, and to implement this strategy, Schneider Electric has established several committees, bringing together experts and members of the Executive Committee. The Duty of Vigilance Steering Committee is one of these committees and focuses on the deployment of the vigilance plan. It is chaired by one member of the Executive Committee.



2.2 Duty of Vigilance Steering Committee

2.2.1 Composition

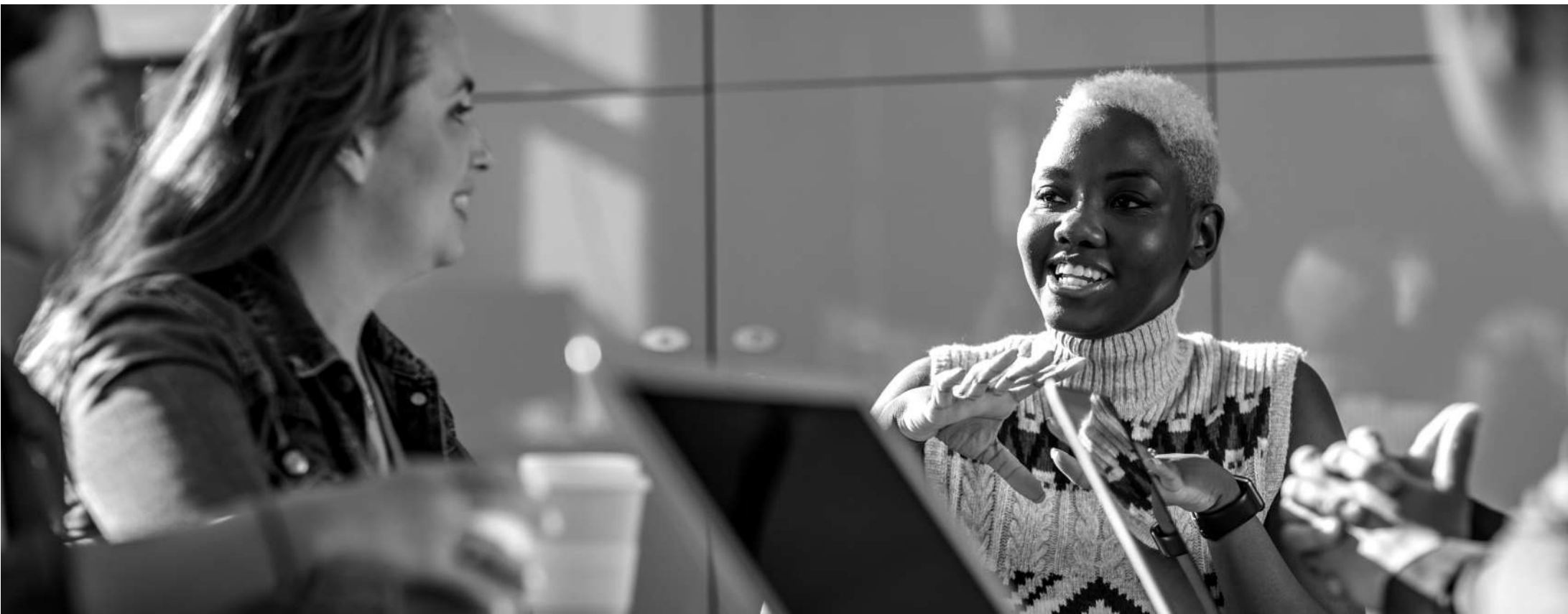
Chairman	Management	Experts
Executive Vice President Global Supply Chain (Executive Committee member)	- Senior Vice President (SVP), Sustainability - SVP, Corporate Citizenship - SVP, Global Safety and Environment - SVP, Global Procurement - SVP, Sustainable Supply Chain & Safety - SVP, Global Customer Projects - SVP, Human Resources - SVP, Ethics & Compliance	- Environment Performance Measurement (1) - Sustainable Procurement (2) - Human Rights (2) <i>Other experts depending on specific needs</i>
Duty of Vigilance Dedicated Coordinator, SVP (1)		

(X) number of persons concerned

2.2.2 Responsibilities and frequency of meetings

The vigilance 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 who represent key internal stakeholders. The Duty of Vigilance is coordinated by a dedicated resource, in charge of involving the different teams and experts and executing actions selected and prioritized in the workplan.

The Steering Committee meets twice a year under normal circumstances. Overall, since the creation of this instance, 17 committee meetings have been held (five in 2017, and two each year from 2018 to 2023 included). The Committee’s objective is to provide a discussion on strategic orientation and prioritize initiatives and resources allocated to their implementation. This Committee also reviews the actions in progress and defines decisions on the next steps for actions.



2.3 Relationship with stakeholders and results

In 2022, Schneider Electric started to expand the involvement of stakeholders in the vigilance process. For that purpose, Schneider Electric has conducted 4 workshops with the European Work Council (EWC) to present its vigilance plan. As a result of these sessions, we received feedback from the EWC and considered their recommendations to improve the plan. A list of six actions has been identified, which have been presented to the Steering Committee in 2023 and integrated into the Duty of Vigilance work plan. These actions are related to the following domains:

1. Communication
2. Governance
3. Suppliers' vigilance
4. Risk mapping by country
5. Alert system
6. Specific subjects

Schneider Electric also works with different external local and international organizations and associations (300+ worldwide) on economic, social, and environmental issues to foster sustainability. Schneider Electric confirms its commitment and participation in discussions on challenges related to climate change. In the following table, we present Schneider Electric's major memberships.

The table below outlines the main channels of engagements with stakeholders (the table is not exhaustive).

Topic	Scope of work	Commitment with external stakeholders	Result
Human Rights	Decent Work and Human Rights in direct operations and across the global supply chain	World Business Council for Sustainable Development (WBCSD, ex-Business for Inclusive Growth Coalition (B4IG)) United Nations Global Compact (UNGC) Ressources Humaines Sans Frontières (RHSF)	Schneider Electric is an active member of the World Business Council for Sustainable Development (WBCSD), community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a et-zero, nature positive, and more equitable future. The Group participates in various workstreams, such as Equity and Human Rights. 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. 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. 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.
	On-site auditing and monitoring of suppliers' activities	Responsible Business Alliance (RBA)	Alignment with the RBA framework to perform 374 on-site audits in 2018-2020, 205 audits in 2021, 223 in 2022 and 212 in 2023 with high-risk suppliers (member of RBA since 2018)
	Peer-to-peer work	<i>Entreprises pour les droits de l'Homme</i> (EDH – Businesses for Human Rights)	Business associations providing its members with tools and advice on implementing the United Nations Guiding Principles on Business and Human Rights – Connection with other large peer companies. Workshops on specific Human Rights subjects
	Diversity, Equity, and Inclusion	Youth and regional development with associations (PaQte, Les Entreprises s'engagent, Collectif d'Entreprises pour une économie plus inclusive, 100 Chances 100 Emplois)	Supporting employment of students and young professionals from diverse social backgrounds. The ambition is to provide at least 60% of candidates with jobs and/or skill development opportunities. At the end of 2022, more than 9,000 young people had been supported through the company's association ‘100 chances – 100 jobs’.



2.3 Relations with stakeholders and results

Topic	Scope of work	Commitment with external stakeholders	Result
Environment	Climate	Schneider Electric is a signatory of the Business Ambition for 1.5°C Initiative (1.5°C science-based target initiative)	The Group's 2030 targets (Net-zero CO ₂ emissions on scope 1 and 2, and -35% on scope 3) have been validated with the 1.5°C scenario (science-based target initiative)
	Energy / Energy efficiency	Solar Impulse Foundation	Partnership with the Solar Impulse Foundation on its Efficient Solutions Label initiative. +1,000 solutions to fight climate change have been identified.
	Biodiversity	Schneider Electric is a founding member of the Livelihoods Carbon Fund (carbon offset fund for biodiversity and rural communities) Act4nature	Creation of the first sustainable carbon fund with high social impact in 2011, managed by an independent team based in Paris. In 2021, Schneider Electric invested EUR 25 million in Livelihoods Carbon Fund #3, in addition to EUR 10 million invested in Livelihoods Carbon Funds #1 and #2 (EUR 5 million each). Schneider Electric has taken 5 commitments to Act4nature International, to reduce its impact on biodiversity.
Business Ethics	Anti-corruption	Transparency International France, Le Cercle d'Éthique des Affaires (The Ethical Business Circle), International Deontology & Compliance Committee of the <i>Mouvement des Entreprises de France</i> (Movement of the Enterprises of France), and Anti-Corruption Committee of Business at OECD (BIAC)	Schneider Electric participates in the initiatives of many NGOs and professional associations, such as Transparency International France, to help stop corruption and promote transparency, responsibility, and integrity across all sectors.
Corporate Citizenship	Education	Training programs in energy management for disadvantaged people, in partnership with local vocational training centers and non-profit organizations.	578,709 people trained since 2009
	Philanthropy	International Association for Volunteer Effort (IAVE)	Supporting more than 70 NGOs each year in over 35 countries
Cybersecurity	Cybersecurity	ISO/IEC JTC 1/SC 27	Engaging in cyber discussions with our customers, suppliers, and partners to improve resilience across the value chain. Partnering with leading companies, experts, and authorities in the field of cybersecurity.



2.4 Alert system

2.4.1 Trust Line: Our whistleblowing system

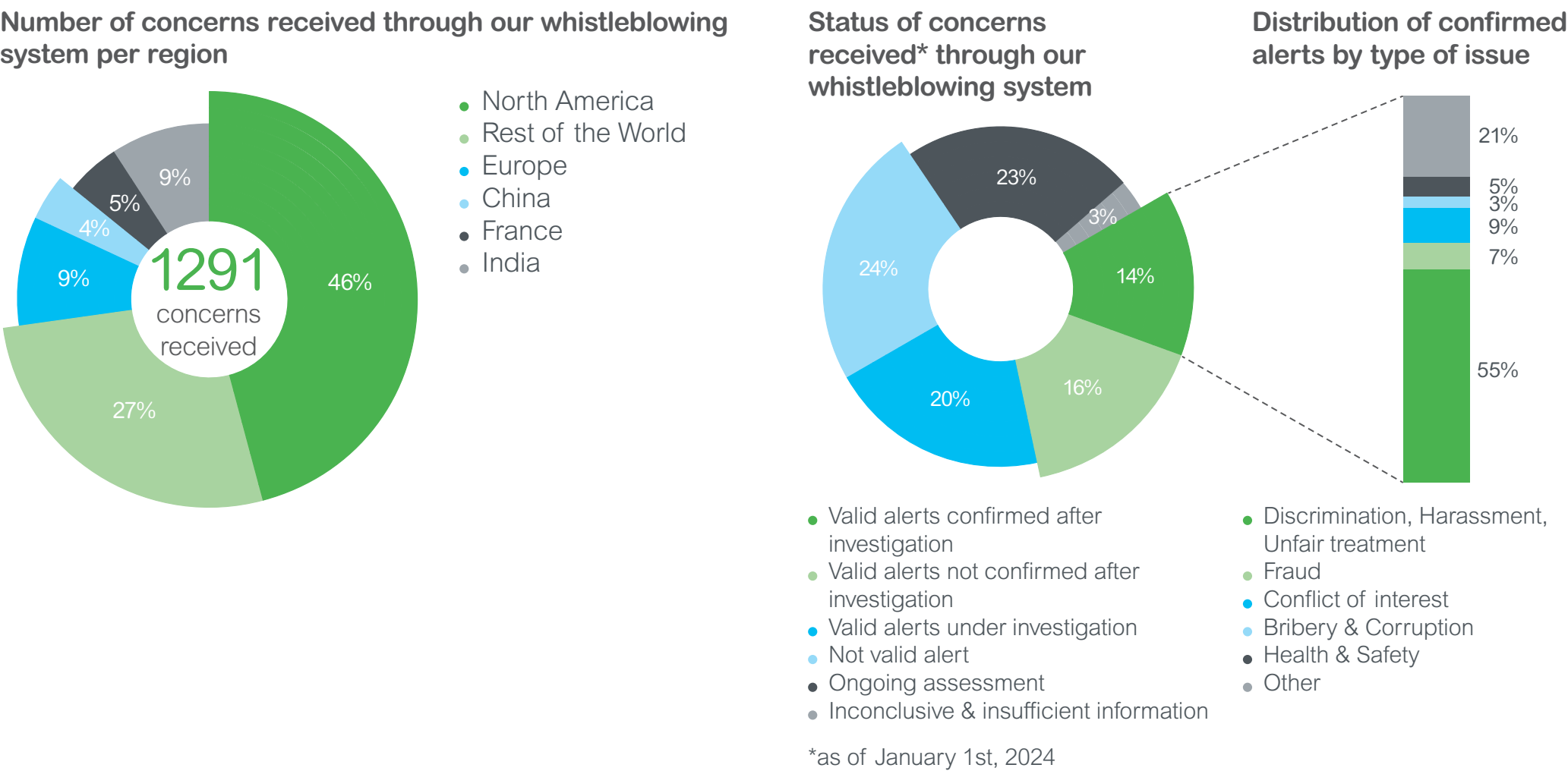
Trust Line is Schneider Electric’s internal and external alert system, accessible by any stakeholders who wish to raise concerns associated with ethical or sustainability standards with respect to business associations. It is aimed at Schneider Electric’s employees, suppliers, subcontractors, customers, shareholders, partners, commercial agents, or NGOs who might be experiencing or may have witnessed any unethical behaviors that involve or affect Schneider Electric.

The system is provided by an external, impartial third-party company and aims to provide support to stakeholders during complex and difficult situations. It manages all alerts with strict confidentiality so that whistleblowers can report any potential misconduct without fear of retaliation, in compliance with local country laws. Unless there are legal provisions to the contrary, the system can be used to send any concern in every country in which the Group operates. All alerts received are treated by a structured process led by Group Compliance.

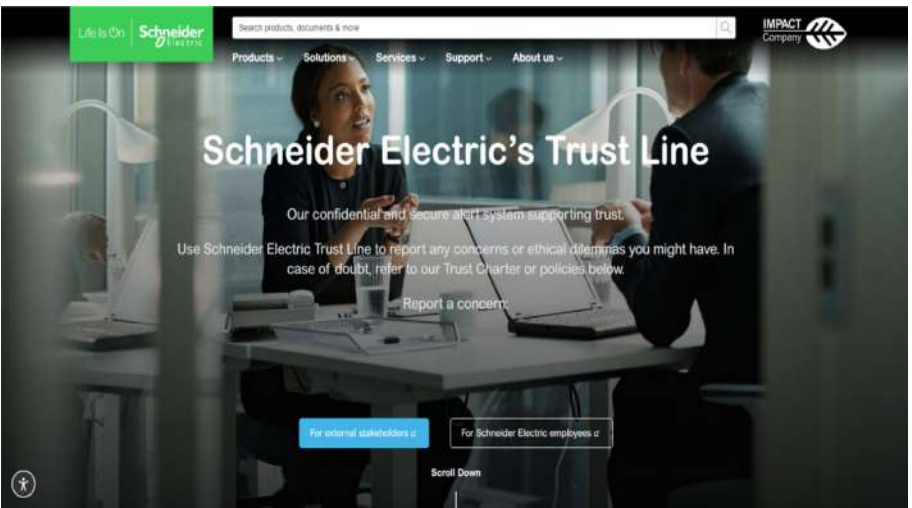
Case management: a structured process

1 Report	2 Assess	3 Investigate	4 Remediate	5 Follow-up
Report potential violations By employees or Third Parties	Confirm (or not) validity of alert Assign investigator(s) By the Group Compliance Team	Fact-finding process, interviews, data analysis • Allegations confirmed or not • Root cause analysis By assigned investigator(s)	Remediation and/or disciplinary measures By the Group Compliance Team and Management	Check implementation of action decided and non-retaliation By Group Compliance Team

In 2023, 1291 Ethics & Compliance concerns were received through our internal reporting mechanisms.



