



Q4 2021 Report

Schneider Sustainability Impact

Our contributions to accelerate sustainability for all

Life Is On

Schneider
Electric



Sustainability has long been the heart of everything we do. It drives us to do good and to do well because purpose and profit aren't mutually exclusive. That spirit has driven the evolution of our business, culture, and operating model, and has helped us become the organization we are today: a leading practitioner and enabler of sustainability — **an impact company**.

An impact company applies deep-held sustainability values across social, environmental, corporate governance and ethics, and financial dimensions. Our principled approach has garnered attention over the years, including recognition from Corporate Knights as the **World's Most Sustainable Corporation in 2021**. These accolades are reasons to celebrate, but they're not reasons to relax.

In the face of the climate emergency and rising inequality, we keep challenging ourselves to do more. Our 2021 – 2025 Schneider Sustainability Impact (SSI) program includes 11 global targets for transformational initiatives and over 200 goals set at the country and zone level because we understand that sustainability challenges differ locally. All these targets help ensure we deliver

meaningful impact across our six long-term commitments: **Climate, Resources, Trust, Equal, Generations, and Local**.

To better provide long-term, sustainable transformation to our customers and communities, we've also accelerated our **sustainability business** strategy with the expansion of our consulting arm, reinforced with climate advisory, reporting, traceability, supply chain engagement services, and more. This strengthens our ability to be the **key enabler for customers** that need to decarbonize both their operations and supply chain, where we can provide end-to-end support.



Olivier Blum
Chief Strategy &
Sustainability Officer



Five guiding principles:

Performance
the foundation for doing good

All stakeholders
in our ecosystem

All ESG
dimensions

Business
digital partner for Sustainability and Efficiency

Model and culture
set up for global and local impact



6 long-term commitments

We support the:



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

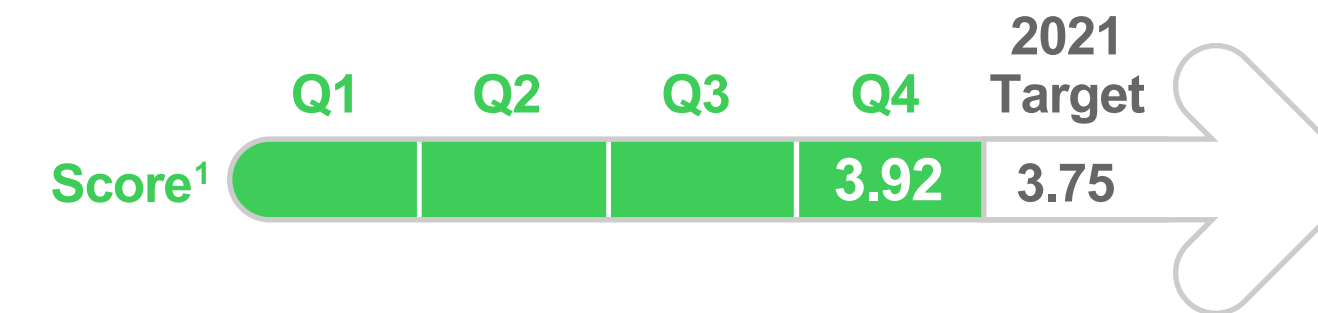
by ensuring all employees are uniquely valued and work in an inclusive environment to develop and contribute their best

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



Q4 2021 Results

CLIMATE



- 1** Grow Schneider Impact revenues*²
- 2** Help our customers save and avoid millions of tonnes of CO₂ emissions³
- 3** Reduce CO₂ emissions from top 1,000 suppliers' operations

	Baseline	Q4 2021	2025 Target
1	70%	71%	80%
2	263M	347M	800M
3	0%	1%	50%

RESOURCES



- 4** Increase green material content in our products
- 5** Primary and secondary packaging free from single-use plastic and using recycled cardboard

	Baseline	Q4 2021	2025 Target
4	7%	11%	50%
5	13%	21%	100%

TRUST



- 6** Strategic suppliers who provide decent work to their employees⁴
- 7** Level of confidence of our employees to report unethical conduct⁵

	Baseline	Q4 2021	2025 Target
6	—	In progress	100%
7	81%	+0pts	+10pts

EQUAL



- 8** Increase gender diversity in hiring (50%), front-line management (40%), and leadership teams (30%)
- 9** Provide access to green electricity to 50M people⁶

