2023 Integrated Report

The Next Frontier:
Industrial Tech for Sustainable Impact

Life Is On | **Schneider** Electric

se.com

Integrated report

Our purpose

To empower all to make the most of our energy and resources bridging progress and sustainability for all.

At Schneider we call this Life Is ⏻n.

Our performance

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

Financial KPIs

Revenues

€35.9B

+12.7% organic

Net Income (Group share)

€4.0B

+15%

Adjusted Earnings per Share

€7.26

+2%

Adjusted EBITA margin

17.9%

+180bps organic

Free Cash Flow

€4.6B

115% conversion rate

Proposed Dividend per Share

€3.50

+11%

Our Impact

Impact revenues

74%

(+2pts vs. 2022)

Tonnes of CO_2 emissions saved and avoided

553M

to our customers since 2018

People with access to green electricity

+16.6M

since 2020

Schneider Sustainability Impact score

6.13/10

outperforming 2023 6.00/10 target

CO_2 emissions reduced

27%

from top 1,000 suppliers' operations

People trained in energy management

578,709

since 2009

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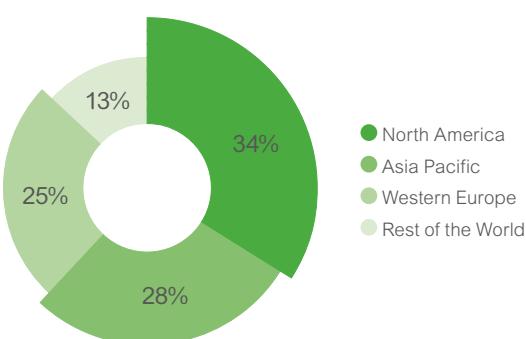
Our mission is to be your digital partner for Sustainability and Efficiency.

Our business

Revenue

€35.9bn
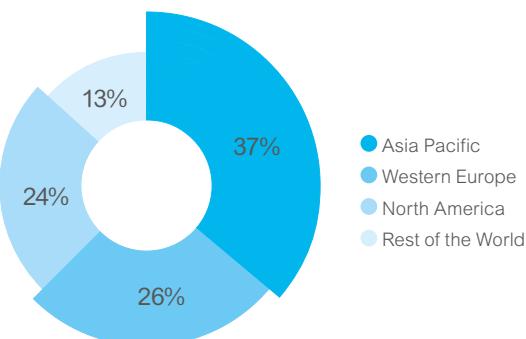
Revenue by geography in 2023

13%
34%
25%
28%

● North America
● Asia Pacific
● Western Europe
● Rest of the World

What we offer

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

⊕

Employees

168,000+

Total employees by geography in 2023

13%
37%
24%
26%

● Asia Pacific
● Western Europe
● North America
● Rest of the World

Where we operate

We are one integrated company.
We are the most local of global companies.

Our multi-hub approach is a key element to offer improved resiliency, agility and proximity to our customers and suppliers.

⊕

Our four hubs

We operate in

100+

Countries

NORTH AMERICA   **EUROPE**   **INDIA**   **CHINA**

Why we do it

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

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

⊕ See **page 48** of the 2023 Universal Registration Document to find out more about our strategy.

We are an impact company

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

IMPACT
Company
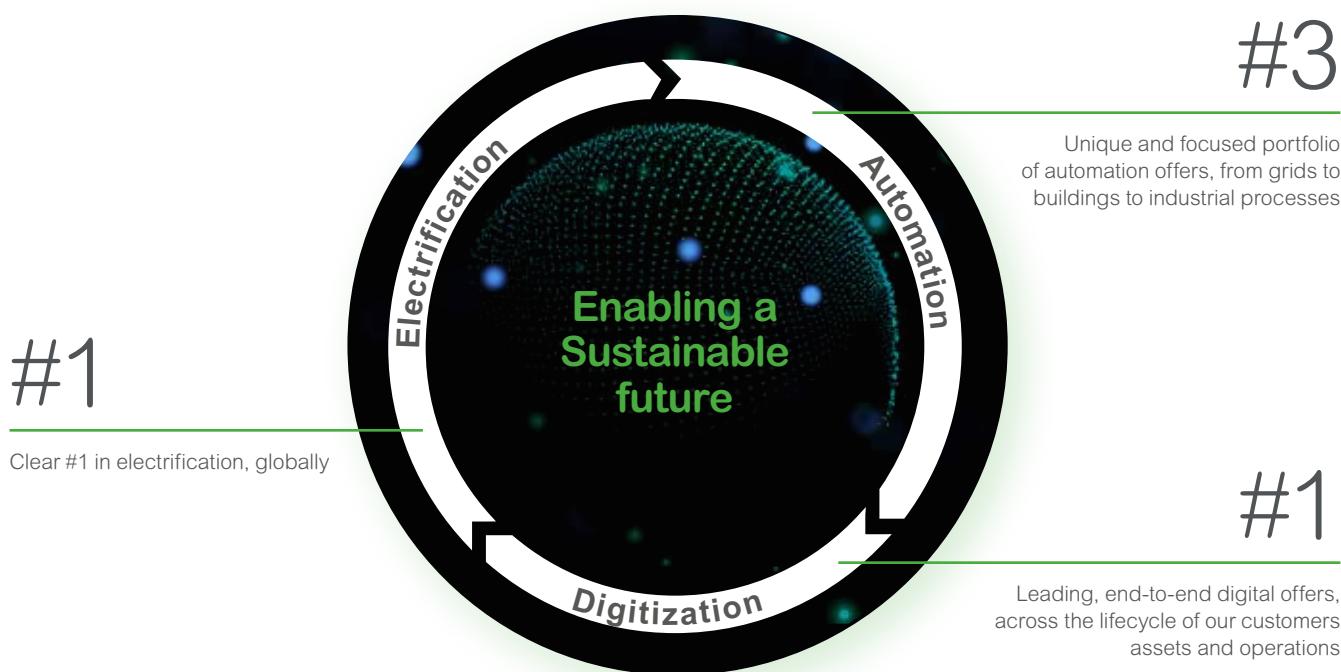
⊕ See **page 66** of the 2023 Universal Registration Document to find out more about our Sustainability strategy.

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

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

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

#3
Unique and focused portfolio of automation offers, from grids to buildings to industrial processes

Enabling a Sustainable future

Electrification

Automation

Digitization

#1
Clear #1 in electrification, globally

#1
Leading, end-to-end digital offers, across the lifecycle of our customers assets and operations

Megatrends driving The Next Frontier

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

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

See Chapter 1 of the 2023 Universal Registration Document on **page 48** to find out more.

Well positioned on structurally growing markets

The end-markets we serve are in an accelerated growth phase as a function of the five megatrends. An addressable market of around EUR 400 billion in 2023 is set to grow at a compound annual growth rate (CAGR) of between +6% and +7% in the next four years, to reach in excess of around EUR 500 billion by 2027.
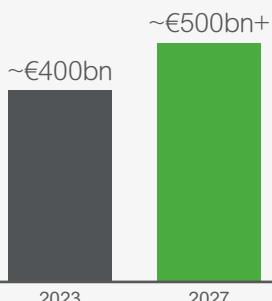
Potential addressable market estimates
2023-27, in €bn

> €100bn growth

CAGR

+6 to +7%

~€400bn   ~€500bn+

2023   2027

Key markers and strength of Schneider Electric

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

1.
Ecosystem & Partner model

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

2.
Multi-hub model

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

3.
Global balanced footprint

The most local of global companies and a reshoring champion.

4.
Focus on sustainability

Going beyond the scope of our own operations in sustainability.

5.
Culture & empowered workforce

A culture led and skills first organization enabling positive IMPACT.

IMPACT

Focus areas give roadmap for maximizing shareholder value

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

Management priorities:

1.
Growth Culture

2.
Sustainability – The Next Frontier

3.
Organic expansion of product franchise

4.
Software & Prosumer

5.
AI everywhere

Coupled with:

Agile operating model

Strong governance & business ethics

Disciplined capital allocation

Return on capital employed

= Total shareholder returns

Our business model

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

Our advantages and resources

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

People

168k+

employees worldwide, in 100+ countries

Innovation

1,000+

patent applications filed globally in 2023

Our expertise

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

ELECTRIFICATION

#1

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

AUTOMATION
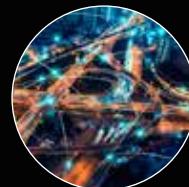
#3

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

DIGITIZATION

#1

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

BUILDINGS

DATA CENTERS

INFRASTRUCTURE

INDUSTRY

Creating value

Creating value for all our stakeholders.