The Trust Line is available online globally at the following link, at all times, and protects the anonymity of the whistleblower (unless there is legislation to the contrary) <https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/trustline/>



All employees are invited to express whether they are comfortable “reporting an instance of unethical conduct without fear” each year during the OneVoice employee engagement survey. In 2023, 82% of employees surveyed answered “yes”, which constitutes an improvement of +1 point over a two-year period. The Group’s 2025 ambition is to raise its employees’ confidence by 10 points (SSI #7).



3 Scope and business models



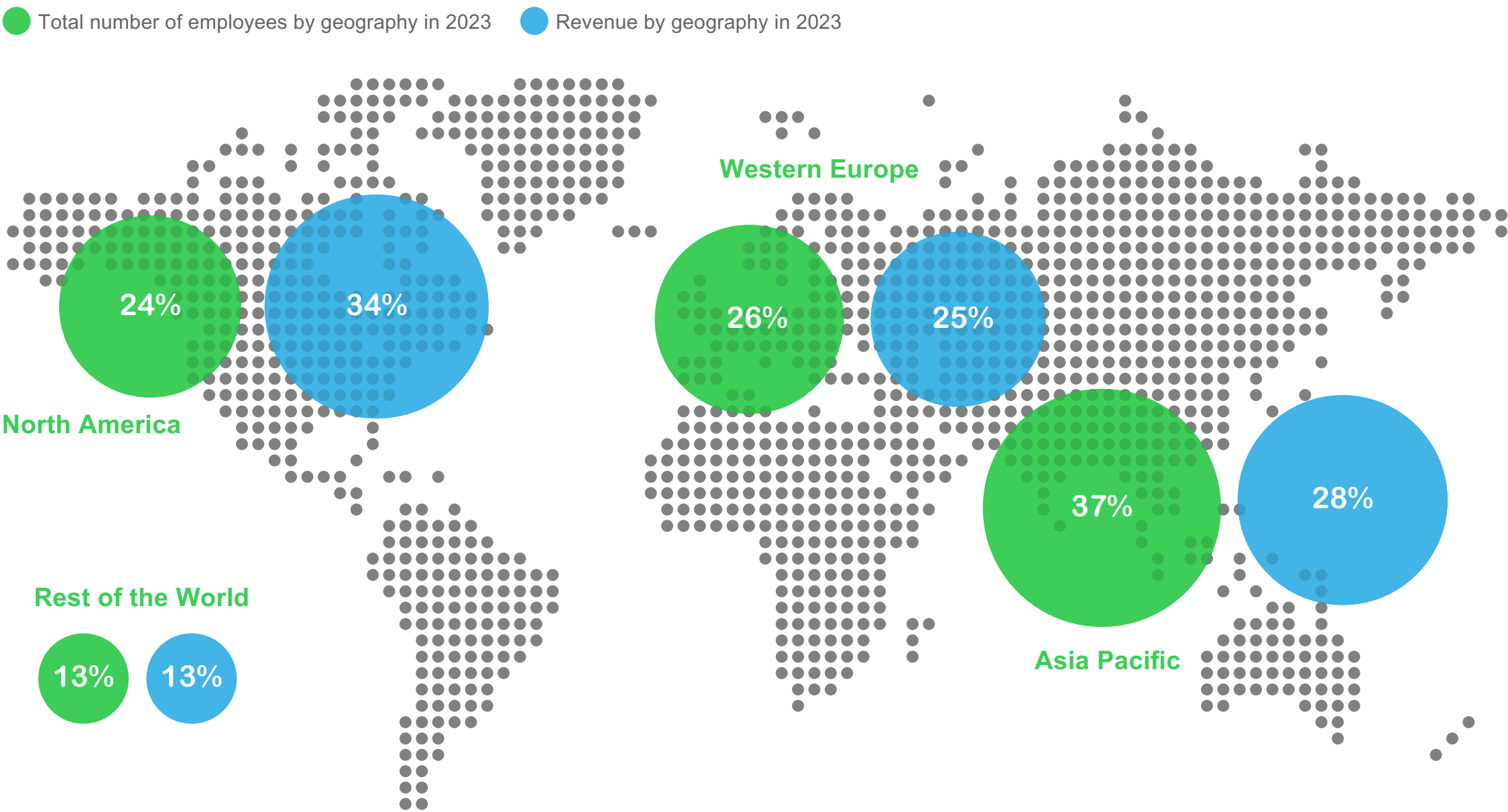
3.1 Schneider Electric’s footprint

Headcount >168,000
5.6% of sales dedicated to R&D

Revenues: €35.9 billion
39% of our revenues in new economies
55% of employees in new economies

Number of factories: 153 in 32 countries
Number of distribution centers: 79 in 44 countries

Our business



3.2 Schneider Electric’s value chain and route-to-market

Schneider Electric serves customers in five end markets: Buildings, industries, data centers, infrastructures, homes and residential. We deliver our range of products, solutions, and software to customers either directly, or via intermediaries (our channel partners). Our manufacturing relies on a large base of suppliers located across the world.

Suppliers:

Schneider Electric’s suppliers can be providers of raw materials to be transformed in its factories, or providers of components and sub-assemblies that are put together in its factories.

Schneider Electric:

- Office and commercial sites: Host our administrative functions.
- R&D facilities: Host our research & development teams. These sites receive a specific level of security as they are often the place for electricity-related experimenting activities.
- Manufacturing: Our facilities are mostly one of the following:
 - Product factories: These plants are usually specialized by offer types and focused on one or several product ranges.
 - Equipment factories: These plants assemble customized systems, designed to the specifications of our customers’ needs.
 - Distribution centers: These locations concentrate flows from product factories, and dispatch products to local Schneider delivery centers, or to customers.



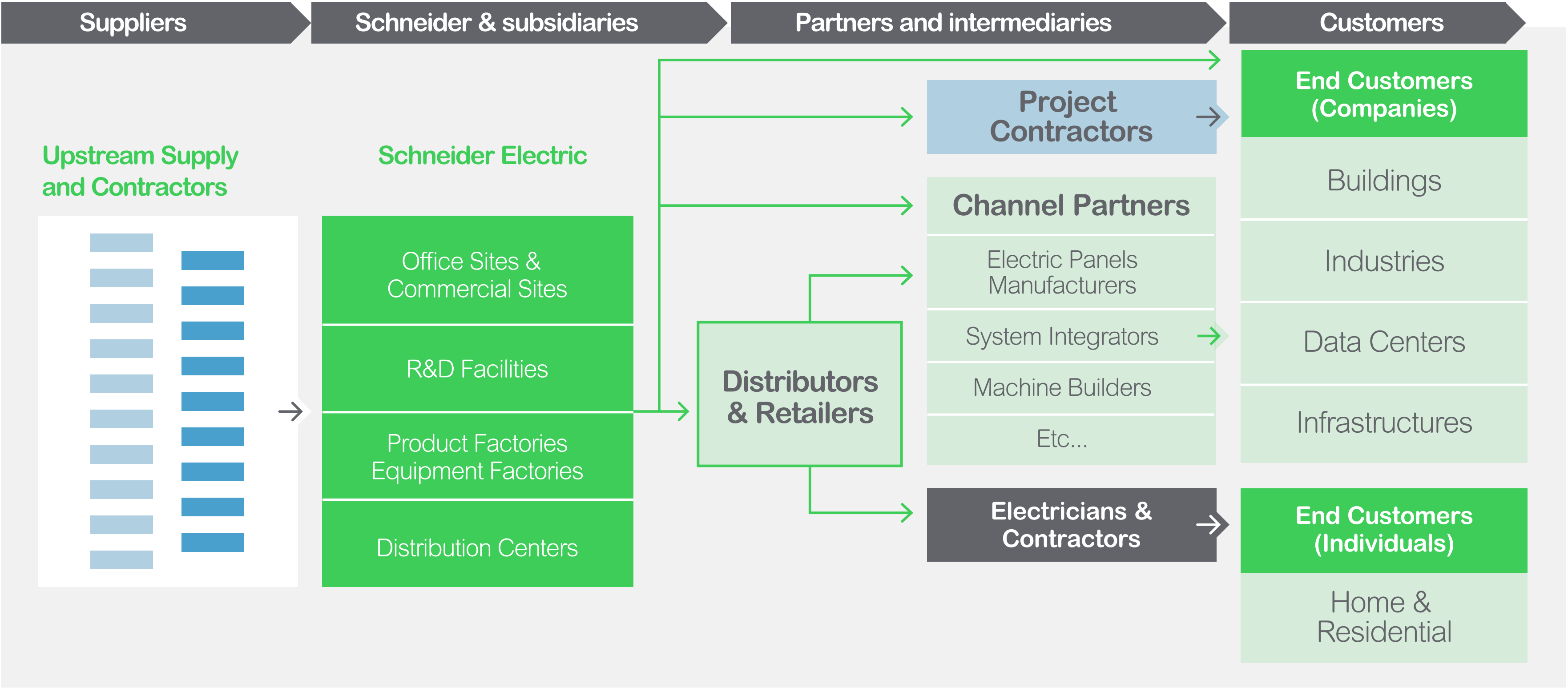
3.2 Schneider Electric’s value chain and route-to-market

Partners and intermediaries:

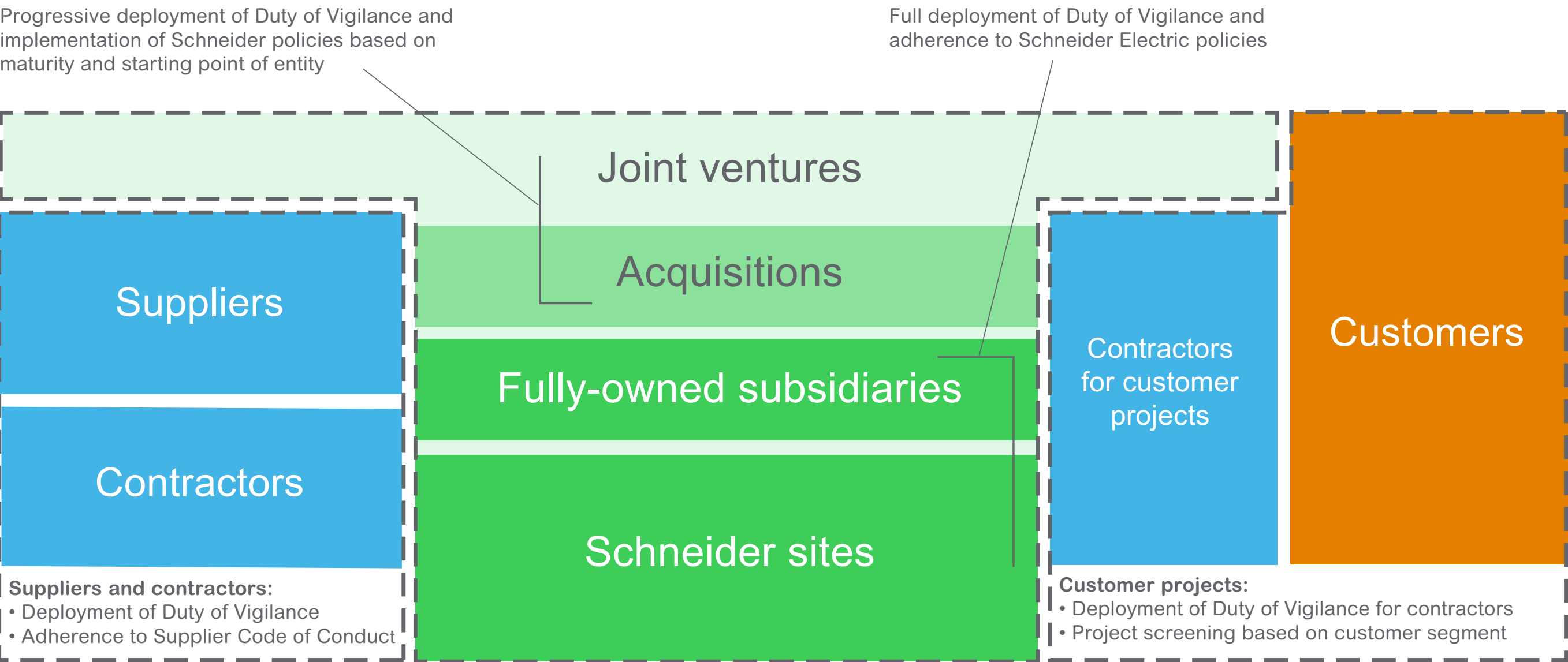
Schneider Electric relies on several sales delivery models to get our solutions to our customers. These models can be grouped into two main types:

- The transactional model delivers standard products or simple systems. Here, the delivery path usually goes through channel partners, who add their specific value before the product reaches a final customer. This added value can be in the form of technical expertise, logistics, or support.
- The project model delivers a complete solution to the final customer. This model may involve specific subcontractors, who handle a part of the project, and post-delivery services and maintenance.

From raw materials to end customers: Schneider's value chain



3.3 Duty of Vigilance – Scope of application



4 | Risk Mapping



4.1 Methodology

4.1.1 Global methodology

Schneider Electric is primarily relying on an external consortium, the Responsible Business Alliance (RBA), for its analysis of risk across countries and industries in which it operates. RBA uses a set of publicly available indicators that cover a wide range of topics such as human rights, corruption, transparency, business ethics, pollution, etc.

In addition, to reflect the needs of the Duty of Vigilance risk evaluation, Schneider Electric has developed a specific risk mapping process that is annually reviewed. The methodology is consistent with other risk evaluations maintained at the Group level, and focuses specifically on the risks posed by Schneider Electric on its environment and ecosystem. It is based on interviews with internal experts from diverse areas such as health & safety, social relations, business ethics, supply chain, cybersecurity, and data privacy.

In 2021, Schneider Electric expanded the scope of risk mapping to local communities living close to its locations and customer project sites. The scope of work covered Schneider Electric and its subsidiaries, joint ventures, suppliers, and subcontractors. A review of the downstream supply chain is also carried out for a sample of large customer projects.

4.1.2 Risk categories

Four risk categories have been identified: Human rights, environment, business conduct, offer safety and cybersecurity. To be able to make a granular assessment of the risk level, based on the nature of the risk and the magnitude of its impact on Schneider Electric’s ecosystem, each category has been divided into specific risk areas.

Human rights:

- Decent Workplace
- Health and safety

Environment:

- Pollution and specific substances management
- Waste and circularity
- Energy, CO₂, and GHG

Business conduct:

- Ethical business conduct
- The alert system, protection, and non-retaliation

Offer safety and cybersecurity:

- Offer safety
- Cybersecurity and data privacy

4.1.3 Risk locations

The Group has studied four areas where risks may occur:

- Schneider Electric sites: They are segmented based on categories that present a specific level of risk. Employees with frequent travels (sales, field services, travelers, audit, top management) have been assessed separately.
- Suppliers: The level of risk differs based on the type of process and technologies used; 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, like building a large electrical system at a customer’s site, Schneider Electric works with contractors, leveraging their expertise (across civil work, electrical contracting, etc.). This ‘off-site’ project work generates a specific level of risk 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. These communities have been assessed against three risk categories: Human rights, environmental, and business ethics.