	Baseline	Q4 2021	2025 Target
8	41/25/24	41/27/26	50/40/30
9	30M	+4.2M	50M

GENERATIONS



- 10** Double hiring opportunities for interns, apprentices, and fresh graduates²
- 11** Train people in energy management⁷

	Baseline	Q4 2021	2025 Target
10	4,939	x1.25	x2.00
11	281,737	328,359	1M

LOCAL



- +1** Country and Zone Presidents with local commitments that impact their communities

	Baseline	Q4 2021	2025 Target
+1	0%	100%	100%

¹ Per Schneider Electric definition and methodology ² 2021 baseline 3/10, 2025 target 10/10 ³ Baseline 2019 ⁴ Cumulated since 2018 ⁵ Program in development ⁶ Baseline 2021 ⁷ Cumulated since 2008



Delivering immediate and lasting decarbonization



The world is already feeling the effects of climate change in ways that are impossible to ignore. Despite that, pledges made by countries during COP26 aren't enough to keep pace with the Paris Agreement, which seeks to limit global temperature rise to 1.5 C. From now until 2030, we need to **accelerate decarbonization three to five times** more than the current commitments if we're to live in a world unmarred by the worst effects of climate change.

Corporations like ours have the capability and responsibility to help, and the means to do so already exist. For our part, we're charging toward our ambitious carbon pledge with concrete milestones:

- Carbon neutral in our operations (with CO₂ offsets) by 2025
- Net zero CO₂ in our operations (no CO₂ offsets) by 2030
- End-to-end carbon neutral value chain (carbon neutral products with CO₂ offsets, scope 1, 2, 3) by 2040
- Net zero CO₂ supply chain (no CO₂ offsets) by 2050

To help us get there, we launched **The Zero Carbon Project** in April of 2021, deploying our expertise, tools, training, and solutions to halve the operational carbon emissions of our top suppliers by 2025. By decarbonizing ourselves, partners, supply chain, and even the infrastructure that supports it all — and by adopting a socially responsible mindset at every level of the business — we're striving to help elevate corporate citizenship toward impactful transformation.

Through software, services, and solutions like our **EcoStruxure™** platform, we're driving decarbonization by proving that sustainability and growth motivate each other. The financial success that results from our climate-positive efforts are what we refer to as **impact revenues**. By growing our impact revenues and helping others do the same, we can make net-zero ambitions a reality.

Our 2021 impact results:

71%

Schneider Impact revenues
(target: 80% by 2025)

347M

tonnes of CO₂ emissions saved and avoided for our customers
(target: 800 million by 2025)

1%

reduction in CO₂ emissions from our top 1,000 suppliers' operations
(target: 50% by 2025)



Climate highlights



World's Most Sustainable Corporation as ranked in 2021
Corporate Knights Global 100 assessment



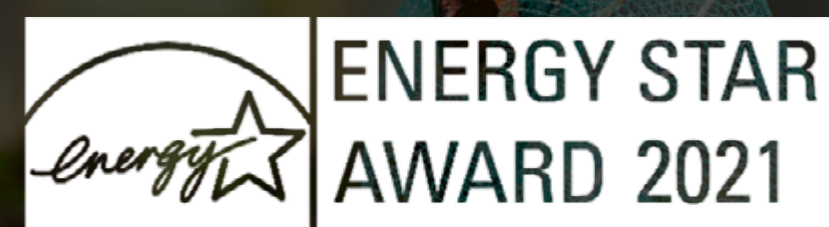
Energize clean energy procurement program
developed in collaboration with 10 global pharmaceutical companies



CDP A-list for the 11th consecutive year



Net Zero Carbon Cities Toolbox launched with Enel and the World Economic Forum



PARTNER OF THE YEAR Sustained Excellence



Wilo accelerates climate strategy with Schneider energy advisory services



SM AirSeT switchgear wins Industrial Energy Efficiency Award at Hannover Messe



“Back to 2050” decarbonization report released by Schneider Electric ahead of COP26



Being efficient with and preserving our resources



Earth Overshoot Day — the day in which demand for resources exceeds what the planet can replenish in a year — fell on July 29 in 2021. To put it another way, in a single year, humans took up nearly two Earths worth of resources.