For our customers

553M

tonnes of CO_2 saved and avoided since 2018

Partners and suppliers

27%

performance of the Zero Carbon Project

Environment

101

Number of zero-CO_2 sites

Partners and suppliers
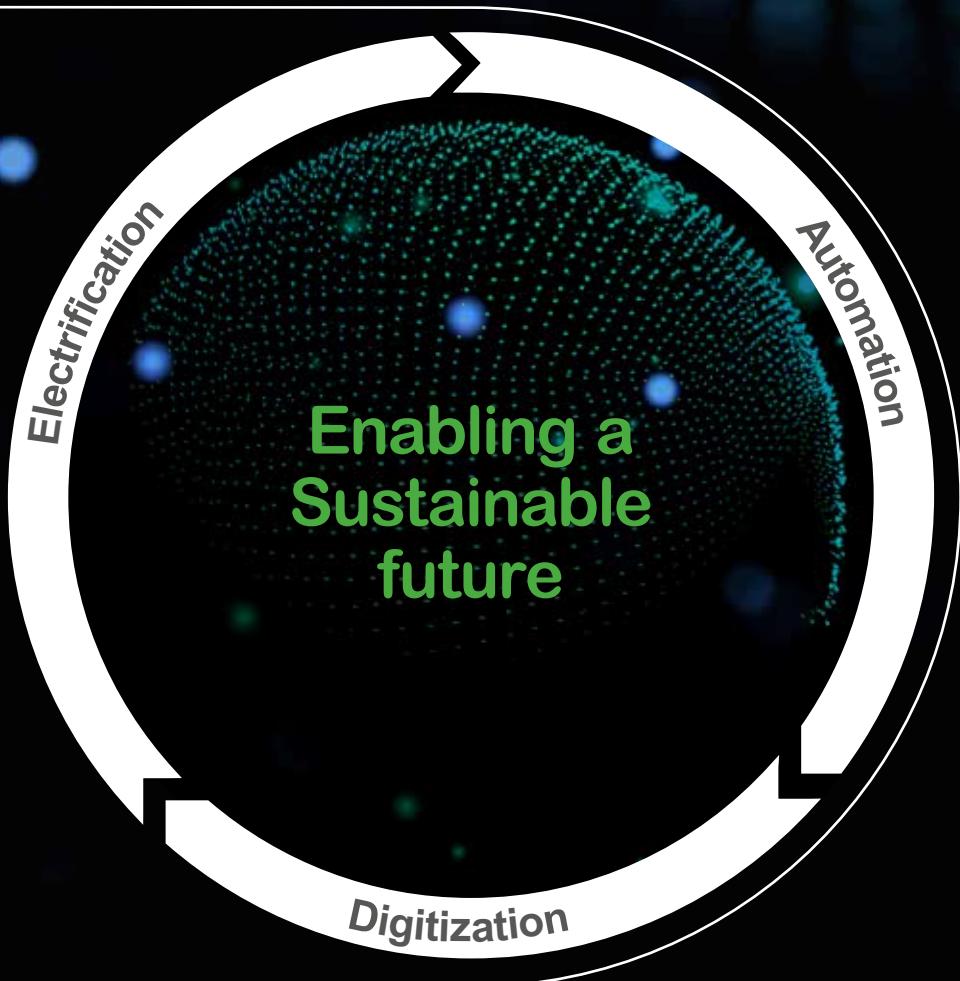
650k+

service provider and
partner ecosystem

Financial strength

A-/A3

strong investment grade
credit rating

Electrification

Automation

Enabling a Sustainable future

Digitization

**The planet and
local communities**

46.5M

people provided access to
green electricity since 2009

**For our
employees**

61%

of eligible employees benefiting
from 2023 share plan

**For our
shareholders**

+64%[1]

3-year Total
Shareholder Return

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

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

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

Jean-Pascal Tricoire
Chairman

Dear shareholders,

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

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

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

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

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

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

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

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

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

Life Is On!

Jean-Pascal Tricoire
Chairman

A message from the CEO, Peter Herweck

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

Peter Herweck
CEO

Dear shareholders,

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

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

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

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

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

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

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

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

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

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

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

Peter Herweck
CEO

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An interview with Chief Financial Officer, Hilary Maxson

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

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

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

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

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

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

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

Overall, our Digital Flywheel grew faster than the rest of the Group in 2023, with revenues up +17% organic reaching 56% of Group's total revenues. Digital innovation has been driving strong double-digit growth in connectable products, up +20% organic. Edge

Control was up +10% organic and Field Services were up +13% organic. Our combined Software and Digital Services reached EUR 3 billion revenues, up +18% organic. We are now at 70% recurring revenue in our Agnostic Software businesses tracking toward our target of 80% driven primarily by AVEVA's accelerated transition to subscription. We are well positioned as we start our four-year journey as a leader in Industrial Tech.

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

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

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

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

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

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

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

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

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

Hilary Maxson
Chief Financial Officer

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

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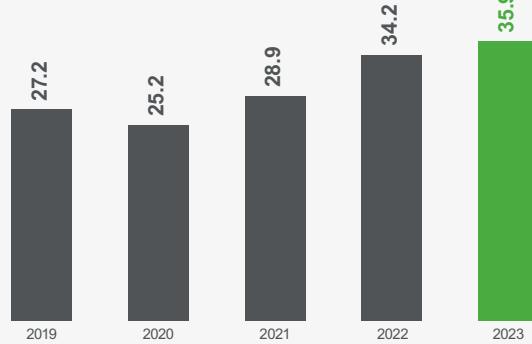
2023 was a year of strong execution, driving record performance. The Group delivered record levels of revenue, adjusted EBITA, net income and free cash flow, leaving it well positioned for the Next Frontier.

Revenue Performance

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

Revenue (€ billions)

€35.9B

Revenue bar chart (€ billions): 2019: 27.2; 2020: 25.2; 2021: 28.9; 2022: 34.2; 2023: 35.9
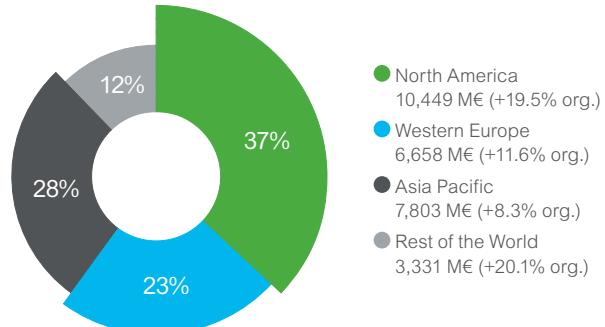
Energy Management

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

Donut chart: North America 37%; Western Europe 23%; Asia Pacific 28%; Rest of the World 12%

- North America
  10,449 M€ (+19.5% org.)
- Western Europe
  6,658 M€ (+11.6% org.)
- Asia Pacific
  7,803 M€ (+8.3% org.)
- Rest of the World
  3,331 M€ (+20.1% org.)
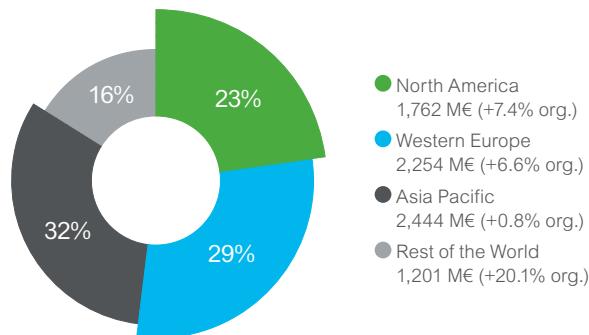
Financial performance highlights

Industrial Automation

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

was muted due to OEM weakness. Rest of the World was up +20% organic, benefitting from price actions taken in response to currency devaluation in Argentina, Egypt and Turkey, while outside of these countries there was strong growth in Discrete automation markets and good growth in Process & Hybrid markets.

● North America
1,762 M€ (+7.4% org.)

● Western Europe
2,254 M€ (+6.6% org.)

● Asia Pacific
2,444 M€ (+0.8% org.)