4.1 Methodology

4.1.4 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:

- 1 – Non-existent, 2 – Low, 3 – Medium, 4 – High, 5 – Very high
- In this 2023 risk assessment, no ‘very high-risk’ levels were identified.

4.2 Risk matrix

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

		Schneider Electric sites						Suppliers						Contractors		Communities		
		Offices	Travelers, sales forces	Factories: low voltage and electronics	Factories: medium voltage	Project centers	Field services	Travels and hospitality	Transportation and shipping	Raw materials	Metal transformation and treatment	Plastics	Batteries	Other components	On Schneider Electric sites	Off site and projects execution	Around Schneider Electric sites	Around customer 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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		



4.3 Summary and comments on the key vigilance risks

The risk matrix built by Schneider Electric gives an overall and synthetic view of the risks that are present on the vigilance radar screen. From a global and high-level perspective, the following risks are the highest:

Cybersecurity

Schneider's offers of products, solutions, services and software allow customers to pilot their operations with efficiency and productivity, and to optimize their energy consumption, hence their carbon footprint. These offers are highly digital, and often related to the core of the customer's process, for example a factory, a chemical plant, a power generation plant or an office building. Therefore, any breach or event with cybersecurity may have important consequences for our customers, from a material or safety and security perspectives. For this reason, cybersecurity is on the top of Schneider's agenda, not only from a vigilance point of view, but also from a strategic point of view. As this topic is highly technical, we invite the reader to refer to the annual report (URD) dedicated section, as well as the specialized reports available on Schneider's website.

Environment

Carbon emissions and climate

Among the different items in this section, CO₂ emissions and their consequence on climate warming are the highest risk. For several years now, Schneider has been measuring its carbon footprint in scopes 1, 2 and 3, and now has a detailed, more accurate view of this footprint. Schneider's total carbon emissions (57 million tons in 2023) are mostly originating from scope 3, with 86% coming from downstream usage (emissions at customer's operations) and 14% coming from upstream suppliers (raw materials and suppliers' operations). Schneider's own operations are very low in carbon emissions (<1%). In 2023, for the first time, emissions from all scopes have been reduced, as a result of efforts to decarbonize

our energy supply, reduce the carbon footprint of our offer of products and solutions for customers, and help our key suppliers decarbonize. However, as described later in this chapter, the challenge of CO₂ emissions and climate warming is significant and the pace of actions needs to be sustained to converge towards our target to reach net-zero emissions by 2050, as per Schneider's public commitment.

Pollution and water use from raw materials extraction or transformation

Pollution and water-related risks are difficult to evaluate precisely in our supply chain, as they are most likely to occur at sites far upstream, during raw material extraction and transformation, which makes data difficult to obtain. Obtaining precise information for suppliers operating far upstream is challenging and will take time. However, pollution and water usage from industries involved in materials extraction or transformation could have significant impact on water, biodiversity or local communities. A specific study of a list of raw materials, such as copper, has started to better understand the impact of these industries, so that their risks can be further apprehended in our risk mapping exercise. As a precautionary approach, Schneider is accelerating its policy of re-using, recycling, and expanding product life span to limit the consumption of raw materials, and thereby potential associated risks. The Company is also progressing well on its SSI #4 objective to use 50% green materials in its products by 2025, which focuses on steel, aluminum and plastics.



4.3 Summary and comments on the key vigilance risks

Human Rights

Forced labor, migrant workers

According to the 2021 Global Estimates of Modern Slavery¹, approximately 28 million people are estimated to be in forced labour, a number alarmingly increasing since 2016. 63% of all forced labour (17 million people) is estimated to be imposed by private actors. The report estimates that services (excluding domestic work), and manufacturing are the sectors most exposed, accounting for respectively 32% and 19% of total forced labour. The prevalence of forced labour is also much higher for migrant workers than for other workers. The report also identifies that for manufacturing, most forced labour cases occur in production in the lower tiers of domestic or global supply chains. This analysis shows that there could be risks of forced labour in the lower tiers of Schneider Electric's supply chain, especially for migrant workers. Although cases have not been identified during internal or supplier audits, Schneider Electric is committed to further investigate and better apprehend this risk.

Working hours, mental health

The second category of risk in this section is linked to long working hours, work pressure and the consequent psycho-social and mental health risks. Here, the risk is rather well captured, both internally and at our suppliers and contractor's place of operations. Following the Covid year, this risk has been increasing in a rather regular way. However, the set of actions deployed to reduce its negative impacts has also been enlarged, especially within Schneider's own operations.

Ethical Business Conduct

Risks linked to Ethical Business Conduct are the subject of particular attention by the Group. Schneider is indeed exposed to this type of risk due to several factors. First, its geographical presence in countries where corruption is present. This is especially true when managing large and complex projects that imply coordinating with subcontractors. Specific caution and stringent rules are applied, particularly when dealing with public authority or agents. Second, geopolitical tensions have significantly increased the number of sanctions and export control rules, making it a complex environment. Several actions were implemented to raise awareness and tighten control, both internally and with external commercial partners. Last, Schneider is aware that tensions on the suppliers of certain raw materials may increase risks of unethical business conduct in the procurement chain. This risk is more difficult to apprehend, especially as the procurement of such materials is often not done by Schneider but by suppliers. However, Schneider is taking this subject seriously and is striving to develop better understanding and control across its supply chain.

Local communities

One last category of risks to mention is the local communities. Although Schneider is not often operating in an environment where its presence is having a significant impact on communities (both through its direct operations or that of its suppliers), it may happen that some large customer projects may be operated in sensitive environments. Therefore, Schneider has started a review of its main projects to better identify the type of risk that may arise, and the possible solutions to mitigate these risks. As mentioned above in the "pollution from raw materials" section, the extraction and processing phases of the metals used by Schneider Electric are a real concern for us as they may have negative impacts on local communities.

1. Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), Geneva, 2022



4.4 Evolution of risk evaluation (compared to 2022)

In 2023, the Group conducted an update of risk mapping with key internal experts. No changes were brought to the methodology compared to 2022. The structure of our risk matrix can and will be further improved and refined. Yet, it already allows us to capture the main nature of risk from a Duty of Vigilance point of view.

Overview of main risks and their evolution:

- **Schneider Electric sites:**

- 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 are increasing. 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 levels.
- 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.
- 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.

- **Suppliers:**

- 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.

- **Contractors:**

- As in 2022, the 2023 assessment confirmed external off-site contractors as one area that requires special attention. This is due to the specific nature of project work (civil work, installation, etc.) that implies high labor activity on construction sites. Projects have been under specific pressure, as supply chain disruptions create some periods of slow down, or even completely halt on-site works, followed by intense periods of playing catch-up. This situation increases risks linked to health & safety and human rights, probably augmented by social consequences among the population of contracted and migrant workers.

- **Country legislation:**

- 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.



5 | Actions



5.1 Inside Schneider Electric

5.1.1 Introduction

The following section presents the main actions taken by Schneider Electric to reduce risks on its sites (offices, factories, distribution centers, etc.). For the sake of clarity and easier viewing, this year we have taken the option to report at a higher level of granularity and in the format of a table.

The risks presented below are selected based on two criteria:

- Either the topic presents a significant level of risk for Schneider Electric operations
- Or the subject does not present a high risk for the Group, but due to its importance and specificity, it is integrated into our review.

This list is not exhaustive and represents only a selection from our detailed risk analysis.

The aim of the table below is to list the risks, the mitigation actions, and the results of these actions. For more detailed information, the reader may refer to the corresponding section of the 2023 Universal Registration Document.

RISK TOPIC		1. EXPLANATION OF THE RISK FACTOR	4. REDIRECTION TO THE URD
Risk level before mitigation	Risk level from (low) to (extreme)		
2. ACTIONS DEPLOYED TO MITIGATE THE RISK		3. RESULTS OF THE MITIGATION ACTIONS, COMMENTS, HIGHLIGHTS	



5.1 Inside Schneider Electric

5.1.2 Human rights – Decent Workplace

5.1.2.1 Child labor Risk level before mitigation ●		 The risk of having children under 18 work on Schneider premises is very low (except if it is part of their school curriculum above 15), however the subject is of paramount importance and receives our focus	URD 2023: page 136-138 section 2.2.11
Actions deployed  - Preventive action: Schneider’s Human Rights policy sets clear guidelines to teams around the world and was updated in December 2022. - Locally, HR teams operate systematic age checks when hiring personal.		Results  - Human Rights policy deployed in 100% of Schneider sites and entities. - No children under 18 employed except for internships based on local laws.	
5.1.2.2 Decent hours and paid leave (i) Risk level before mitigation ●		 Workers and teams in supply chain entities must benefit from a minimum number of rest days per week, and their work time must not exceed a maximum hours per week	URD 2023: page 136-138 section 2.2.11
Actions deployed  Preventive action: Schneider’s Human Rights policy sets a limit of 60 hours worked per week, and at least 1 day off per week.		Results  - Human Rights policy deployed in 100% of Schneider sites and entities. - Working time and rest days are monitored by local Human Resources teams.	



5.1 Inside Schneider Electric

5.1.2.2 Decent hours and paid leave (ii)

Risk level before mitigation



Workers and teams in supply chain entities must benefit from a minimum number of rest days per week, and their work time must not exceed a maximum hours per week

URD 2023:
page 219-221 section 2.5.2.6

Actions deployed



- Preventive action: flexibility@work policy allows employees to organize their work (time, location, volunteering).
- Preventive and corrective: Mental health program which includes training, awareness and a specific campaign.

Results



- The Schneider Electric’s Global Flexibility@Work Policy was updated in 2020, making it a global standard to work from home (WFH) two days a week for all eligible employees.

	2023	2022	2021	2020	2019	2018
Flexibility@Work policy deployment %	99%	99%	99%	/	/	/
Employee trained on mental health	97%	98%	8%	2%	/	/
Global Leave policy deployment %	100%	100%	100%	100%	99%	75%

5.1.2.3 Forced labor

Risk level before mitigation



Risk of having Schneider employ forced labor as permanent, temporary, or interim workforce.

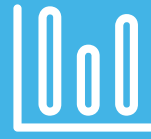
URD 2023:
page 136-138 section 2.2.11

Actions deployed



- Preventive action: Schneider’s Human Rights policy sets clear guidelines to teams around the world.
- Preventive action: Internal Migrant Workers guidelines deployment

Results



- New Human Rights policy issued in 2022 and deployed in 2023.
- Migrant workers protection internal guidelines published and deployed in 2023. 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.



5.1 Inside Schneider Electric

5.1.2.4 Decent wages and benefits

Risk level before mitigation



Risk of having Schneider employees paid below the threshold of a living wage.

URD 2023:
page 234-239 section 2.5.4

Actions deployed

- Preventive action: Schneider is carrying a living wage analysis through an independent process to identify living wage gap. Corrective actions are implemented every year to prevent or correct any gap with the living wage.



Results

- Since 2019, Schneider has been leveraging BSR data, then the FairWage Network in order to assess the livingwage level per country. The latest gap analysis was conducted in 2023 and showed that there is no gap at Schneider (including subsidiaries). Schneider Electric has been certified Global Living Wage Employer by the Fair Wage Network.

	2023	2022	2021	2020	2019	2018
Employees covered by living wage analysis	100%	99%	99%	Not done	99%	/
Schneider Electric employee paid above living wage	100%	99.9%	99.9%	99%	99%	/



5.1.2.5 Non-discrimination

Risk level before mitigation

to



Local D&I actions are implemented in countries and regions to encourage to tackle additional DEI and wellbeing challenges specifically relevant to their markets and tailored to their needs.

URD 2023:
page 216-225 section 2.5.2

Actions deployed

- Preventive action: Deployment of a set of policies that refer to non-discrimination: a. Diversity and Inclusion policy b. Human Rights policy c. Anti-Harassment policy.
- A dedicated training “Building a culture of respect“ was mandatory for all Schneider employees in 2021.
- The Company educates employees on hidden biases through an e-workout on “Overcoming Hidden bias”



Results

- Local D&I actions are implemented in countries and regions to encourage to tackle additional DEI and wellbeing challenges specifically relevant to their markets and tailored to their needs.

	2023	2022	2021	2020	2019	2018
Human Rights policy deployment %	100%	100%	100%	/	/	/



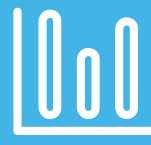


5.1 Inside Schneider Electric

5.1.2.5 Non-discrimination (cont'd.) Risk level before mitigation to		 Risk of having some segments of population/employees being discriminated among the Schneider workforce because of gender, race, color, ethnicity, nationality, sexual orientation, health condition, etc.		URD 2023: page 216-225 section 2.5.2 page 234-239 section 2.5.4																				
Actions deployed (gender balance) • The Group sets specific gender balance targets in the scope of the SSI, for 2025: 50% women in recruitment, 40% in front line management, 30% in leadership positions. • Schneider sets an objective to reduce the gender pay gap to under 1%;		Results <table><tr><th></th><th>2023</th><th>2022</th><th>2021</th><th>2020</th><th>2019</th><th>2018</th></tr><tr><td>50/40/30 objective</td><td>41% 28% 29%</td><td>41% 27% 28%</td><td>41% 27% 26%</td><td>41% 25% 24%</td><td>40% 24% 23%</td><td>38% / 22%</td></tr><tr><td>Gender pay gap</td><td>F: -1% M: 0.67%</td><td>F: -1.6% M: 1.02%</td><td>F: -1.61% M: 1.11%</td><td>F: -1.73% M: 1.00%</td><td>/</td><td>/</td></tr></table>				2023	2022	2021	2020	2019	2018	50/40/30 objective	41% 28% 29%	41% 27% 28%	41% 27% 26%	41% 25% 24%	40% 24% 23%	38% / 22%	Gender pay gap	F: -1% M: 0.67%	F: -1.6% M: 1.02%	F: -1.61% M: 1.11%	F: -1.73% M: 1.00%	/
	2023	2022	2021	2020	2019	2018																		
50/40/30 objective	41% 28% 29%	41% 27% 28%	41% 27% 26%	41% 25% 24%	40% 24% 23%	38% / 22%																		
Gender pay gap	F: -1% M: 0.67%	F: -1.6% M: 1.02%	F: -1.61% M: 1.11%	F: -1.73% M: 1.00%	/	/																		
Actions deployed (Ethnicities & nationalities) • Based on a global commitment made by Schneider Electric, regional specific actions are deployed for Ethnic and Nationality diversity.		Results • To reinforce the “equity and equal opportunities” strategy and to reinforce its reputation as the most global of local companies, the objective of Schneider Electric is to ensure that its leadership footprint is in line with its business footprint. <table><tr><th></th><th>2023</th><th>2022</th><th>2021</th><th>2020</th><th>2019</th><th>2018</th></tr><tr><td>Revenues from new economies</td><td>39%</td><td>41%</td><td>43%</td><td>41%</td><td>41%</td><td>42%</td></tr><tr><td>Country presidents from countries/regions they are leading</td><td>89%</td><td>84%</td><td>84%</td><td>85%</td><td>/</td><td>/</td></tr></table>			2023	2022	2021	2020	2019	2018	Revenues from new economies	39%	41%	43%	41%	41%	42%	Country presidents from countries/regions they are leading	89%	84%	84%	85%	/	/
	2023	2022	2021	2020	2019	2018																		
Revenues from new economies	39%	41%	43%	41%	41%	42%																		
Country presidents from countries/regions they are leading	89%	84%	84%	85%	/	/																		