We need to do better. By embracing a **circular** economic model and incorporating circular principles into every business decision, we can make more efficient, more responsible use of the resources we all share.

A key lever for these efforts is our **Green Premium™** label, through which we provide more sustainable products and **transparent environmental information**. Our Odace Sustainable line of residential smart switches, for example, are made from recycled materials collected from electrical drop-off centers. More than 75% of our product sales come from Green Premium products.

By using **sustainable materials**, increasing recycled materials in our value chain, and offering

end-of-lifecycle take-back programs, we **help customers** make the most of their resources. But we must also ensure that the land that supports these resources is respected.

During the first part of the COP15 gathering in October 2021, a framework to ensure no net loss of biodiversity began to take shape. For a corporation like ours, the first imperative is to measure — understanding our entire biodiversity footprint allows us to address it properly.

That's why we're taking concrete action for biodiversity with our commitments, vetted by the Act for Nature coalition. Through our **biodiversity pledge**, we'll achieve net zero biodiversity loss in our operations by 2030 and ensure 100% of our sites have **conservation and restoration** programs in place.

Our 2021 impact results:

11%
green material content in our products
(target: 50% by 2025)

21%
of primary and secondary packaging free from single-use plastic; uses recycled cardboard
(target: 100% by 2025)



Resources highlights



GSSC
2021

GLOBAL SUSTAINABLE
SUPPLY CHAIN SUMMIT

**Best Sustainable
Supply Chain
Corporate Award**

Global Sustainable Supply
Chain Summit 2021

**Four CES 2022
Innovation Awards**
for Sustainability and Smart
Home Leadership



**IntenCity, our most sustainable site
in the world**, opens in Grenoble, France



**The first waste-to-energy plant
in Sharjah, UAE** uses EcoStruxure
solutions to divert 300,000 tons of waste
from landfill to power 28,000 homes



Two Lighthouse recognitions
from the World Economic Forum for smart
factories in the U.S. and China



**Release of Odace
Sustainable line of
switches**, made from recycled
materials



Biodiversity pledge
created to fight against
biodiversity loss



**Joined the third
Livelihoods Carbon
Fund** to accelerate
nature-based solutions



Earning the trust of all our stakeholders



Trust is a foundational value. It supports our customer partnerships, investments, employee relationships, and the communities of which we're privileged to be a part. The ability to work together forms the basis for progress, enabling all of us to arrive at a future in which sustainability works for everyone.

The first step in building trust often starts with a business relationship — introducing high-quality software, products, and services, and maintaining that **quality** throughout the offer lifecycle. But this comprehensive emphasis on excellence goes far beyond a digital solution, physical product, or in-person service call; it's seeded in a fundamental belief in respect.

Our Trust Charter codifies the importance of our commitment to ethics, safety, sustainability, quality, and cybersecurity. It acts as our code of conduct and applies to everyone working at Schneider or any of our subsidiaries; we train our employees yearly on these principles.

Our annual vigilance plan — which was recognized as **2021's Best Vigilance Plan** by the FIR (Forum pour l'Investissement Responsable) and A2 Consulting - helps us track and address risks to our business, supply chain, contractors, and communities on issues regarding human rights, the environment, business ethics, offer safety, and **cybersecurity**.

The ongoing pandemic has solidified the need for a safety net to guarantee a minimum income level for employees. Beginning in 2021, with the help of an independent third party, we'll annually audit employee compensation to ensure we provide **living wages** across the organization. In our new SSI program, we also aim that 100% of our strategic suppliers provide decent work to their employees: we're the only company in our industry with these types of commitments.

Our 2021 impact results:

(Program in development)

strategic suppliers provide decent work to their employees

(target: 100% by 2025)

81%

level of confidence of our employees to report unethical conduct

(target: +10pts by 2025)



Introduction

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Trust highlights



Winner of the Grands Prix de la Transparence award
in the ESG Information category



Recognized as the Best Financial Operation of the Year
at Club des Trente for our sustainability-linked bond

Listed on the Dow Jones Sustainability™ Index
for the 11th consecutive year

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA



96% of employees
completed trainings on cybersecurity and ethics



Listed as one of the World's Most Ethical Companies for the 10th consecutive year



The Trust Charter
evolves from our Principles of Responsibility



Creating equal opportunities for all, everywhere



Our aspiration is to improve lives by developing sustainable energy solutions and we can only get there through an all-hands approach; inequality, in all its forms, is a threat to peace, stability, and prosperity worldwide.