● Rest of the World
1,201 M€ (+20.1% org.)
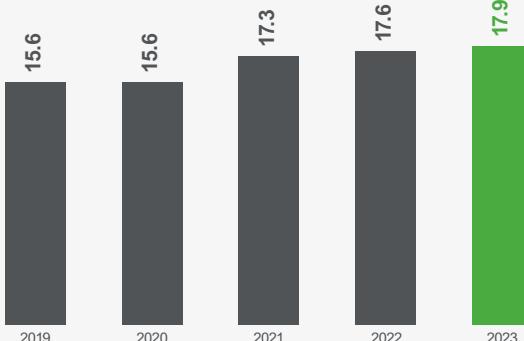
Summarized Financial Results

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

Adjusted EBITA margin

17.9% +380 bps org. since 2019

2019	2020	2021	2022	2023
15.6	15.6	17.3	17.6	17.9

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

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

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

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

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

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

Energy Management

21.1%

Adjusted EBITA margin, up +220 bps organic.

Industrial Automation

17.0%

Adjusted EBITA margin, down -110 bps organic.
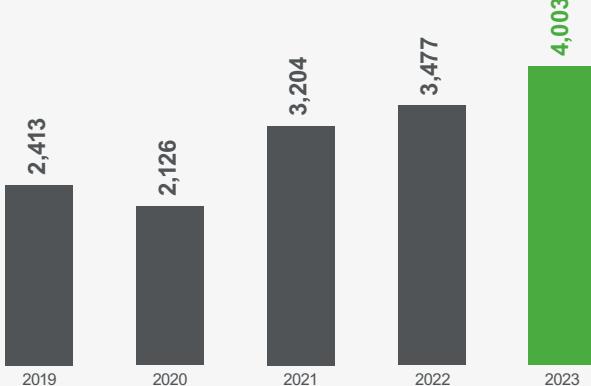
Financial performance highlights

Net income up +15%

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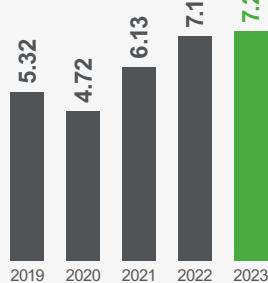
Net Income (Group share) (€ millions)

€4,003m

2019: 2,413
2020: 2,126
2021: 3,204
2022: 3,477
2023: 4,003

Adjusted Earnings Per Share (€)

€7.26
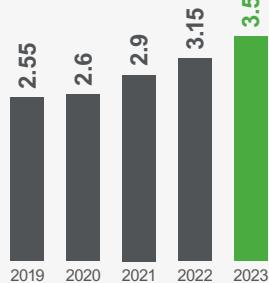
2019: 5.32
2020: 4.72
2021: 6.13
2022: 7.11
2023: 7.26

Proposed Dividend Per Share (€)

€3.50

progressive dividend for 14th year in a row

2019: 2.55
2020: 2.6
2021: 2.9
2022: 3.15
2023: 3.5

Free cash flow reached €4.6 Billion
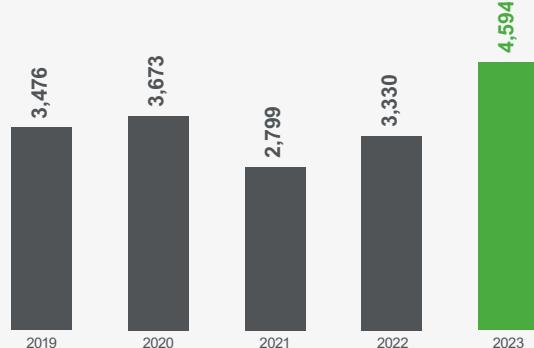
The Group delivered Free Cash Flow of **€4,594 million**, primarily due to the P&L performance driving record operating cash flow of +€5,529 million. This included R&D cash costs of €2,016 million, which increased to 5.6% of 2023 revenue.

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

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

Free Cash Flow (€ millions)

€4,594m

	2019	2020	2021	2022	2023
	3,476	3,673	2,799	3,330	4,594

Balance Sheet Remains Strong

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

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

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

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

Financial Strength

A-

Standard & Poor's

S&P Global
Ratings

A3

Moody's
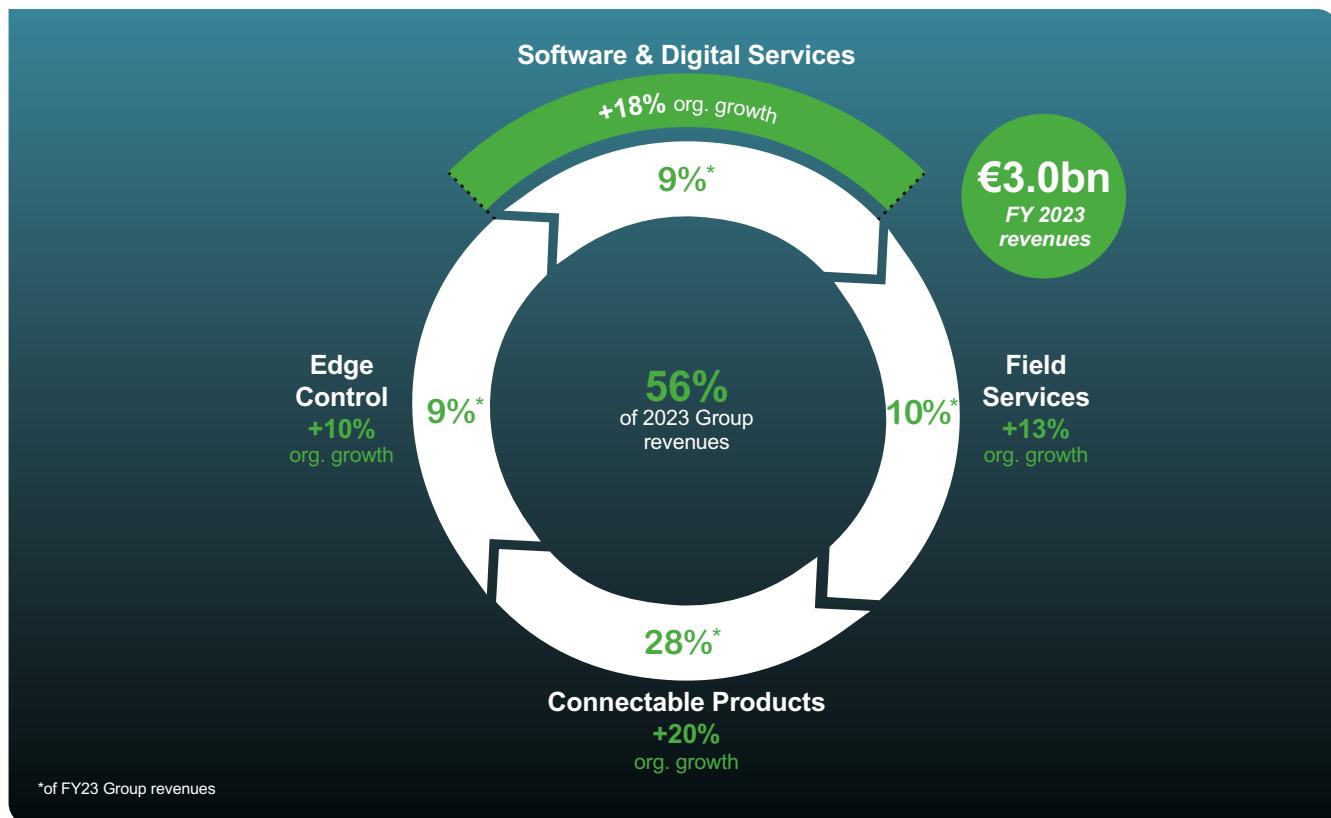
MOODY'S

Digital update

In 2023, the Digital Flywheel represented 56% of Group revenue, showing good progress towards a target range of 60% - 65% by 2027. The growth of the Digital Flywheel outperformed the Group average, led by strong performance in connectable products (which now represent 28% of Group revenues) and Software & Services (which now represent 19% of Group revenues). Within its agnostic software businesses, around 70% of revenues were classified as recurring, showing strong progress towards a target of around 80% by 2027.
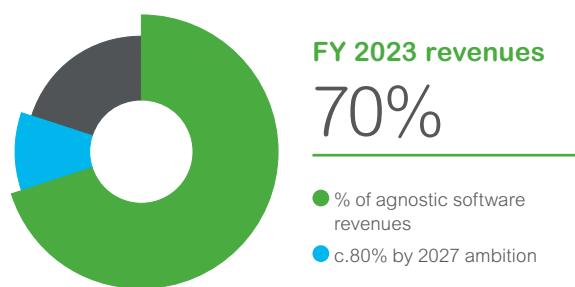
Digital flywheel growing faster than Group, up +17% org. in 2023