5.1 Inside Schneider Electric

5.1.2.5. Non-discrimination (cont'd.) Risk level before mitigation to		 Risk of having some segments of population/employees being discriminated among the Schneider workforce because of gender, race, color, ethnicity, nationality, sexual orientation, health condition, etc.		URD 2023: page 216-225 section 2.5.2 page 234-239 section 2.5.4													
Actions deployed (Disability) - Schneider Electric ran two global campaigns in 2023, to build awareness and education on disability, inclusion and accessibility. Global Accessibility Awareness Day in May, and UN International Day of Persons with Disabilities in December - In January 2021, Schneider joined the ILO Global Business and Disability Network and signed their charter 		Results No specific results 															
Actions deployed (LGBT+) - In 2018, Schneider adopted the UN Free and Equal Standards on Conduct for Business on Tackling Discrimination against LGBT+ people. - Dedicated campaign that focused on intersectionality. 		Results No specific results 															
Actions deployed (employee engagement) - Every year, Schneider Electric conducts a specific survey (OneVoice) to measure employee engagement 2023 annual employee survey show an employee engagement of 73% (target 2025 is 75%). 		Results In 2023, high response rate of 87% with an 3-point increase vs 2022 in engagement score. Emergence of the following critical areas related to employee experience: recognition and effectiveness  <table><tr><td></td><td>2023</td><td>2022</td><td>2021</td><td>2020</td><td>2019</td><td>2018</td></tr><tr><td>Employee engagement</td><td>73%</td><td>70%</td><td>71%</td><td>69%</td><td>64%</td><td>67%</td></tr></table>					2023	2022	2021	2020	2019	2018	Employee engagement	73%	70%	71%	69%
	2023	2022	2021	2020	2019	2018											
Employee engagement	73%	70%	71%	69%	64%	67%											



5.1 Inside Schneider Electric

5.1.2.6 Continuous employability

Risk level before mitigation

 to



Risk of skill gaps for employees due to fast evolving tools and technologies. This skill gap can be internal to Schneider, or external in comparison to the labor market. The consequence of such skill gap is that employees skills and knowledge may become obsolete compared to requirements of their job / function.

URD 2023:
page 226-233 section 2.5.3

Actions deployed

- Learn every day program enabling employees to own their development, taking responsibility to build critical skills to keep up with the changing world, supported by their manager and enabled by digital tools.
- Open Talent Market (OTM) for employees to get opportunities for mentoring, new positions, and part-time projects, as well as potential career paths.

Results

- Globally, slight decrease in the number of training hours per employee.

	2023	2022	2021	2020	2019	2018
% employees that receive a digital upskilling program (target by 2025 = 90%)	78%	77%	74%	41%	/	/
Number of employees having an interaction on OTM (target by 2025 20,000)	7.875	9.536	10,279	5,019	/	/
Number of training hours per employee	24.1	24.1	24.5	24.5	25	27.5



5.1.2.7 Social dialogue

Risk level before mitigation

 to



The challenge is to gain and maintain the highest confidence of its stakeholders. Schneider Electric considers freedom of association and collective bargaining as fundamental rights that must be respected everywhere.

URD 2023:
page 239-241 section 2.5.5

Actions deployed (employee engagement)

- The Group joined the Global Deal initiative in 2017.
- Human Rights policy and trust charter sets freedom of association and collective bargaining as fundamental rights
- Regional specific actions are deployed

Results

- In 2022, Schneider Electric started to expand the involvement of stakeholders in the vigilance process. For that purpose, Schneider Electric has conducted 4 workshops with the European Work Council (EWC) to present its vigilance plan. As a result of these sessions, we received feedback from the EWC and considered their recommendations to improve the plan. A list of six actions has been identified, which have been presented to the Steering Committee in 2023 and integrated into the Duty of Vigilance work plan.





5.1 Inside Schneider Electric

5.1.3 Human rights - Health and Safety risks

5.1.3.1. Occupational Health & Safety and top 5 risks – prevention

Risk level before mitigation

to

Risk of occurrence of an accident on the workplace, causing injury or incapacitation to work for to the employee. Among these Safety risks, the Top 5 Hazard in Schneider are: electrical, falls, PIT (Powered Industrial Trucks), Road Safety & Machines).

URD 2023:
page 121-123 section 2.2.4

Actions deployed

- “S.A.F.E. first” global program includes awareness campaigns and dedicated training programs in several languages for teams and individuals.
- Environment, Health and Safety assessment are performed in industrial sites worldwide.
- 2021 first annual safety survey to measure safety teams engagement.

Results

- Overall, stability of health and safety indicators across Schneider employees and temporary workers increased.

	2023	2022	2021	2020	2019	2018
ISO 45001 sites	211	211	180	184	/	/
ISO 9001 sites	230	231	231	231	228	243
Medical Incident Rate ¹	0.51	0.58	0.65	0.58	0.79	0.94
Lost-Time Injury Rate ²	0.28	0.32	0.33	0.32	0.39	0.46
Lost-Time Day Rate ³	7.78	14.23	15.58	14.74	16.69	13.69

1. MIR = Number of accidents requiring medical treatment x 1,000,000/number of hours worked.

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.

3. LTDR = Number of lost days x 1,000,000/number of hours worked. International standard indicator comparable to the accident severity rate

5.1 Inside Schneider Electric

5.1.4 Environmental risks

5.1.4.1 Pollution and substance management

Risk level before mitigation

to



Environmental risks related to manufacturing including soil, water, and air contamination. For example, the release of hazardous substances harmful to humans or the environment.

URD 2023:
page 184-209 section 2.4

Actions deployed



- Implementation of an Integrated Management System (IMS) that hosts ISO 14001 and ISO 50001
- Monitoring of specific substances including VOC.
- Deployment of REACH/ROHS supported by a data collection process to gather information from suppliers
- Disclosure of product environmental information using the “Check a Product” platform, a website providing all relevant product environmental information.

Results



- The 234 ISO 14001 sites, represent approximately 82% of the Group scope in terms of energy consumption, and over 83% of the Group scope in terms of water consumption, waste generation, and Volatile Organic Compounds (VOC) emissions.

	2023	2022	2021	2020	2019	2018
ISO 14001 sites	234	243	244	232	241	253
ISO 50001 sites	128	132	140	150	153	168
Atmospheric pollution - VOC/Sales (kg/m€)	8.5	9	17.3	17.5	24.1	25.8
VOC Total (kg)	304,975	308,250	501,455	440,442	653,502	664,352
Number of significant fines (> EUR 10,000) related to environmental or ecological issues	0	0	0	0	n/a	n/a



5.1 Inside Schneider Electric

5.1.4.2 Waste and circularity

Risk level before mitigation

●



Risk of wasting natural resources and raw materials or over-using them. Risk mitigation efforts are to be made on the product design, the recycling of products and components, and the circularity of business models.

URD 2023:
page 184-209 section 2.4

Actions deployed



- Development of the Green Premium™ program and the EcoDesign Way™ process to reduce the environmental impact of our products.
- Dedicated program to reach the ambition that 100% of its sites in water-stressed areas have a water conservation strategy and related action plan by 2025
- Commitment to reach 200 “waste to resources” sites that must achieve 99% recovery for all on-hazardous waste, of which at least 90% of reused or recycled (and less than 10% is sent to energy recovery).
- Group commitment to reach 100% of primary and secondary packaging used from recycled cardboard & 100% of primary and secondary packaging without single use plastic by 2025.

Results



- Overall, the efficiency of resources and water utilization has been improved in 2023 compared to previous years.

	2023	2022	2021	2020	2019	2018
Green material content in our products	29%	18%	11%	7%	n/a	n/a
Primary packaging recycled cardboard without single-use plastic	63%	45%	21%	13%	n/a	n/a
Tons of primary resources avoided with end-of-life product collection	50.1	57.1	46.5	60.1	53.9	46.3
Total waste generated (tons)	124,139	131,402	136,816	125,292	152,171	154,940
Waste generated per sales (tons/million€)	3.46	3.84	4.73	4.98	5.60	6.02
% of hazardous waste sent to adequate treatment station	100%	100%	100%	100%	96.7%	96.8%
Water usage total (m³)	1,899,190	1,921,569	2,072,263	1,928,032	2,554,428	2,700,674
Water usage per sales (m³/million€)	52.9	56.2	71.7	76.5	94.1	105
Product revenues covered by Green Premium™	81%	80.2%	78%	77%	55.2%	45.7%



5.1 Inside Schneider Electric

5.1.4.3 Energy, CO₂ and GHG

Risk level before mitigation to



Climate change and its consequences on people and planet. The company efforts to contribute to reduce the GHG emissions.

URD 2023:
page 154-183 section 2.3

Actions deployed

- Deployment of an SF6-free medium voltage offer. Specific processes on all Schneider manufacturing plants and R&D laboratories to limit SF6 gas usage and leaks.
- Deployment of the Energy Action program to identify opportunities and implement energy-savings actions.
- Schneider joined EP100 and committed to double energy productivity by 2030 against the 2005 baseline, meaning double the economic output from every unit of energy consumed within 25 years.
- Schneider joined RE100 and committed to source 100% of its electricity from renewables by 2030 with an intermediary target of 90% by 2025.
- Schneider joined EV100 with a commitment to switch to 100% electric cars by 2030 with an intermediary target of 33% by 2025.
- The group aims at having 150 Zero CO₂ sites by 2025, which emit zero GHG emissions related to energy consumption (= 100% renewable electricity or biofuels) and has in place Digital Energy Monitoring for efficient energy management.
- Schneider aims to further reduce CO₂ intensity in transportation by 15% compared to 2020, or a 3% reduction year on year by 2025.
- Dedicated action plan has been implemented to optimize the environmental footprint of the various components of IT.

Results

- The reporting and actions regarding our CO₂ footprint on scope 1,2,3 is detailed in a specific part in the next page.
- Since 2021, emissions from Schneider Electric's operations (scopes 1 and 2) have decreased by 31% in absolute.
- In 2023, 24 new sites became Zero Carbon.

	2023	2022	2021	2020	2019	2018
% substitution with SF ₆ -free medium voltage technologies	60%	41.5%	38%	0%	/	/
SF ₆ leakage	0.08%	0.08%	0.10%	0.14%	0.24%	0.26%
Estimated total Scopes 1+2 GHG emissions (TCO2e)	202,232	229,177	293,852	287,595	/	/
Total energy consumption (est. - MWh)	1,124,327	1,201,276	1,325,491	1,204,381	1,442,841	1,540,831
Total energy consumption per sales (MWh/million€)	31.3	35.1	45.9	47.9	53.1	59.9
% of corporate vehicle fleet comprised of electric vehicles	24%	14%	7.7%	1%	/	/
% of renewable energy consumption (est.)	62.9%	57.3%	50.6%	/	/	/
% of renewable electricity consumption (est.)	88%	85%	82%	80%	50%	30%
GHG emissions per sales (tons CO ₂ eq./million€) - Scope 1+2	5.6	6.7	10.2	11.4	16.1	22.2
GHG emissions per sales (tons CO ₂ eq./million€) - Scope 3	1,581	1,779	2,378	2,614	2,733	2,749
Zero CO ₂ sites	101	77	51	30	/	/



5.1 Inside Schneider Electric

5.1.5 Ethical business conduct risks

5.1.5.1. Elimination of bribery and corruption

Risk level before mitigation

to

Risk of abuse of entrusted power, or money, or position from any employee of Schneider, supplier or contractor of Schneider, to obtain an undue advantage that would be at the detriment of local stakeholders or communities.

URD 2023:
page 130-132 section 2.2.7

Actions deployed

- Risk assessment mapping as part of the “Sapin II” law.
- Set of dedicated policies: Anti-corruption, gift and hospitality, fair competition, business agents, export control, conflict of interest, donations.
- Training and awareness programs deployed to specific populations.
- Self-evaluation with Key Internal Controls completed annually by all local entities.

Results

- Trainings for important topics such as ethics and anti-corruption are made mandatory for all concerned employees. In the case of ethics, this applies to all employees in Schneider.

	2023	2022	2021	2020	2019	2018
Employees trained on Ethics Charter	99%	98%	96%	93%	96%	/
“Exposed” employees (40,000+) trained on anti-corruption	98.5%	97%	97%	94%	94%	68.6%

5.1.5.2 Responsible sourcing of sensitive material

Risk level before mitigation

Risk of usage of raw materials or minerals coming from a particular part of the world where conflict is occurring and may be the source of abuses on local populations. The verification of the suppliers all the way to the extraction sites allow to mitigate this risk.

URD 2023:
page 144-145 section 2.2.12.8

Actions deployed

- Schneider has established a conflict mineral program based on the OECD due diligence guidance
- Smelters are identified in our supply chain and validated by external third parties for compliance to international laws, rules and standards

Results

- Following the figures on conflict minerals, 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.

	2023	2022	2021	2020	2019	2018
Smelters and refiners identified and certified	94%	88%	85%	87%	85%	89%



5.1 Inside Schneider Electric

5.1.6 Offer safety

5.1.6.1 Offer safety

Risk level before mitigation

Risk of products or systems being the cause of accidents or damage or injuries to their users.

URD 2023:
page 124-126 section 2.2.5

Actions deployed



- Compliance to all norms, standards and regulations from countries where Schneider products are sold.
- “Issue to Prevention” process, systematically analyses the root causes of any failures.
- Quality management system in compliance with ISO 9001.
- Offer safety alert process supported by a dedicated committee and which follows an internal directive which describes the process of ‘managing customer safety risks.

Results



- In 2023 the Group recalled 23 products as approved by the Offer Safety Alert Committee.

	2023	2022	2021	2020	2019	2018
Number of safety recalls	23	24	14	25	/	/
ISO 9001 sites	230	231	231	231	228	243



5.1 Inside Schneider Electric

5.1.7 Data privacy and cybersecurity

5.1.7.1 Data privacy and cybersecurity

Risk level before mitigation

to



Probability of exposure, loss of critical assets, data loss or breach, access to sensitive information, or reputational harm as a result of a cyber attack or breach within an organization's network.

URD 2023:
page 127-130 section 2.2.6

Actions deployed



- Cybersecurity by design investing significantly to improve our cyber posture with the result of obtaining additional external certifications (ISO 27001, SOC2, IEC 62443 etc.).
- Cyber capabilities and digital locks around people, processes, and technologies.
- General and dedicated awareness and training programs on cybersecurity and data protection.
- Internal data privacy policy.

Results



- The Group's cybersecurity rating is calculated in real time with a proprietary algorithm that examines two classes of externally observable data: configuration and observed security events. The score is between from 300 to 820. 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%.

	2023	2022	2021	2020	2019	2018
SE ranking position on cybersecurity	Top 25%	Top 25%	Top 25%	/	/	/
% of employees trained on cybersecurity	99%	95.5%	96%	90%	/	/



5.2 Fighting climate change by leading the charge on decarbonization

2023 was the hottest year on record. Furthermore, 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 Report¹ 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.