Around the world, approximately two billion people lack reliable access to electricity. We view **access to energy as a fundamental human right**, and addressing this disparity entails wrestling with the larger issue of inequality.



To address the energy gap, we develop and support **rural electrification** projects — from solar lanterns and home electrification systems to streetlights and microgrids — our innovations help open opportunities. In 2021, we helped an **additional 4 million people** around the world gain access to green electricity and our goal is to increase that number to a cumulative total of 50 million people by 2025.



This commitment to equitable progress also extends to our diversity, equity, and inclusion philosophy. With **seven women on our 16-member executive committee**, our senior management team is one of the more gender-balanced in our industry. By 2025, we'll ensure women make up 50% of new hires, 40% of front-line managers, and 30% of senior leaders.

As part of this vision, we've developed and implemented a **Pay Equity Framework** — a shared global methodology to identify and amend gender pay gaps within comparable groups of employees. This framework, together with an industry-leading **Global Family Leave Policy**, helps us ensure that equity is a value we live every day. It also helps our people better serve our mission of bridging progress and sustainability while leaving no one behind.

Our 2021 impact results:

41/27/26

women in hiring (41%), front-line management (27%) and leadership teams (26%)

(target: 50/40/30 by 2025)

+4.2M

people have access to green electricity

(target: 50 million by 2025)



Equal highlights



Recognized as a diversity leader for the 3rd year in a row by the Financial Times



13,000 Mobiya solar lanterns distributed in Benin, Senegal, and Cameroon in partnership with ADEME



Worldwide Employee Share Ownership Plan (WESOP) turned 25, employee subscription rate tops 60%



Listed in the Bloomberg Gender-Equality Index for the 4th consecutive year



Opened one of the biggest fish farms in West Africa



Partnered with Solar Impulse on its Efficient Solutions Label initiative to identify 1,000 solutions to fight climate change



Adopted the World Economic Forum's Partnership for New Work Standards

Ranked first in Refinitiv's D&I Top 100 Companies in 2021





Harnessing the power of all generations



There are five **generations** sharing this planet today, and it's our responsibility to leave no one behind. We strive to live that value by supporting everyone equally in our organization through mentorship and training, and by sparking innovation.

We've always been committed to fostering **learning and upskilling**. For example, through the Schneider Global Student Experience, we provide young people with a path in energy management and automation. Similarly, our Schneider Go Green competition encourages the next generation of innovators to bring their ideas to life.

The Schneider Electric Foundation works with local nongovernmental organizations that offer training programs, too. In France, for example, the Foundation sponsors the "100 chances — 100 emplois" ("100 chances — 100 jobs") program, providing personalized career opportunities for adults from 18 – 30 who lack higher education qualifications or degrees. And through the Foundation's Tomorrow Rising initiative, we help entrepreneurs in developing countries lead their communities into a future of opportunity.

This is how we've passed the milestone of **300,000 people trained in energy management in 2021** and we'll train 700,000 more people by 2025. As we work to cultivate these skills, we enable career pathways for those who are passionate about sustainability. And if those paths lead to us, we make sure that talent flourishes.

Throughout their careers, employees are encouraged to take part in upskilling programs and engage with our global career development platform, **Open Talent Market (OTM)**. AI-driven OTM matches internal talent to part-time projects, full-time jobs, and mentorship, creating better transparency around job opportunities and facilitating diverse, global collaboration. As people grow with us, we ensure all senior employees are given systematic career reviews and development plans 10 years before retirement. It's through these programs that our people build fulfilling careers: by investing in the value of learning every day, we can better deliver on our promise to future generations.