Software & Digital Services
+18% org. growth
9%*

€3.0bn
FY 2023 revenues

56%
of 2023 Group revenues

Edge Control
+10% org. growth
9%*

Field Services
+13% org. growth
10%*

28%*
Connectable Products
+20% org. growth

*of FY23 Group revenues

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

FY 2023 revenues

56%

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

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

FY 2023 revenues

70%

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

Key achievements of 2023:

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

Outlook and targets

Expected Trends In 2024

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

2024 Target

The Group sets its 2024 financial target as follows:

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

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

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

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

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

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

2024-27 Financial Targets:

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

Longer-term ambitions:

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

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

Key achievements of 2023

January

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

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

March

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

May

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

February

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

April

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

June

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

July

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

September

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

November

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

August

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

October

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

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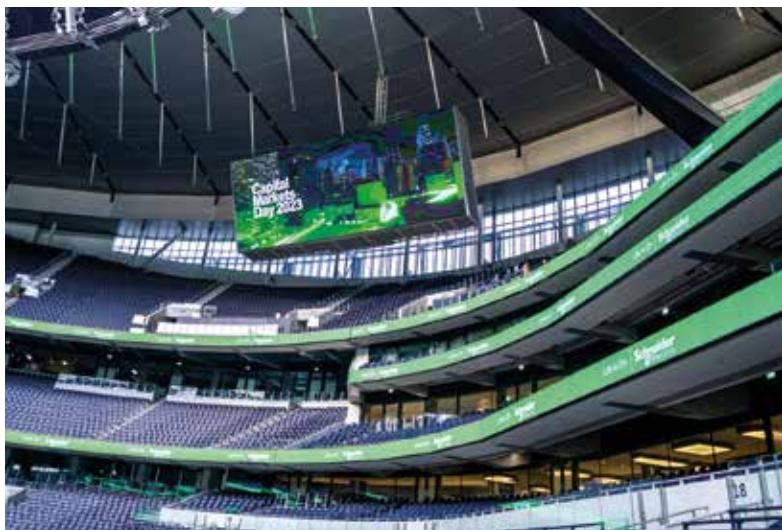
Schneider Electric launches the new industrial intelligence software platform CONNECT. Combining the industrial ecosystem with data, AI, and deep domain expertise for sustainability and efficiency, CONNECT is where our customers can access all their software applications and insights and benefit from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

2023 Capital Markets Day

November 9, 2023
Tottenham Hotspur Stadium, London

Attendees

2,700+

Attendees, in person and digitally

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

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

Digitization & Artificial Intelligence

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

20GW

AI power demand to grow by 2028

Climate Change

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

Replace energy supply
Scope 1 & Scope 2

Reduce for efficiency & circularity
Scope 3

Electrify processes

Energy Transition

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

70%

CO_2 emissions can be removed using existing technologies

Evolution of Wealth

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

India + MEA by 2050
Population

+1.4bn

Growth

+1.5bn

Urban

Buildings

+100bn m^2

Growth

Size of what exists in Europe & China today

New Global Equilibrium

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

Investment

$516bn

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

Source: whitehouse.gov

Data Centers and Networks end-market

Digitization and AI megatrends are driving unprecedented changes and opportunities to the Data Centers and Networks end-market with increased needs for both Energy Management and software offers. Strong future growth is expected, with critical needs for electrical content boosted by this turning point in technology. We support data centers end-to-end across the lifecycle:
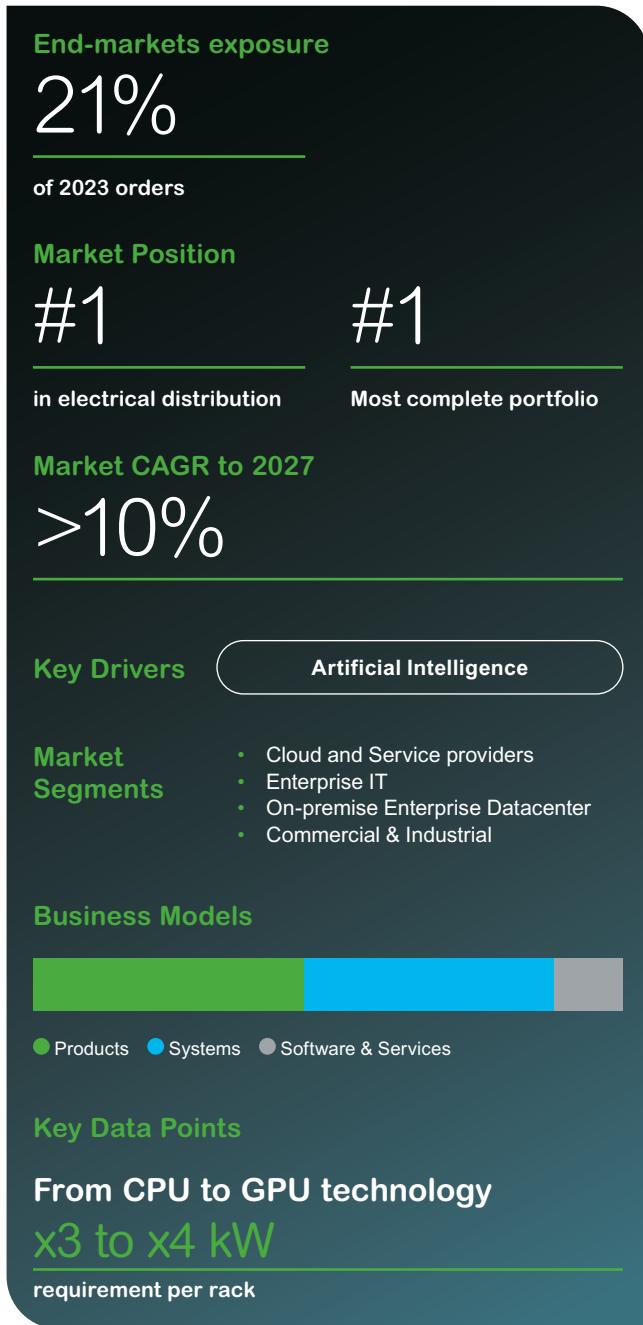
**Building
a digital model,** with ETAP for electrical design and simulation, and RIB Software for planning and scheduling throughout the construction process.

> **Source management** through our ASCO Power Technologies solutions.