5.2.1 Climate impact commitments

Schneider Electric’s Net-Zero targets were validated by the SBTi, in line with their “Corporate Net-Zero Standard”. 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.

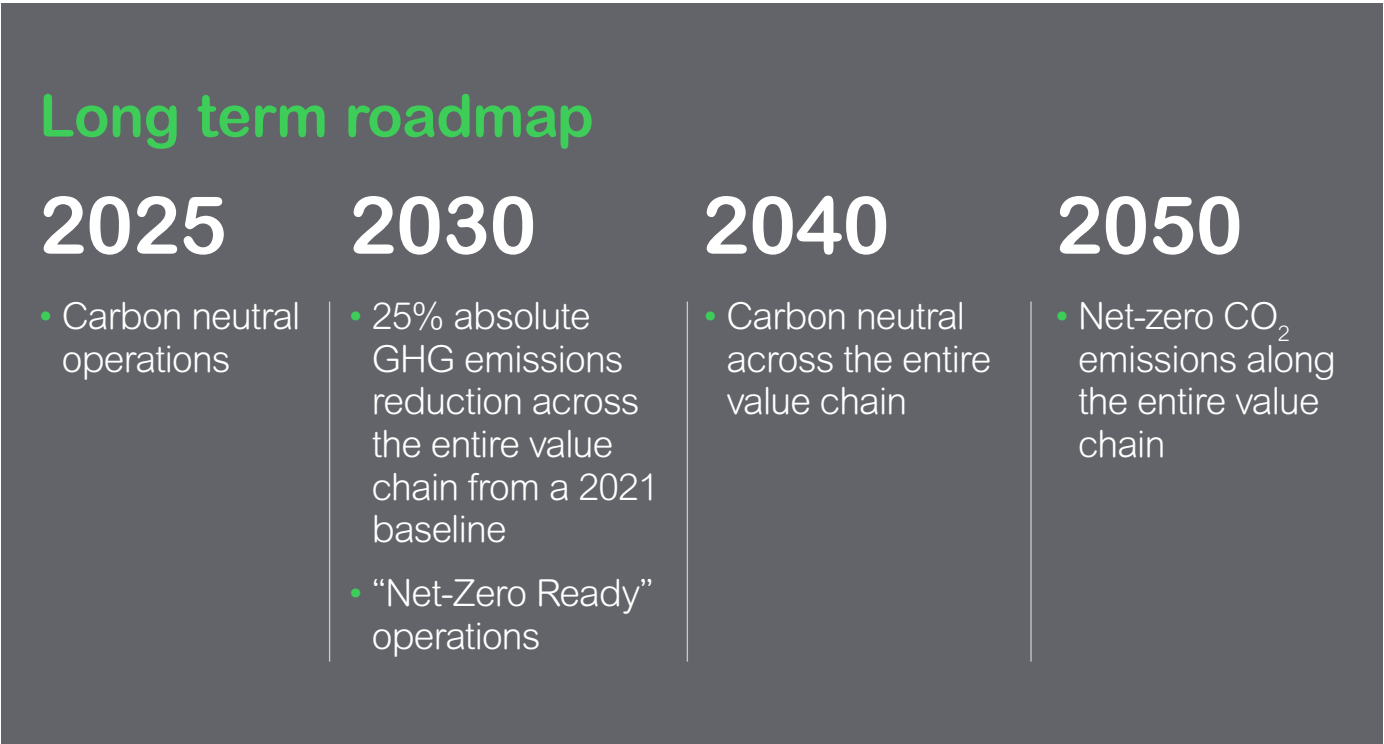
2023 is the first year in which Schneider Electric achieved a year-over-year reduction in its CO₂ emissions across all Scopes.

The granular numbers demonstrate the necessity to work on several 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:

1. IPCC. 2023. Synthesis Report of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

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.

5.2.2 Climate governance

Overall, the different governance bodies involved in the definition and monitoring of sustainability commitments and programs are responsible for defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at the Group level are then cascaded into business divisions, down to the sites for implementation, and are monitored through its digital platform, EcoStruxure™ Resource Advisor. Each program of the Schneider Sustainability Impact (SSI) 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



5.2 Fighting climate change by leading on decarbonization

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.

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. In addition, environmental transformations are driven by a network of leading experts in various environmental fields (ecodesign, energy efficiency, circular economy, CO₂, 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.

5.2.3 Climate scenario embedded in Schneider Electric’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.

5.2.4 Schneider Electric’s Greenhouse Gas emissions – Footprint and targets

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%	Schneider's Operations Scopes 1 and 2	<1%	Customers Scope 3 downstream	86%
Purchased goods and services	6.8 MtCO ₂ e	Energy consumption at sites (market-based approach for electricity)	0.13 MtCO ₂ e	Use-of-sold products	44.2 MtCO ₂ e
Freight	0.6 MtCO ₂ e	Company cars	0.06 MtCO ₂ e	End-of-life (mostly SF ₆)	4.3 MtCO ₂ e
Other (e.g., business travels, commuting, upstream emissions from the energy sector)	0.5 MtCO ₂ e	SF ₆ leakage	<0.01 MtCO ₂ e	Freight	0.4 MtCO ₂ e



5.2 Fighting climate change by leading on decarbonization

Analysis of the carbon footprint

Emissions from Scopes 1 & 2 are primarily from the use of electricity, gas, and fuel for the company fleet (respectively 40%, 21%, and 31% of total Scopes 1 & 2). Scope 3 emissions represent more than 99% of the Group's carbon (CO₂) footprint, of which:

- 78% are due to the use phase of products: These emissions correspond to the electricity consumption of Schneider Electric's products throughout their lifecycle, through heat dissipation (Joule Effect). This value is based on a lifecycle approach. It is not the volume of CO₂ emitted in the reporting year from the use of products sold and in use by customers. It is a forward-looking view and an estimate of emissions resulting from the use of products sold in the reporting year, during their full useful life. It is worth noting that the Group's products have long lifetime, 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% result from the purchase of goods and services: 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 SF6. These emissions primarily reflect the SF6 insulation gas used by Schneider in some medium voltage 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 SF6 at product decommissioning, based on Schneider's research, considering that some SF6 in equipment is being recycled, while the majority is not recycled.

Over the last five years, since 2017, emissions from Schneider Electric's operations (Scopes 1 & 2) have decreased by 67% absolute, while emissions from the value chain, both upstream and

downstream, have been more challenging to control. In its operations, direct emissions from Scope 1 have decreased by 36% since 2017, thanks to efforts focused on energy efficiency and electrification of the Group's on-site processes and company cars. In addition, targeted efforts to reduce SF6 have yielded great results. On Scope 2, emissions have decreased by 79% between 2017 and 2022. On Scopes 1 & 2 combined, the emission reduction has historically been driven by energy efficiency, leveraging the Group's portfolio of EcoStruxure™ solutions. On Scope 3, emissions have decreased by 12% between 2021 and 2022.

Comments on the carbon reduction performance and calculation methodology

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 SF6 have yielded measurable results. On Scope 2, emissions have decreased by 42% between 2021 and 2023, primarily due to progress on sourcing more renewable electricity. All in all, on Scopes 1 and 2 collectively, 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: 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, 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).



5.2 Fighting climate change by leading on decarbonization

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.

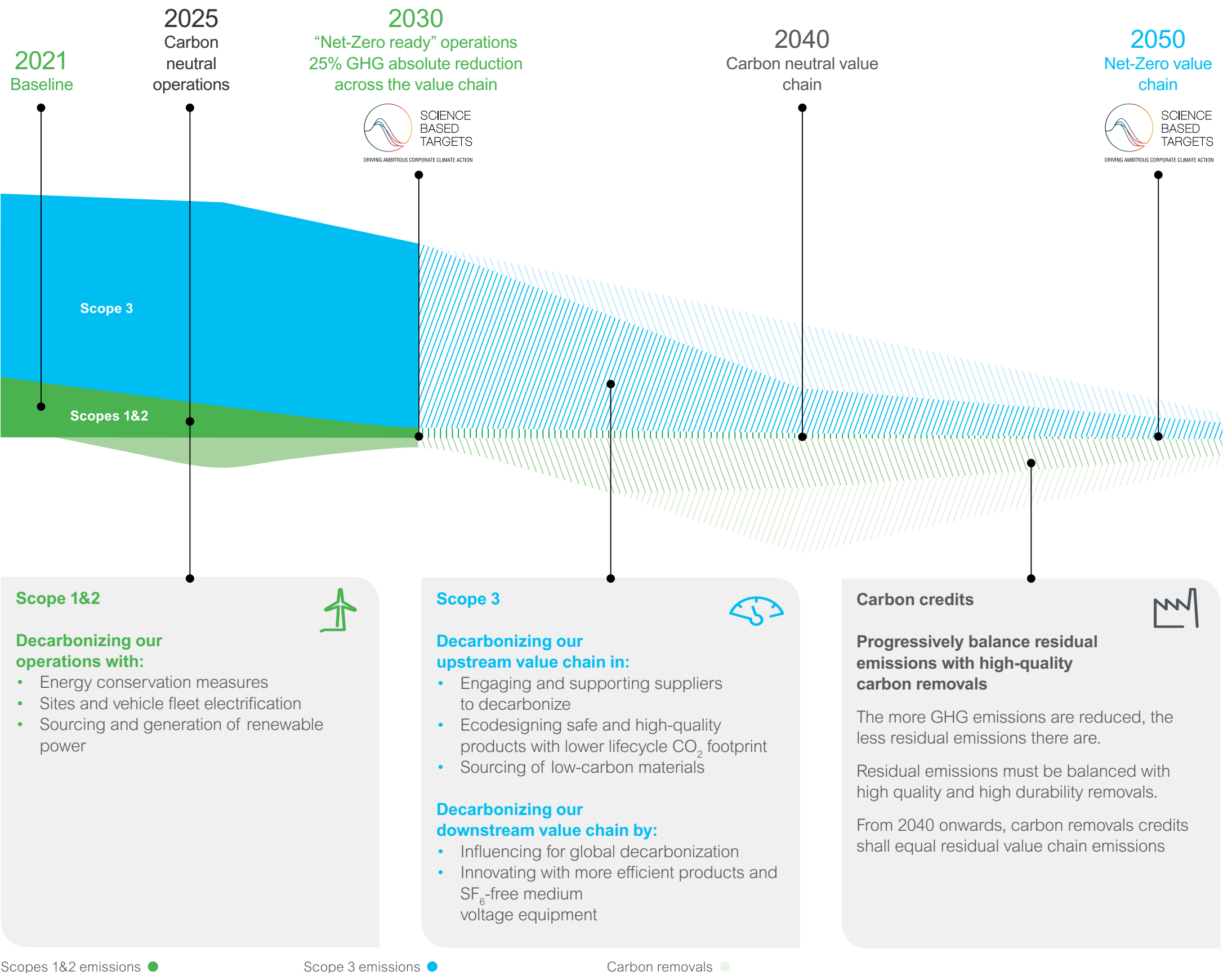
The rate that Schneider can implement emission reductions is dependent on many factors that can change over time; these include our business growth and geographic distribution, supplier mix and suppliers’ decarbonization journeys, and the rate of decarbonization of the grids that power the Group’s products.

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.

Schneider Electric’s net-zero commitment and targets

In August 2022, Schneider Electric was one of the first companies to see its Greenhouse Gas (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



The diagram above is for illustrative purposes.



5.2 Fighting climate change by leading on decarbonization

Group aims to reduce its 2021 footprint by an absolute 90% by 2050 and neutralize residual emissions with high-quality and durability carbon removal credits.

Schneider Electric has set four milestones towards its net-zero commitment:

- **By 2030 – Reduce value chain emissions by 25% and be ‘net-zero ready’ across its operations**

Schneider Electric commits to reducing 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.

- **By 2050 – Reach net-zero CO₂ 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 compensate residual emissions with carbon offsets, in line with the SBTi ‘corporate net-zero standard’.

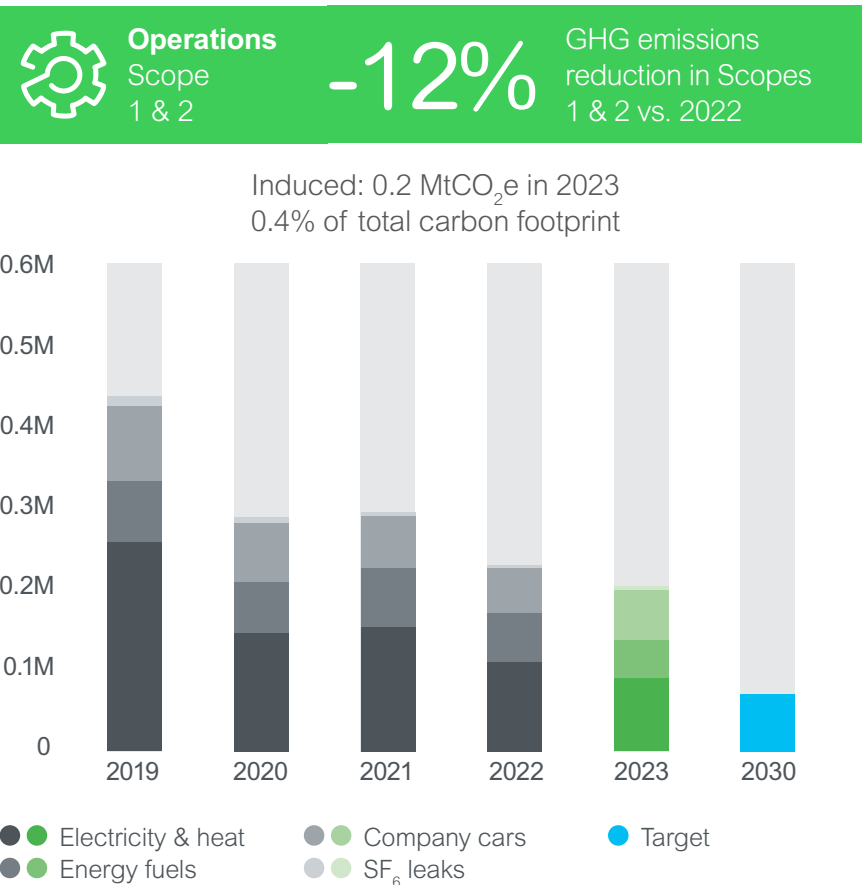
- **Reach carbon-neutral operations and a carbon-neutral value chain in 2025 and 2040 respectively**

To achieve carbon neutral operations by 2025, Schneider Electric will compensate residual Scopes 1 & 2 GHG emissions with high-quality carbon offsets. Similarly, by 2040, the Group aims to compensate its end-to-end carbon footprint.

5.2.5 Concrete actions in our ecosystem

Decarbonizing the Group’s operations by 2030

Schneider’s operations Scopes 1 and 2 annual GHG emissions (Mt CO₂e)



The Group’s energy policy and management system:

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 Schneider Electric’s solutions.

Progress against these goals is tracked in the Group’s Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs.

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.

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.



5.2 Fighting climate change by leading on decarbonization

It provides reduced solution costs, increased data storage capacity, and a flexible and mobile energy solution enhanced by Schneider expert services.

EP100: Schneider Electric has been a member of Energy Productivity 100 (EP100), a Climate Group initiative, since 2017. The 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%).