Our 2021 impact results:

x1.25

hiring opportunities for interns, apprentices, and fresh graduates

(target: x2 by 2025)

328,359

people trained in energy management

(target: 1 million by 2025)



Generations highlights



Top 50 World's Most Attractive Employers in engineering for the 3rd consecutive year



Certified Great Place to Work for the 3rd consecutive year



UCEP Bangladesh and Schneider Electric Foundation partnered to train 15,000 youth in energy management



More than 7,000 students registered for the 2nd annual Schneider Global Student Experience



25,458 students participated in Schneider Go Green in the City 2021



Committed to training 10,000 people through the new French South African Schneider Electric Education Center



Pledged to build low-carbon tech training centers with China Education Association for International Exchange



Enabling local impacts all around the world



Climate crises, equality gaps, lack of opportunity, health crises — many of these issues are both global and local. We're aware that sustainability is ultimately about people and their everyday environment; sustainability can mean different things for different people depending on where they live. To address more local issues, we've tasked all our country and zone presidents with identifying and addressing specific local commitments.

In less than a year, we've validated **more than 200 local initiatives**. These local actions are part of our larger global commitments and manifest in ways like powering 100 co-educational schools with solar energy for 24,000 students in India or by establishing vocational training centers in Myanmar.

In addition to these local and global initiatives, **our VolunteerIn program** has been motivating people since 2012 to mentor, train, and contribute to sustainability programs run by local partners. By supporting these volunteers, we amplify the power of responsible citizenship and sustainable community. We're privileged to continually witness the impact an individual can make firsthand. And during the pandemic, we've seen our people step up in greater

numbers, more often.

In May of 2021, as COVID-19 was accelerating at an alarming rate in India, we helped organize fund drives and other initiatives to support our Indian colleagues; emergency relief like oxygen concentrators, mobile oxygen plants, and supplies combined with funding from 6,530 contributors via the **Tomorrow Rising Fund**.

We're convinced that our local commitments will make all the difference. As the initiatives we've sown take root in communities around the world, we'll keep growing our local impacts so we can all enjoy the bounty of sustainability.

Our 2021 impact results:

100%

Country and Zone Presidents with local commitments that impact their communities

(target: 100% by 2025)



Local highlights



Photovoltaic devices installed to charge solar lamps in African schools



Advanced safer electricity access in Brazil for underprivileged households



Education opportunities supported for vulnerable women in Chile



Established vocational training facilities in Myanmar

Electrical products given a new life in Spain and improved electrical access for families in need

Supported indigenous-owned suppliers in Australia by increasing spending fivefold

Promoted circularity in France by expanding our internal shop catalog with 150 circular products



Methodological note

Schneider Sustainability Impact (SSI) is Schneider Electric's continuous improvement process to deliver outstanding sustainability performance in line with its business strategy. Progress is measured against a 2020 baseline, except for two programs measured against a 2019 baseline to mitigate COVID-19 impacts (SSI #1 impact revenues and SSI #10 opportunities for the next generation).

The SSI provides an overall measure of the Group's progress on its sustainability goals on a scoring scale of 10. This is done by converting each KPI's performance on a 10-point scale, considering that base year performance receives a 3/10 score and the 2025 objective translates to a 10/10 score. For each KPI, the relevant score is obtained by linear interpolation and rounded down to the second decimal. By construction, the score of an indicator cannot exceed 10/10 and cannot be lower than 0/10. The overall score of the tool is the average of each KPI's score with equal weight excluding the local commitment (SSI #+1). As an exception, in 2021, two other KPIs are excluded: SSI #6, as the program is still in development, and SSI #7, because 2021 is the baseline year. An external auditor provides limited assurance on the KPIs of the SSI once a year — including a review of the methodologies and processes used to consolidate the different KPIs.

Each year, the SSI performance impacts short-term incentives for the Group's executives and about 64,000 eligible employees for 20% of the collective share.

*Note on Q4 2021 results

For SSI #4 and SSI #5, evidence received in Q4 2021 enabled a better estimation of the 2020 baselines. Those updated baselines have been audited by Ernst & Young (EY).

Regarding SSI #6, Schneider Electric built its decent work framework in 2021 and will run a pilot with a few suppliers to finalize the methodology before rolling it out to all strategic suppliers in 2022. As progress cannot yet be measured, this KPI is excluded from SSI score calculation for 2021, as agreed with auditors.

Following the completion of our yearly internal Employee Engagement survey, we registered an 81% confidence rate in reporting unethical behavior (SSI #7). This performance will serve as a baseline and the Group targets a +10pts progress by 2025. Note that the performance of this KPI is excluded from the 2021 SSI score calculation and has been verified by Ernst & Young (EY).

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