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

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

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

End-markets exposure
21%
of 2023 orders

Market Position
#1
in electrical distribution

#1
Most complete portfolio

Market CAGR to 2027
>10%

Key Drivers   Artificial Intelligence

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

Business Models

- Products ● Systems ● Software & Services

Key Data Points

From CPU to GPU technology
x3 to x4 kW
requirement per rack

Customer example – Compass Datacenters

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

Challenge
Compass is a fast growing company with >100% growth in past years and over 300% growth in 2023 supported by digitization and AI megatrends. Compass needed to find a long-term partner to secure multi-year supply and support the company's scale-up phase while remaining a sustainability flagship in their industry.
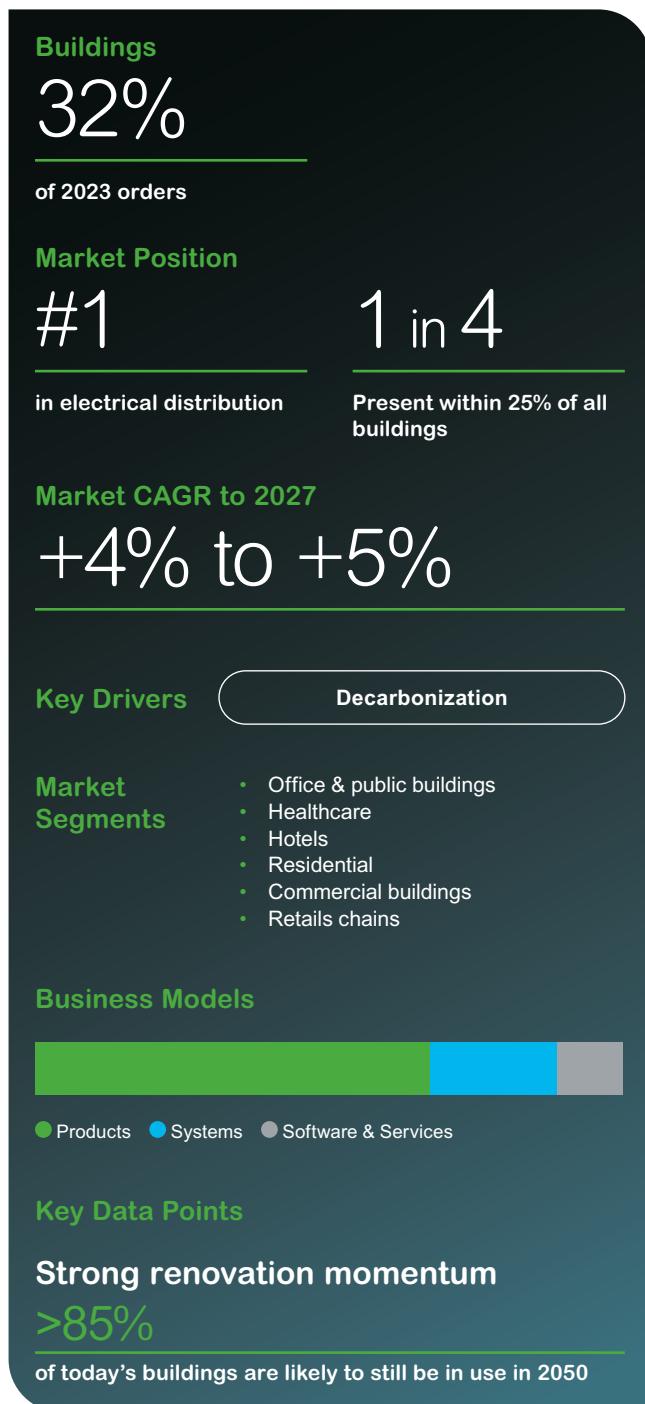
Solution
Agreement between the companies as an expansion of an existing partnership to manufacture prefabricated modular data center solutions. The integration of supply chains between companies will deliver finished goods more quickly, with predictability, and at a lower cost. The collaborative efforts will allow Compass to meet the increasing demands from customers to deliver cutting-edge data center solutions in an innovative manner.

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

Buildings end-market

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

Buildings

32%

of 2023 orders

Market Position

#1

in electrical distribution

1 in 4

Present within 25% of all buildings

Market CAGR to 2027

+4% to +5%

Key Drivers

Decarbonization

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

Business Models

● Products ● Systems ● Software & Services

Key Data Points

Strong renovation momentum

>85%

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

Customer example – Tottenham Hotspur

makes sustainable IMPACT with EcoStruxure

Goal

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

Challenge

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

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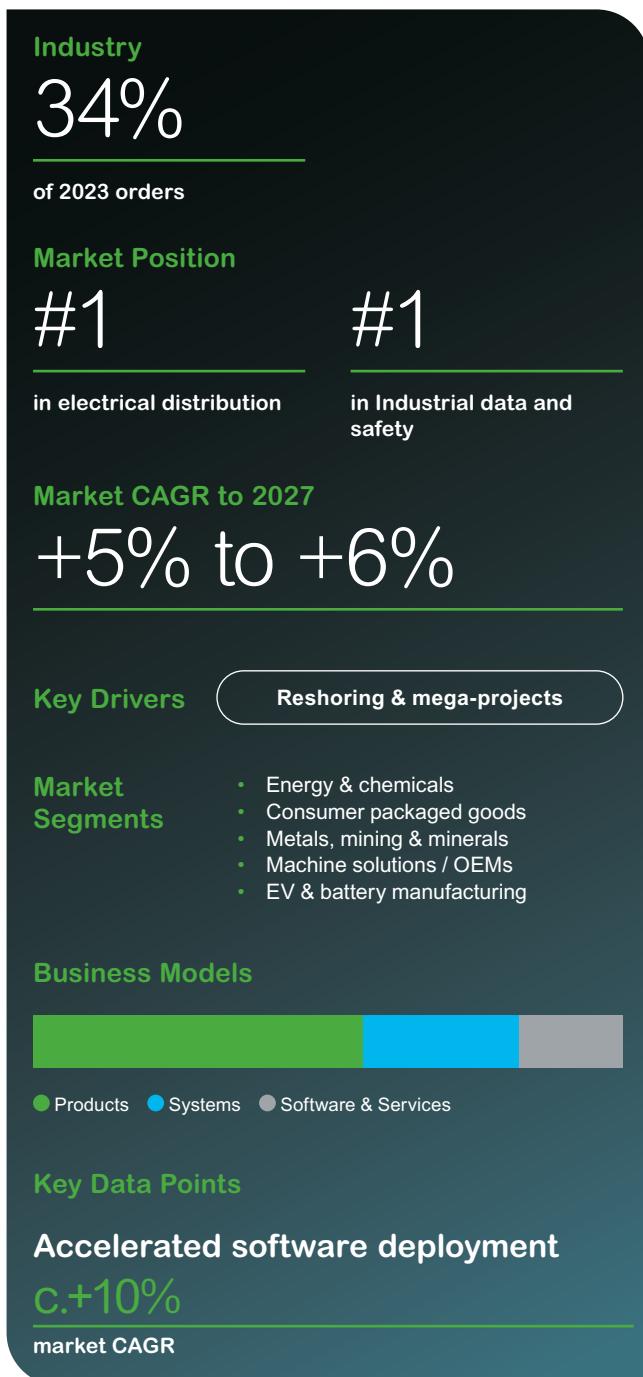
Schneider Electric's EcoStruxure Building Operation, Power Monitoring Expert, and Power SCADA Operations software platforms on site and EcoStruxure Building Advisor cloud based analytics was installed to allow continuous control and real-time monitoring of the systems integral to the stadium's smooth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

Results

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

Industry end-market

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

Industry

34%
of 2023 orders

Market Position

#1
in electrical distribution

#1
in Industrial data and safety

Market CAGR to 2027

+5% to +6%

Key Drivers — Reshoring & mega-projects

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

Business Models

● Products ● Systems ● Software & Services

Key Data Points

Accelerated software deployment

c.+10%
market CAGR

Customer example – Nexans

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

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

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

Results

Digitization drives performance

Deployment speed	Data usage capacity	Expected ROI
45 sites across 16 countries in 3 years (by 2025)	From 10% to 70% in just 3 years	Less than 3 years (investment costs, IT/OT, OpEx of licences vs. material/energy/ productivity gains)
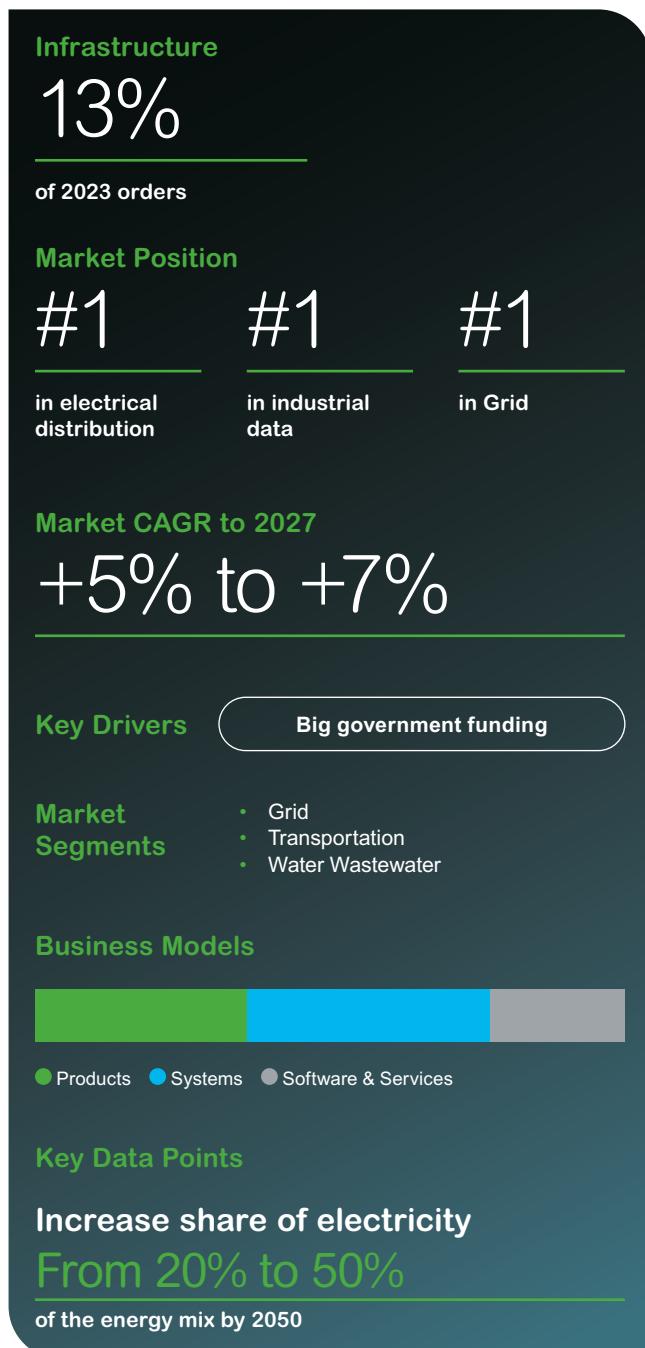
Infrastructure end-market