RE100: Switch to 100% renewable electricity by 2030: Since 2017, Schneider Electric has accelerated renewable electricity sourcing and the installation of on-site solar panels, coupled with EcoStruxure™ metering and power architectures. In line with its commitment to source 100% of its electricity from renewables by 2030, the Group has set an intermediary target of 90% renewable electricity by 2025. In 2023, 88% of electricity was sourced from renewables.

EV100: Shift 100% of the company fleet to electric vehicles: At the end of 2019, Schneider Electric committed to accelerate its efforts to cut CO₂ emissions from transport by switching to 100% electric cars by 2030. By 2025, Schneider Electric aims to switch one-third of its corporate car fleet. At the end of 2023, 24% of the Group’s corporate car fleet was comprised of EVs. Additionally, several initiatives to foster alternative transportation options have been encouraged, with additional secure bike storage on sites, co-driving and site-connecting shuttles.

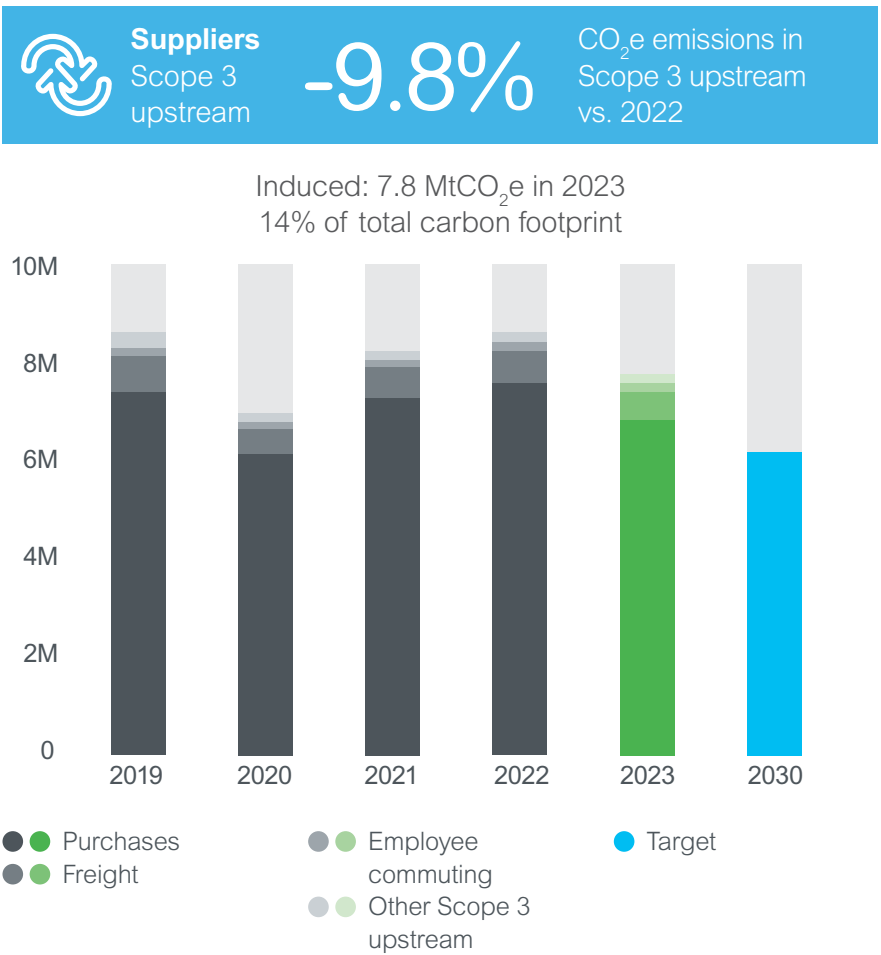
Zero-CO₂ sites: The ambition is to have 150 sites with zero carbon emissions by 2025. By the end of 2023, 101 sites were compliant.

Reduction of SF₆ emissions: Several actions have been implemented to reduce the leakage of SF₆ gas, a component used in medium voltage switchgears that has high dielectric characteristics and is also a significant GHG contributor. The Group achieved a 0.08% leakage rate globally in 2023, exceeding the 0.11% target set for 2023. This SF₆ leakage reduction enabled the avoidance of 900 tons of CO₂ equivalent in 2023 compared to 2022.

Energy sufficiency plan in Europe: In 2022, Europe faced an unprecedented energy crisis

– with risks on their energy supply, along with escalating prices. In this context, Schneider Electric implemented an energy sufficiency plan to adapt quickly to the fast-changing energy situation. 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. 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.

Decarbonizing the Group’s supply chain by 2050



The Zero-Carbon Project for suppliers (TZCP): Carbon emissions from Schneider Electric’s procurement of goods and services (emissions from its suppliers up to the last tier) represented 6.8 million tons of CO₂e in 2023, which is 12% of its cradle-to-grave carbon footprint. 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.

- The fundamental actions that need to be implemented by suppliers, as part of this program include:
- Quantifying their GHG emissions (Scopes 1 and 2 mandatory, Scope 3 is optional for now);
 - Establishing an ambitious emission reduction target, and



5.2 Fighting climate change by leading on decarbonization

- 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%.

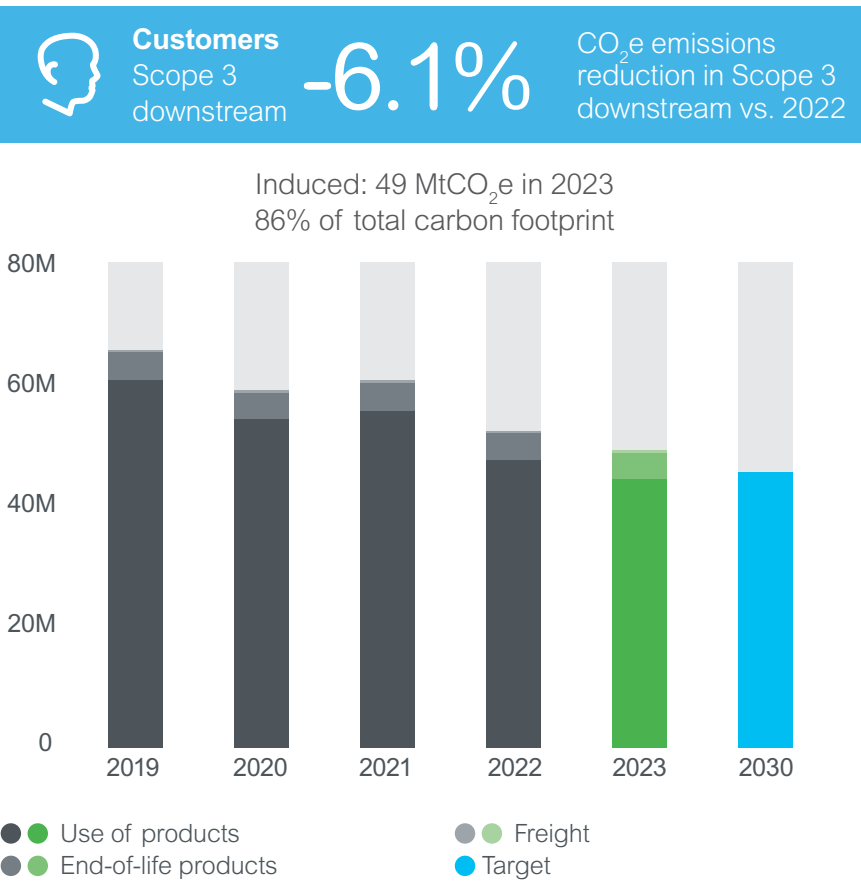
Green materials: Schneider Electric is committed to increase the volume of green materials in products to 50% by 2025, for about 30% of its procurement volume, and is tracking quarterly progress as part of the Schneider Sustainability Impact program. While this program does not focus solely on CO₂, but 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”.

CO₂ efficiency in transportation: From 2015 to 2017, CO₂ emissions intensity from transportation was reduced by 10%, and an additional decrease of 8.4% was achieved between 2018 and 2020. With its objective for 2021 - 2025, the Group aims to further reduce CO₂ intensity in transportation by 15% compared to 2021.

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. Together, these initiatives resulted in a 1.6% decrease in the freight transport emissions intensity compared to 2021.

Decarbonizing the Group’s downstream emissions



Developing SF₆-free offers and SF₆ recovery services: SF₆ gas has excellent insulating properties and has therefore been widely used for building switchgears – especially medium voltage gear – for the past 30 years. In 2021, Schneider introduced a new range of switchgears where SF₆ gas is fully replaced by vacuum technology. The deployment of this offer is in progress, and several customer sites are now equipped with such equipment. To manage end-of-life for already existing SF₆ gears, Schneider has developed a service offer of SF₆ recovery. This offer is available to customers directly, or through our partners. It guarantees the full recovery of the SF₆ gas from the old equipment, and its neutralization. Customers who use this service receive a green certificate.

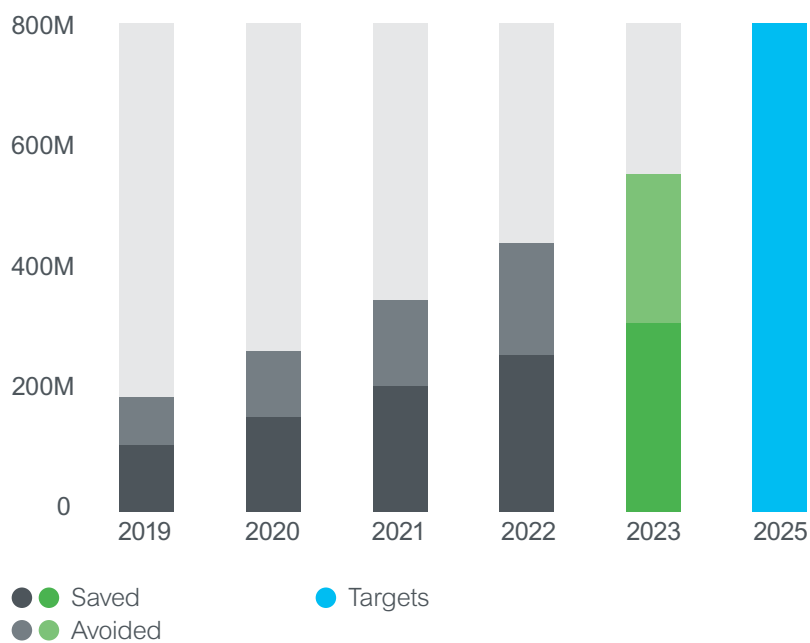
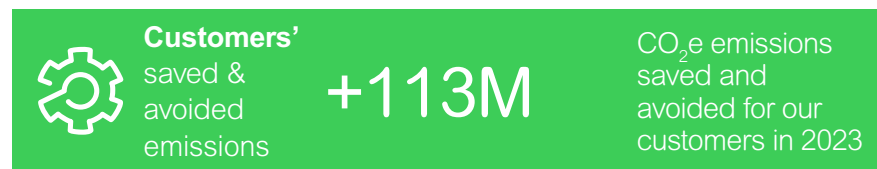
Carbon price: As part of its carbon pledge, Schneider Electric is committed to take into consideration a carbon pricing of EUR 50 – 130/Ton (depending on time horizons) to inform the Group’s climate strategy. In line with the vision, an internal price on carbon is already used in several cases to include the cost of CO₂ externality in decision-making and strategy.



5.2 Fighting climate change by leading on decarbonization

Enabling customers to decarbonize with EcoStruxure™

Cumulative saved and avoided CO₂e emissions since 2018 (MtCO₂e)



Saved and avoided 800 million tons of CO₂ emissions at the customers' end through the implementation of EcoStruxure™ architecture and systems as solutions for our customers, as well as green products.

Energy efficiency: helping companies become more efficient and reduce their CO₂ 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: SF6-free equipment or SF6 recovery services lead to reduced emissions.

- Materials efficiency: circularity business models (e.g., refurbish) or lead battery recycling drive reduced emissions for manufacturing virgin materials.

Overall, from 2018 to 2023, Schneider Electric helped customers save and avoid 553 million tons of CO₂, over the full lifecycle of the products sold during this period of time.

Delivering access to energy products and solutions: Today, 25% of the world's population still has no or reduced access to energy, and only 17% of the total global energy consumption was renewable in 2017. Schneider Electric has committed to provide access to green electricity to 100 million people in underserved areas by 2030, both as a fundamental right and a means for social and economic development.

Green Information Technology (IT): Schneider Electric has implemented actions to reduce the carbon footprint of its IT systems. These actions include the increased lifespan of

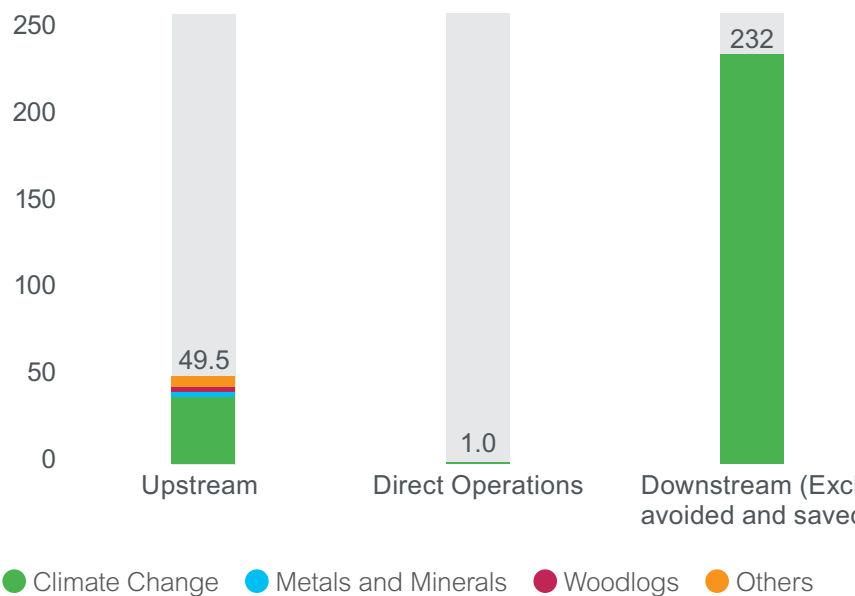
computers, the optimization of the portfolio of applications and software, and the optimization of the complete network of servers and data centers.

5.2.6 Biodiversity footprint measurement

Schneider Electric has committed to Act4nature International to quantify and regularly publish assessments of the Group's impacts on biodiversity. This first step is essential to understand its impacts and dependencies on nature and outline 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 (CDC) Biodiversité.

Schneider Electric's commitment to Act4nature International:

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



1. Quantify and regularly publish assessments of the Group's impacts on biodiversity
2. Commit to reducing Schneider Electric'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

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. 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.