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

Infrastructure

13%
of 2023 orders

Market Position

#1
in electrical distribution

#1
in industrial data

#1
in Grid

Market CAGR to 2027

+5% to +7%

Key Drivers — Big government funding

Market Segments
- Grid
- Transportation
- Water Wastewater

Business Models

● Products ● Systems ● Software & Services

Key Data Points

Increase share of electricity
From 20% to 50%
of the energy mix by 2050

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

Goal

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

Challenge

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

Solution

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

Results

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

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

Transforming to be the "Industrial Tech" leader

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

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

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

Caspar Herzberg
CEO AVEVA and EVP
Schneider Electric Software

One User Experience

CONNECT

AV≡VA   etap   RIB   Schneider Electric

Going beyond the scope of operations in sustainability

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

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

CATALYZE
powered by Schneider Electric's Zeigo Hub

Energize
A program to increase access to renewable energy for pharmaceutical supply chains

Powered by Schneider Electric's Zeigo

IN PARTNERSHIP WITH:
PSCI
PHARMACEUTICAL SUPPLY CHAIN INITIATIVE

Leading companies follow an *integrated* approach

Strategize

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

Decarbonize

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

Digitize

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

An "Impact Maker" for sustainability

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

IMPACT Company

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

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

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

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

1. Do well to do good
and vice versa

Performance
The foundation for doing good

Business
Part of the solution

All ESG
Dimensions

2. Bring everyone along

Model & culture
Set up for global and local impact

All stakeholders
in the ecosystem

An Impact model recognized in external ratings

PLATINUM Top 1%
ecovadis
Sustainability Rating
FEB 2024

CDP
A LIST 2023
CLIMATE

Corporate Knights: A Global 100 Most Sustainable Corporation

Moody's ESG Solutions

Dow Jones Sustainability Indices

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

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

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

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

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

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

Our 2025 sustainability commitments

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

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

Our unique transformation tool

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

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

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

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

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

2021 – 2025
SCHNEIDER
SUSTAINABILITY
IMPACT

1. **Focused**
   on material issues

2. **Disrupting**
   the *status quo*

3. **Transparent**
   quarterly disclosure

4. **Robust**
   assured by an independent third party

5. **Rewarding**
   employees for performance

⊕ Read more about Schneider Sustainability Impact and Schneider Sustainability Essentials in chapter 2 of the 2023 Universal Registration Document, on **pages 71 to 75**.

⊕ Read more about our contributions the United Nations Sustainable Development Goals on **pages 76 and 77** of the 2023 Universal Registration Document.

Proud of 2023's sustainability achievements

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

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

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

SCHNEIDER SUSTAINABILITY IMPACT

6.13/10

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

Schneider Sustainability Impact

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

(1) The baseline year is indicated in front of each SSI baseline performance.

(2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and 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 of the 2023 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2023. Please refer to page 266 of the 2023 Universal Registration Document 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 of the 2023 Universal Registration Document.

Climate

Parterning to accelerate the adoption of renewable energy

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

Resources

Products with sustainable packaging

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

Trust

Sustainability School for Partners

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

Equal

Clean electricity for health facilities

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

Generations

Go Green Winners

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

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

Local

Acting as a corporate citizen

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

Governance

A new governance structure

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

Fred Kindle
Vice-Chairman & Lead Independent Director
65 years, Swiss
- Consulted by the Chairman on agenda and sequence of events for Board meetings.
- Has the ability to require that the Chairman convene a Board meeting.
- Deals with any possible conflicts of interest.
- Carries out annual assessments of the Board.

+

Peter Herweck
Chief Executive Officer
57 years, German
- Has sole authority to bind the Company with third parties.
- Defines and proposes the strategy.
- Manages the Company.
- Runs the business.
- Develops human capital and leadership.

Our Board of Directors

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

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

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

Léo Apotheker
Director
70 years, French & German

Nive Bhagat
Independent Director
52 years, British

Cécile Cabanis
Independent Director
52 years, French

Giulia Chierchia
Independent Director
45 years, Belgian & Italian

Rita Félix
Employee Director
41 years, Portuguese

Linda Knoll
Independent Director
63 years, American

Jill Lee
Independent Director
60 years, Singaporean

Xiaoyun Ma
Employee Shareholders Director
60 years, Chinese

Anna Ohlsson-Leijon
Independent Director
55 years, Swedish

Abhay Parasnis
Independent Director
49 years, American

Anders Runevad
Independent Director
64 years, Swedish

Gregory Spierkel
Independent Director
67 years, Canadian

Lip-Bu Tan
Independent Director
64 years, American

Bruno Turchet
Employee Director
50 years, French

Philippe Knoche
Observer
55 years, French & German

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

Board expertise

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

Board committees

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

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

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

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

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

C **Committee Chair**

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

Activities of the Board in 2023

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

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

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

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

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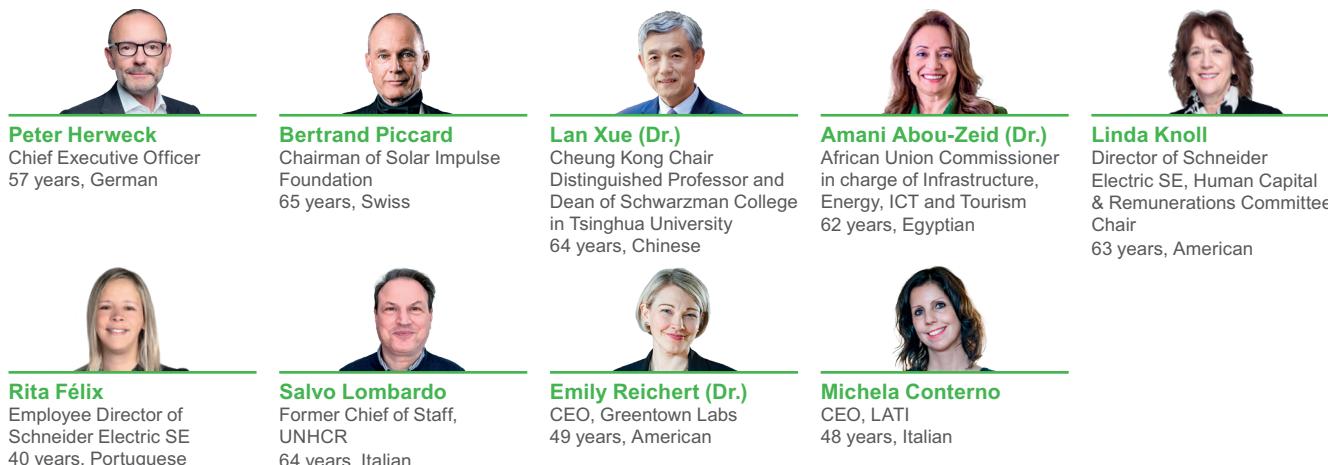
Our Executive Committee

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

Peter Herweck
Chief Executive Officer
57 years, German

Hilary Maxson
Chief Financial Officer
45 years, American

Charise Le
Chief Human Resources Officer
51 years, Chinese

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

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

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

Nadège Petit
Executive Vice-President Innovation
43 years, French

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

Peter Weckesser
Chief Digital Officer
55 years, German

Annette Clayton
Chairwoman of North America
60 years, American

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

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

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

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

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

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

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

Our shareholders

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

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

Key
— Global functions
— Operations
— Business

Our Stakeholder Committee

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

Peter Herweck
Chief Executive Officer
57 years, German

Bertrand Piccard
Chairman of Solar Impulse Foundation
65 years, Swiss

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

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

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

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

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

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

Michela Conterno
CEO, LATI
48 years, Italian

Governance

Our Executive compensation

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

Pay for Performance	Alignment with shareholders' interest	Competitiveness
• **Principle 1:** Prevalence of variable components: *circa* 80% for CEO (at target). • **Principle 2:** Performance is evaluated *via* economic and measurable criteria. • **Principle 3:** Financial and Sustainability objectives are fairly balanced and distributed between short-term (annual variable compensation) and medium-term (long-term incentive) components.	• **Principle 4:** Significant proportion of the total compensation delivered in shares. • **Principle 5:** Performance conditions support Schneider Electric's strategic priorities and are aligned with shareholders' expectations.	• **Principle 6:** To benchmark the Corporate Officers' compensation package "at target" in the median range of the Company's updated peer group. • **Principle 7:** To reference the CAC 40 third quartile and the STOXX Europe 50 median.