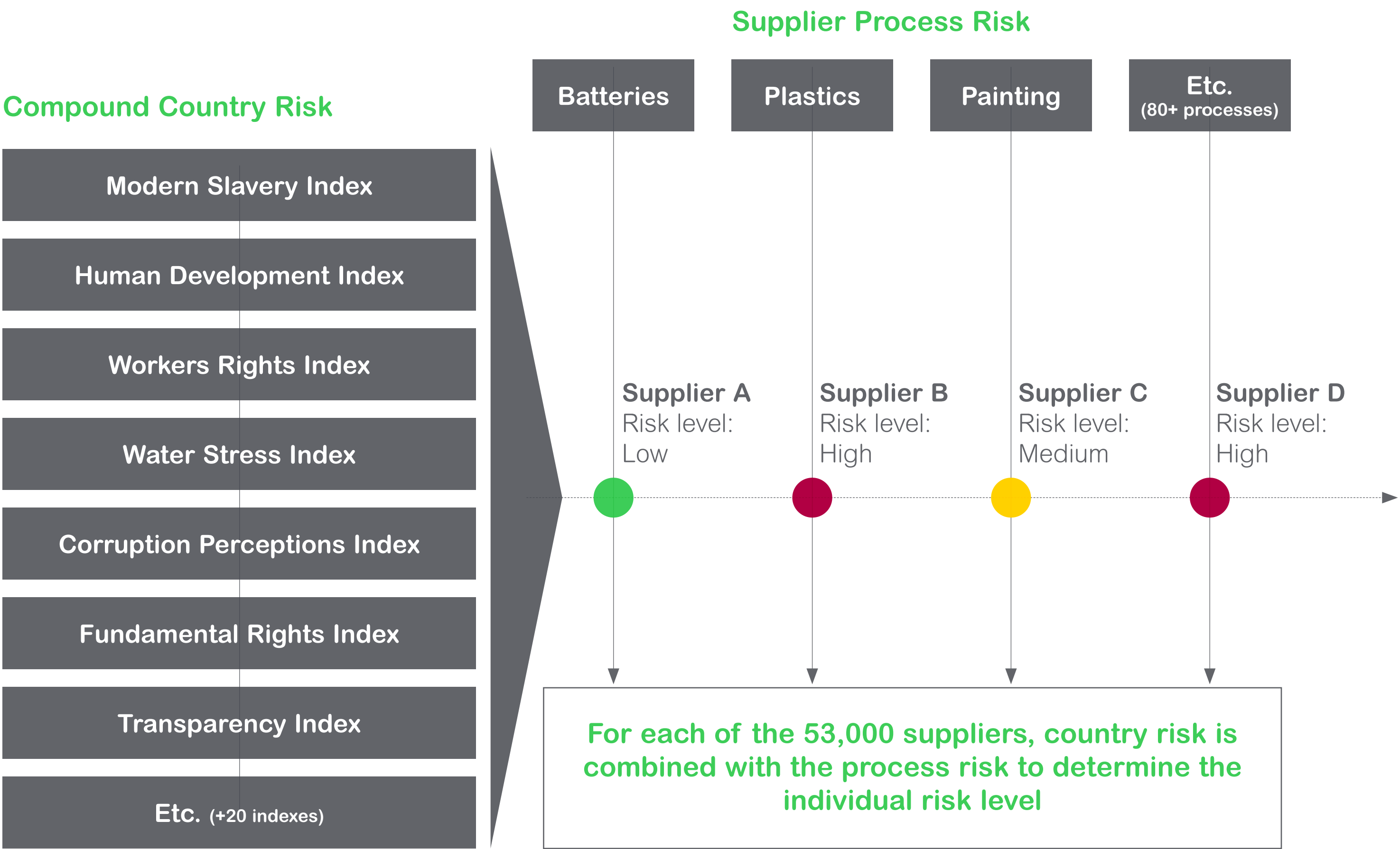


5.3 Supplier vigilance

5.3.1 Supplier risk categories and audit plan

To evaluate and mitigate sustainability risks 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 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 (Responsible Business Alliance methodology, RBA, 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 refreshed every year with the new supplier baseline to identify high-risk suppliers.

High risk supplier identification process:



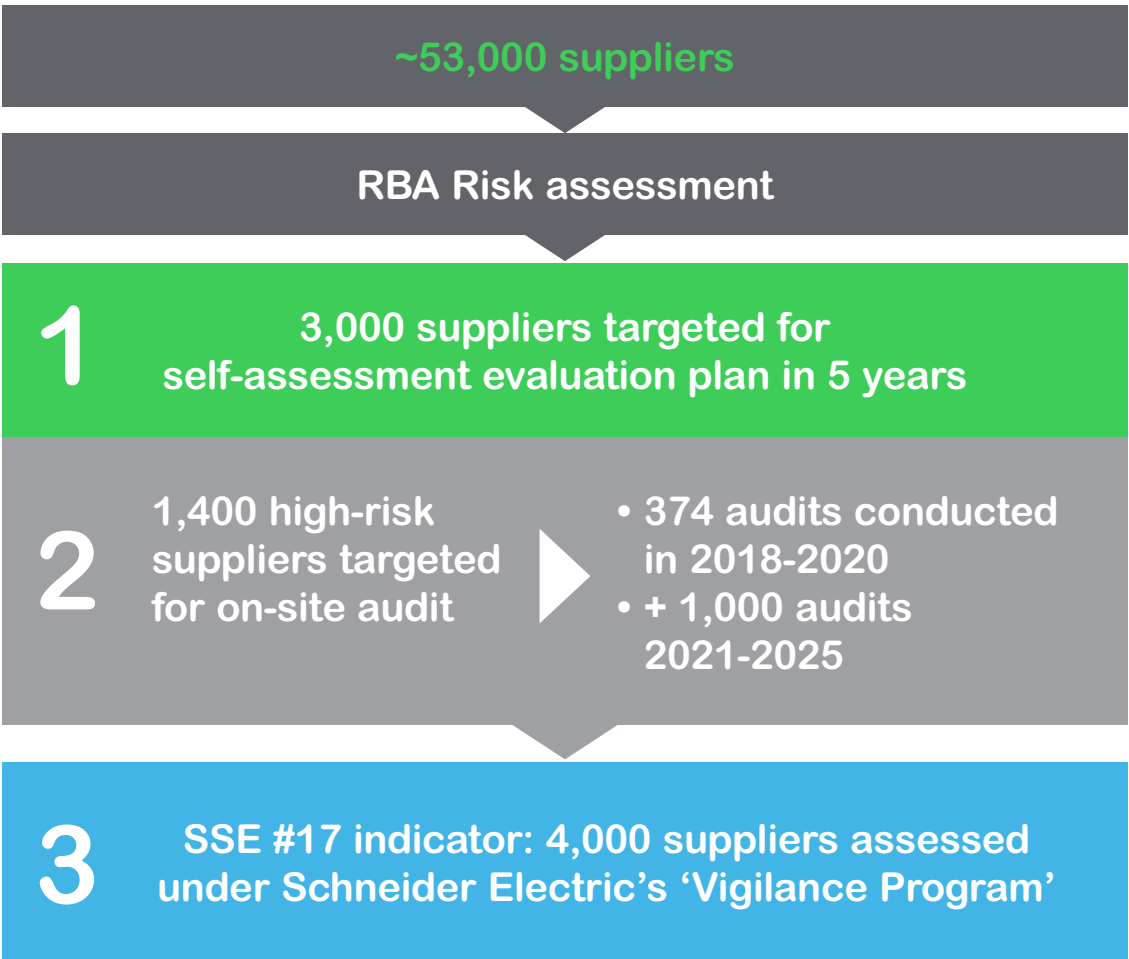
5.3 Supplier vigilance

5.3.2 Overall plan

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

From 2021 to 2025, Schneider Electric has defined new objectives as part of its sustainability strategy: Expanding from the previous plan, the Group set an objective 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 Schneider Sustainability Essentials (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.



5.3.3 On-site audits

Schneider Electric’s 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 follows:

- Human rights: Decent workplace - 36 questions
- Health and safety: 40 questions
- Environment: 21 questions
- Offer safety: Non-applicable in RBA framework
- Business conduct: 11 questions
- Cybersecurity: Non-applicable in RBA framework

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 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-conformances in 2023 were related to health and safety, labor standards and management systems (34%, 26%, and 21% respectively). The graph 3 in 5.3.5 provides the breakdown of non-conformances by topic and graph 4 by geography.



5.3 Supplier vigilance

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

- Labor standards (60% of top priority non-conformance issues): Lack of respect for working hours and rest 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.
- Environmental and management systems (15% of top priority non-conformance issues): Insufficient waste management and pollution prevention systems

5.3.4 Remote self-assessment

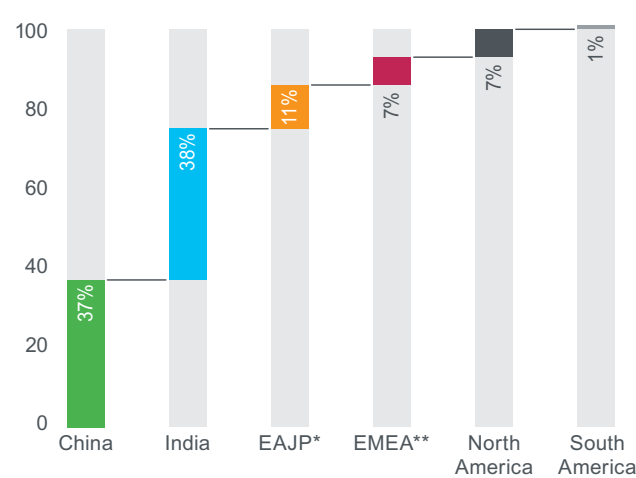
In 2021, a specific self-assessment questionnaire was developed, building on the experience of on-site audits performed during previous years. Among the questions asked, the core ones aim to check whether suppliers are compliant on the mandatory subjects of labor, human rights, environment, and health and safety. The two main goals of this assessment are to help suppliers reflect on their 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 a few suppliers where on-site audits will be conducted in 2024.

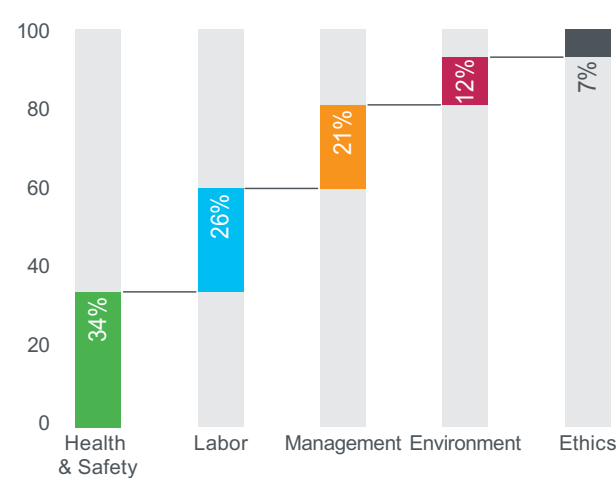
5.3.5 Remediation and mitigation actions

As of the 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.

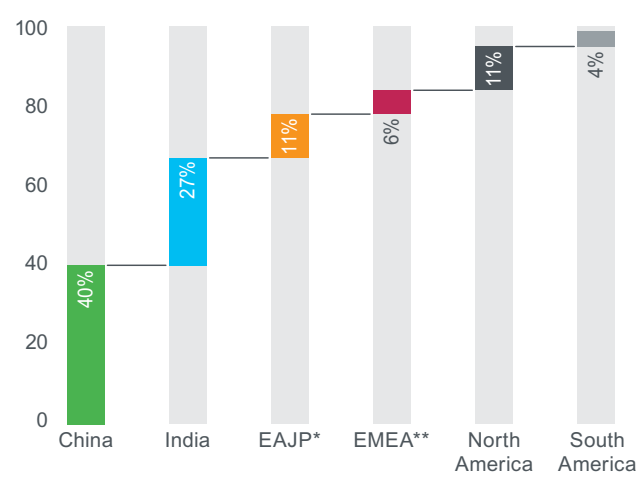
% Risky suppliers identified in 2023 by geography – Graph 1



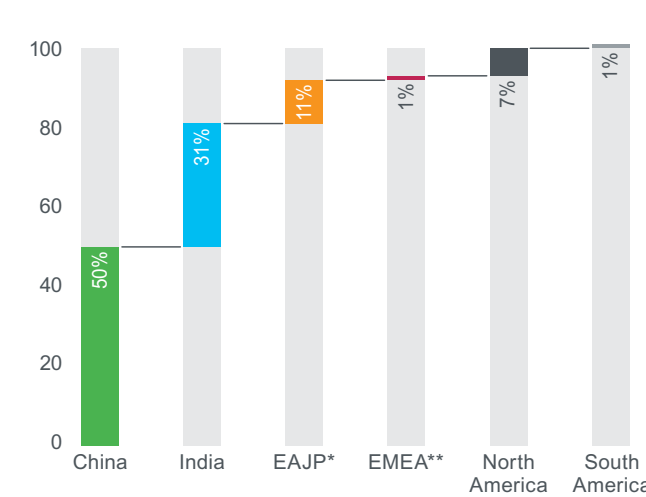
% Non-conformances in 2023 by topic – Graph 3



% Audits carried out in 2023 by geography – Graph 2



% Non-conformances in 2023 by geography – Graph 4



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

In 2023, Schneider Electric implemented a program to review a selected number of audits that were carried out years ago 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.



5.3 Supplier Vigilance

5.3.6 Impact

From the beginning of the program in 2017 to the end of 2023, around 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.

Overall, the resolution of non-conformances identified since the program’s inception in 2017 has supported improvements in working conditions for 250,000 employees.

5.3.7 Additional actions concerning suppliers

In addition to the specific vigilance audit program at targeted suppliers, Schneider Electric is implementing several actions to reduce risks in its supply chain. These actions are not a direct part of the supplier vigilance program, however they contribute to reducing the level of risks within our supply chain.

5.3.7 Suppliers – other actions

5.3.7 Suppliers – other actions		With a complex global supply chain of more than 53,000 suppliers, there are potential risks that Schneider Electric is committed to mitigating in the areas of health and safety, human rights, ethics, the environment, and sustainable development.		URD 2023: page 138-149 section 2.2.12	
Risk level before mitigation  to 					
Actions deployed (Net zero CO ₂ emission) 		Results 			
Target of operating a net-zero carbon emission supply chain and aims at reducing 50% of operational carbon emissions from its top 1,000 suppliers by 2025.		The GHG emission reduction reported for the indicator below, is measured as the average carbon intensity reduction of reporting suppliers, multiplied by the proportion of reporting companies among the 1,000 committed suppliers.			
				2023	2022
				2021	2020
				2019	2018
		Reduce CO ₂ emissions by 50% from top 1,000 suppliers’ operation		27%	10%
				1%	/
				/	/
				/	/
Actions deployed (Circular supply chain) 		Results 			
- Objective of using recycled cardboard in all primary and secondary packaging and remove all single use plastic from Schneider packaging by 2025. - An initiative launched to increase the proportion of green material in our products by 50% by 2025.		Concerning Green Materials, 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.			
				2023	2022
				2021	2020
				2019	2018
		Primary packaging recycled cardboard without single-use plastic		63%	45%
		Proportion of green material in our products		29%	18%
				11%	7%
				/	/
				/	/
Actions deployed (Environment) 		Results 			
- Deployment of REACH/ROHS supported by a data collection process to gather information from suppliers. - Schneider has established a conflict mineral program based on the OECD due diligence guidance.		Following the figures on conflict minerals, 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.			
				2023	2022
				2021	2020
				2019	2018
		Smelters and refiners identified and certified (in %)		94%	88%
				85%	87%
				85%	89%
Actions deployed (Decent work) 		Results 			
Definition of a Decent Work program for Schneider’s strategic suppliers.		As of December 2023, 802 strategic suppliers are invited to participate in the Decent work program, out of which 683 suppliers are successfully onboarded and invited to respond to the questionnaire, which has been shared with them. 536 suppliers responded to the survey			
Actions deployed (Holistic approach) 		Results 			
- Vigilance plan for suppliers (see pages XX-XX) - Assessment of strategic suppliers on ISO 26000 with the objective to achieve an average of 65 pts by 2025.		At the end of 2023, result was +1.6 points with an average of 61.9 points.			