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

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

Balance between compensation elements

24% Not linked to performance
48% Paid in cash
48% Short-term
24% Fixed compensation
24% Target annual variable compensation 100% of fixed[2]
52% LTIP[1]
76% Linked to performance
52% Paid in shares
52% Long-term (minimum 3 years + presence condition)

Group's strategic priorities

How the strategy links to the Corporate Officers' variable compensation

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

Annual incentive plan

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

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

Long-term incentive plan

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

Adjusted Earnings per Share	Relative Total Shareholder Return	Carbon emissions reduction targets
40%	35%	25%

Our Enterprise Risk Management

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

An Enterprise Risk Management based on the three lines of defense model
Schneider Electric uses a hybrid risk management model with central functions and experts in charge of setting risk management mechanisms, establishing policies, and other activities, while the ownership of the risks belongs to the Business Units, Operating Divisions, or Global Functions who are responsible for deploying the central framework to manage their risks.

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

Senior Management	**Audit & Risks Committee**
Responsible for designing and leading the overall internal control system including the oversight, identification and assessment, and mitigation of risk at Group level as well as Business Unit level and across key Group functional areas.	Follows-up on the efficiency of internal control and risk management systems and reports to the board thereon.

1st line of defense	**2nd line of defense**	**3rd line of defense**
Take ownership of how the risks are controlled on the ground, following the risk management procedures set by the 2nd line of defense.	Set risk management mechanisms, advise and monitor the 1st line of defense, help it build action plans to improve response, control and monitoring of risks.	Independently assesses if the 1st line of defense is managing risks properly and if the 2nd line of defense is supporting the 1st line in the right way.
Operating Divisions and business units (Risk Owners)	**Group Risk Management** / **Internal Control** / **Global Functions and Risk Overseers**	**Internal Audit**

Key Risks

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

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

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

Key to symbols

🔴 High impact
🟠 Medium impact
🟢 Low impact

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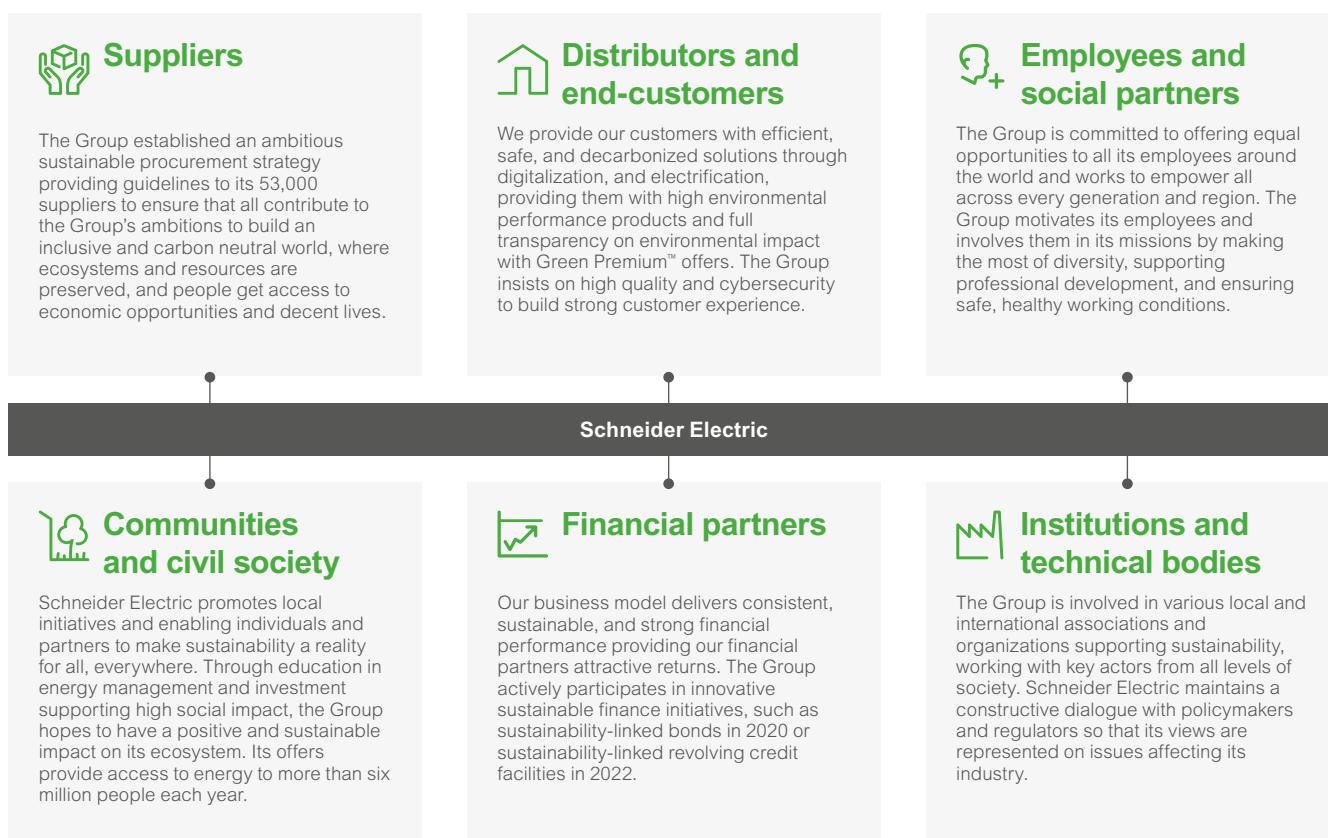
Sharing sustainable value with our stakeholders

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

Stakeholders in our ecosystem

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

Suppliers

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

Distributors and end-customers

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

Employees and social partners

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

Schneider Electric

Communities and civil society

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

Financial partners

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

Institutions and technical bodies

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

Stakeholders' top four expectations

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

1.

Leading climate action in our ecosystem with our partners.

2.

Pioneering circular economy and being efficient with resources.

3.

Ensuring a fair transition and guaranteeing high ethical, social and environmental standards along our value chains.

4.

Leveraging digital in cybersecure solutions to boost positive impact.