5.4 Relationship with project execution contractors

5.4.1 Project execution environment

Schneider Electric's products and solutions are usually combined into larger systems such as electricity distribution and energy management solutions in buildings, or production process automation in factories. The buildup 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 up the responsibility to build and deliver the system; or to build and deliver the system directly to end customers, as a project. This second option requires coordinating several project contractors (panel manufacturers, system integrators, building contractors, etc.), usually on the premises of end customers. The common characteristics of these projects are that they happen primarily off-site (mostly on customer premises, existing or future), and they involve several different parties, global or local, each bringing their specific added value. Each project is specific in its size, duration, and location. Therefore, the relationships with contractors are specific to a contract, and not necessarily recurrent. In 2023, Schneider Electric worked with approximately 12,000 solution suppliers in the Group's portfolio (with a total spend of approximately €1.2 Billion (please note that not all of them may be simultaneously active during a year)).

5.4.2 Risks and opportunities

In the frame of the vigilance plan, specific risks have been identified.

Human rights: As project sites are in countries where Schneider Electric may not be present, and may involve independent subcontractors, there is a risk that recommended policies in terms of health and safety, as well as decent workplace standards, may not be properly implemented. The main risks are physical accidents and injuries, or the improper treatment of employees (wages and salaries, rest 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 specific 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 solid management of Schneider Electric's subcontractors allows for reduced risk 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.

5.4.3 Group policy and governance

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 our annual report 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



5.4 Relationship with project execution contractors

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.

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.

5.4.4 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 Electric raising 121 non-conformances. Out of these non-conformances, 12 were assessed as 'top priority' for four 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 across 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 and selection processes for contractors have been adapted to ensure Vigilance-related topics are considered early in the project stage.



5.5 Local communities

5.5.1 Context

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

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

5.5.2. Risks 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 reviewed so far) and is still in pilot mode. The main risks that have been explored are related to the impact of Schneider Electric's activities on local infrastructures such as transportation and mobility, access to energy or water, access to staple goods 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 for socio-cultural local projects, and the improvement of local employment.

5.5.3. 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.

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

5.5.4 Communities close to Schneider Electric's local sites

Risk assessment for the 30 largest sites

This detailed risk evaluation covers the 30 largest sites by size and employees, both commercial and industrial.

Potential impacts analysis

The first step of this evaluation was to analyze the potential impact that a Schneider Electric site may have on its surroundings. For that purpose, a comparison was made between the size of the site, and the size of the urban area surrounding it. To take a practical example, in Shanghai, a large office site may be important at the Schneider Electric level (>2,000 employees) but will have very little impact on its immediate urban surroundings (Shanghai is a multi-million inhabitants city). On the opposite end, a smaller site may have a bigger impact on its rural surroundings in Africa or South Asia.

Risk nature and level

The second step was to qualify the natures of risk and their level, using public data available at the national level on topics such as ethical standards (National Corruption Index), individual development (Human Development Index), or health and human rights (Human Rights Score). Using this data, a composite country risk index was built to reflect the risk level for countries where Schneider Electric's main sites are located.

Conclusions

The third step was to combine Schneider Electric's site impact level with the composite country risk index. The overall result showed that the level of risk on local communities living around Schneider Electric sites was 'low' in most cases. This owes mainly to the fact that the Company is usually located in large, urban, or peri-urban areas, crowded with many similar or larger companies. In the case of factories, they are mostly located in already existing dedicated industrial areas, with solid infrastructures and transportation networks, and Schneider Electric's presence does not have an impact on them.



5.5 Local communities

Among the top 30 sites, the Group only identified a few 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 although we speak about risks, the notion of impact can also be positive, as it is part of Schneider Electric’s policy to include local parameters in its sourcing policy - providing employment, including a percentage of local companies and contractors for services (catering, maintenance, etc.).

In-depth evaluation of 5 sites

The management and safety officers of these sites are engaged with a dedicated questionnaire, covering environmental and human rights potential risks and opportunities in local communities. The result of the evaluation shows that among the five sites reviewed, four have no significant impacts and one may have some specific impacts.



Four sites with low impacts, well mitigated:

- The four factories studied are located within dedicated industrial parks, with specific infrastructures including transportation and access. No competition for local resources (water, power, staple goods, etc.) was reported. Their impact on the urban surroundings is low, as they are either located next to a very large city or in one case, in the countryside and at a reasonable distance from the nearest village.
- These sites provide a significant source of employment for local people. Besides, these entities foster local development initiatives supporting schools, cultural programs, or local infrastructures (such as hospitals).
- The industrial activities performed on these four sites are mostly the assembly of components. Some marginal activities of plastic injection are subject to local and national regulations, with regular compulsory reporting.
- One of the sites is part of an industrial park which includes housing facilities for workers (dormitories). These facilities have been recently enhanced, are compliant with local standards, and have not been subject to any specific alert report. However, they remain a point of attention and follow up on Schneider Electric’s side.

One site with medium impacts; mitigation actions in progress:

- This specific site is hosting an industrial process that involves the use of chemicals. Although these are not critical and restricted substances, they are required to be monitored and processed specifically.
- The site is located close to a small urban area, and therefore the risks of marginal pollution are present.
- Several mitigation actions have been implemented by the local team. A specific review of the adequacy of these measures is also in progress.



5.5 Local communities

5.5.5 Communities close to Schneider Electric’s customer project sites

Context

In 2021, Schneider Electric extended its risk assessment to cover local communities residing close to 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 a grid or to large private 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 experts, industrial process experts, electricity specialists, and communication infrastructure experts. Relationships with local communities, when relevant, are usually handled by the main contractor, or by the end customer.

Characterizing the sites, ranking them by risk level, and selecting the ones for a deep dive

To identify the main sites presenting potential risks, Schneider Electric has pre-selected 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 countries and market segments’ risks are ranked as follows:

Country	Customer activity
1. Chad	1. Mining, minerals and metals
2. Mauritania	2. Oil, gas and petrochemicals
3. Angola	3. Power and grid
4. Nigeria	4. Life sciences
5. Tanzania	5. Water

Based on these criteria, the Group has established a list of 25 projects to be reviewed with its management team.

Evaluating the impact for selected sites

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

- **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 Electric.
- **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.

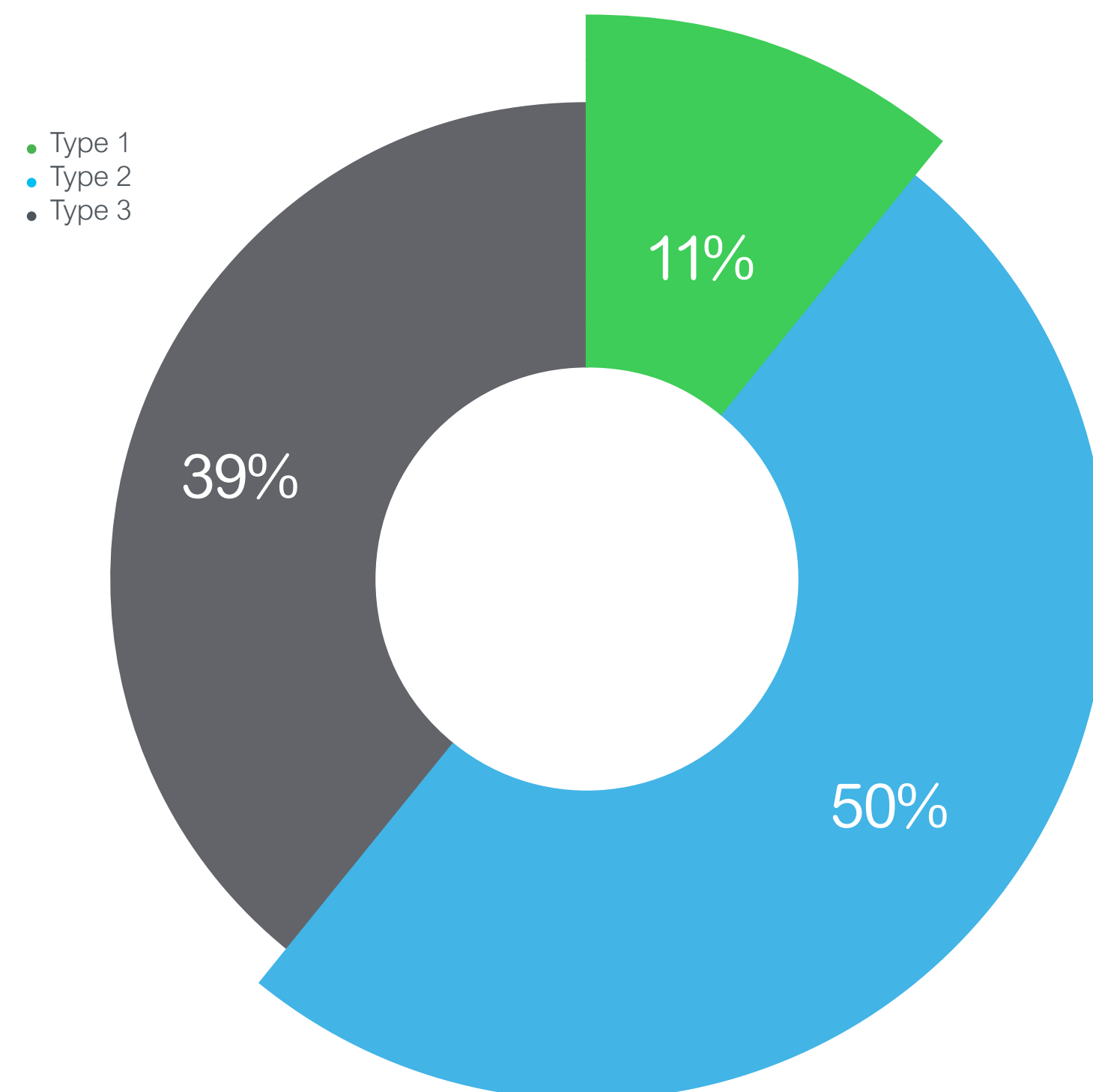
As of end 2023, 18 projects have been reviewed and results can be summarized as follows:

- Temporary/brief disturbance in transportation and mobility due to large materials and equipment delivery
- Temporary and planned power outages
- No environmental or pollution risks
- Local security is implemented by the final customer, with no or little impact on neighboring communities
- The project is a source of employment for local companies



5.5 Local communities

Breakdown of projects reviewed 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.



5.5 Local communities

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

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

Focus on EACOP project

EACOP (East Africa Crude Oil Pipeline), along with the Tilenga project, is operated by a joint venture between two states (Uganda, Tanzania), and two private companies (CNOOC, TotalEnergies). It consists of several extraction sites, and a pipeline to connect these sites to a port on the Indian Ocean coast. The Group provides equipment for the supervision and safety of the infrastructure and contributes to the integration of renewable energy sources to reduce the CO₂ emissions.

Schneider has commissioned an independent third-party expert, to conduct a risk assessment based on the International Finance Corporation performance standards on Environmental and Social Sustainability. The assessment has been updated with the status of discussions with the EACOP joint venture, local stakeholders (Individuals or NGOs) and Total Energies. In addition Schneider Electric organized a field visit on the project site (in Uganda and Tanzania), led by its Chief Compliance Officer. Based on these assessments and observations, Schneider Electric estimates that EACOP joint venture, local authorities and local stakeholders are addressing the Environmental and Human Rights concerns raised by certain local stakeholders and media outlets. As the project continues, Schneider Electric will continue to engage with stakeholders and to monitor relevant remediation actions. Overall, Schneider Electric is confident that the work with EACOP is consistent with its ethical and sustainability standards.



6. Perspectives

From 2017 to 2020, the vigilance program went through its first phase, which was focused on structuring the risk mapping exercise, and deploying the actions that would help mitigate these risks. Although some actions related to compliance, health and safety, well-being, or carbon emissions reduction for example, were already part of Schneider Electric's overall strategy before the 2017 law and were therefore well in progress. Vigilance accelerated the deployment of actions in specific fields – the main one being with suppliers, and the deployment of an audit program for high-risk cases.

In 2021, the vigilance program entered in its second phase, which focuses on acceleration in the supply chain where the number of audits carried out is increasing significantly, and the expansion of vigilance into new fields, such as the impact of Schneider Electric's customer project activity on local communities. In 2024, there will be significant reinforcements to Schneider Electric's risk assessment and policies based on learnings so far.

Schneider Electric's overall ambition is to continue strengthening its vigilance program, fully consistent with its purpose, mission, and overall strategic ambition. This reinforcement will also integrate the evolution of the legal framework across the world, starting with the German law enacted in 2023.

Specific projects in the supply chain will also contribute to the overall reinforcement of Schneider Electric's vigilance. They are not part of the vigilance plan directly, but are strongly related to the topic and bring together multiple synergies:

- The Zero-Carbon Project, which aims at working with our top key suppliers to help them reduce their Scope 1 and 2 carbon emissions (Scope 3 is optional). This project is now well underway, and these suppliers are currently engaging in actions with the support of Schneider Electric. After a 27% reduction in carbon emissions for Schneider's top suppliers in 2023, further acceleration is expected in the coming years.
- The Decent Work program focuses on the same group of top key suppliers, with the aim to bring them to provide decent work standards for their employees. The detailed scope and definition of decent work has been finalized in 2022 based on ILO, OECD and UNGC soft law inspiration. Most of the suppliers targeted have responded positively and are now entering into a phase of action, which should allow to make progress on important topics such as Living Wage, for example.
- Upstream supplier mapping: This program is currently in test mode. The goal is to test the detailed mapping of our tier 1 suppliers with their tier 2, then tier 3 suppliers, etc., and to test alternative tools such as workers voice surveys, to better apprehend risks in countries. In 2023, a pilot focused on human rights and a limited scope of suppliers has been conducted with success. The initial results tend to confirm the strong value of such an approach, which will contribute to better risk-mapping, and better identification of prevention measures.

As a reminder to the reader, this Duty of Vigilance plan is the summary of Schneider Electric's risk assessment and the main actions for prevention and mitigation. It has been kept relatively compact for easy reading. Should the reader require more detailed insights into these actions, we would recommend reading the Annual Report of Schneider Electric, which contains extensive information about these programs.



7. Correspondence Table

			Vigilance plan 2023	Universal Registration Document 2023
Risk mapping and regular assessment procedures			• 4 Risk mapping (p. 19-24) • 5.3.1 Supplier risk categories (p. 48)	• 2.2.2.2 Vigilance Risks, impacts and opportunities (p.115) • 2.2.12.6 Vigilance plan for suppliers – Supplier risk categories and audit plan (p.141)
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The Schneider Electric Vigilance Plan is a collective effort **coordinated by the Corporate Citizenship and Institutional Affairs Team**. Should you have any questions, comments or suggestions please contact us.

Ethics & Compliance: <https://www.se.com/ww/en/about-us/sustainability/responsibility-ethics/>
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