Committed with our partners

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

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

Since 2017, Schneider Electric is a Strategic Partner of the World Economic Forum, where our CEO is a member of the International Business Council and the CEO Alliance of Climate Leaders – and our Chairman a member of the Community of Chairpersons since 2023. Schneider engages with a wide range of partners to progress on common world challenges, by joining public-private dialogues and peer-to-peer workgroups, sharing insights and use-cases leading to new frameworks and toolboxes.
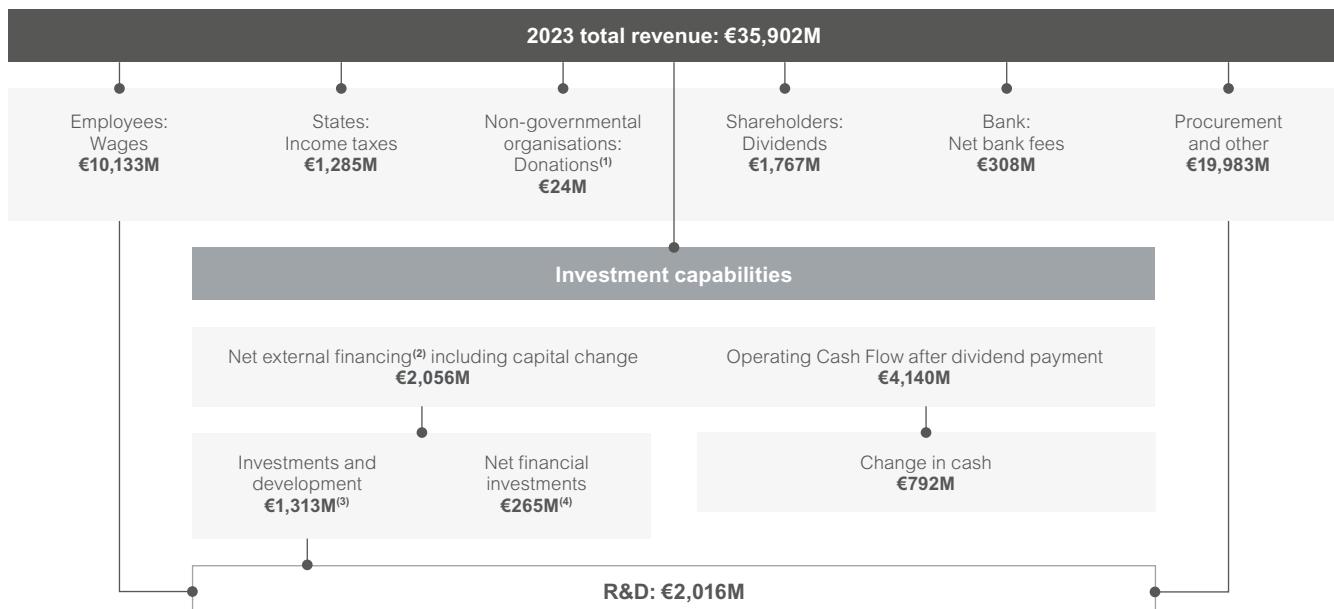
The Group has renewed its commitment to the Solar Impulse Foundation which selects more than 1,000 solutions contributing to the achievement of at least five SDGs, and which are promoted to corporate and political leaders worldwide. Solutions are selected based on their technical feasibility, environmental benefits, and economic viability.

⊕ Read more on our dialogue with stakeholders on **pages 78** and **91** of the 2023 Universal Registration Document.

Revenue breakdown by stakeholder

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

2023 total revenue: €35,902M

Employees: Wages **€10,133M**	States: Income taxes **€1,285M**	Non-governmental organisations: Donations[1] **€24M**	Shareholders: Dividends **€1,767M**	Bank: Net bank fees **€308M**	Procurement and other **€19,983M**

Investment capabilities

Net external financing[2] including capital change **€2,056M**

Operating Cash Flow after dividend payment **€4,140M**

Investments and development **€1,313M**[3]

Net financial investments **€265M**[4]

Change in cash **€792M**

R&D: €2,016M

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

Proud to be one of the most ethical companies

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

Trust Charter, Schneider Electric's Code of Conduct

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

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

⊕ Read our Trust Charter on **se.com**
and on page 108 of the 2023 Universal Registration Document.

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

Our Speak Up Mindset

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

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

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

Training and empowering all employees

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

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

2023 achievements

30+
languages in which the Trust Charter is available

99%
of all employees completed the Schneider Essentials training on Trust

82%
of employees are confident to report unethical conduct

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

Schneider Electric's vigilance plan

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

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

The Group's vigilance plan complies with the provisions of the 2017 French law on corporate duty of vigilance and includes:
- A risk analysis specific to risks that Schneider Electric poses or may pose on its ecosystem and environment;
- A review of the key actions implemented to remediate or mitigate these risks;
- An alert system (Trust Line); and
- Governance specific to vigilance.

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

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

Risk areas	Main risk identified	Main mitigation actions	Risk level
Schneider Electric sites	• **Cybersecurity:** only high risk for the Group's sites, as Schneider Electric is a supplier of connected and digital solutions, thus a potential target for cyberattacks aimed at its customers' systems	Training sessions Cybersecurity Leaders Incentive for plant managers Annual review of policies Cyber Badges ⊕ Read more on cybersecurity **page 127** of the 2023 Universal Registration Document	🔴
Suppliers	• **Human rights:** most frequent issues concern decent working hours, paid leave, and proper resting time. • **CO_2 emissions:** notably coming from the transformation and transportation of raw materials. • **Pollution:** for some categories of substances purchased, such as solvents	Supplier Code of Conduct Supplier Vigilance Plan (SSE #17) ISO 26000 assessments The Zero Carbon Project (SSI #3) Green materials (SSI #4) Decent Work program (SSI #6) Sustainable Packaging (SSI #5) ⊕ Read more on suppliers programs **page 138** of the 2023 Universal Registration Document	🟠
Contractors	• **Health and safety:** physical injuries that can happen during construction, or when doing services and maintenance operations • **Business ethics:** mostly related to potential corruption, conflict of interest, and integrity due to the contractual nature of this activity.	On-site audits Training on anti-corruption and Business Agent Policies Project follow-up Selection process adapted to our Vigilance Plan ⊕ Read more on contractors **page 149** of the 2023 Universal Registration Document	🟠
Local communities	• Communities living around Schneider Electric sites (factories, offices, etc.) have a limited risk exposure because operations are usually located in large, well-structured urban areas.	Vigilance risks assessments Project reviewed according to involvement and mitigation capabilities ⊕ Read more on communities **page 151** of the 2023 Universal Registration Document	🟢

Risk level: Low to Medium 🟢   Medium to High 🟠   High 🔴

⊕ Read more about our Vigilance Plan on **page 115** of the 2023 Universal Registration Document.

2023 achievements

Top 25%
in external ratings for Cybersecurity performance

320,000
employees of our suppliers with better working conditions thanks to the 'Vigilance Program' for suppliers since 2017

3,200+
suppliers assessed under our Vigilance Plan since 2018

Great people make a great company

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

Our Employee Value Proposition

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

2025 People Strategy

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

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

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

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

Committed to Schneider #SEGreatPeople

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

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

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

2023 achievements

81%
of employees feel they have the flexibility to modify their work arrangements as needed (stable since 2022)

x1.52
hiring opportunities for interns, apprentices, and fresh graduates

77%
employees' received digital upskilling thanks to the Digital citizenship program (stable since 2022)

61%
subscription in our yearly Worldwide Employee Share Ownership Plan (WESOP)

Local sustainability commitments

As part of the 2021 – 2025 Schneider Sustainability Impact, Schneider promotes local initiatives and enable individuals and its partners to make sustainability a reality for everyone, everywhere. 100% of Schneider Electric's Country and Zone Presidents have defined three local commitments that impact their communities in line with the Group's sustainability transformation. Close to 200 local programs have been deployed since 2021; here are a few examples of initiatives being implemented to drive local and impactful changes.

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

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


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

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

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

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

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

Sustainable relations with suppliers

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

Supply chain and procurement vision

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

- Customer satisfaction and quality is our number one priority. Our supply chain is market driven and tailored to the customer.
- Sustainability is at the core of procurement actions with focus on the impact that the operations of our suppliers generate on the environment and society.
- Competitive landed costs and optimized cash, driving a high level of productivity and Schneider Electric's top-line growth and margin.
- An agile and secure supply chain, that is a competitive advantage in the market, throughout the product lifecycle.
- World-class competencies and talents with values of accountability, collaboration, and simplification.

⊕ Read more about our sustainable relationships with suppliers on **page 138** of the 2023 Universal Registration Document.

Building a sustainable procurement strategy

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

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

Holistic monitoring approach

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

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

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

2023 achievements

27%
operational CO_2 emission reduction in the Zero Carbon Project (vs. 10% in 2022)

+1.6pts
increase of suppliers' ISO 26000 score vs. 2022 (+7.1pts since 2019)

21%
strategic suppliers conform to Schneider's Decent Work requirements (vs. 1% in 2022)

CIPS EXCELLENCE IN PROCUREMENT AWARDS 2023 — WINNER

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

Sustainability for Customers

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

Green Premium™ offers

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

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

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

Strive for premium quality

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

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

Strive for resiliency

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

Strive for trust in cybersecurity, data privacy and protection

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

2023 achievements

553M

tonnes of CO$_2$ saved and avoided for customers since 2018 (+106M vs. 2022)

Rated **Gold 2023** by cybervadis

Gold medalist during the second participation to CyberVadis

80.6%

of our product revenue covered by Green Premium™

98%

reduction of parts quantity affected by recalls vs. 2022

Delivering social impact for a just transition

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

Improving lives through access to green electricity

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

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

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

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

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

Empowering youth through education and entrepreneurship

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

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

Its work is divided into three main areas:

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

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

2023 achievements

58,000+

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

578,009

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

46.5M

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

85.8M€

engaged by Schneider Electric in Impact Investing Funds since 2009

Acting for a climate-positive world and preserving resources

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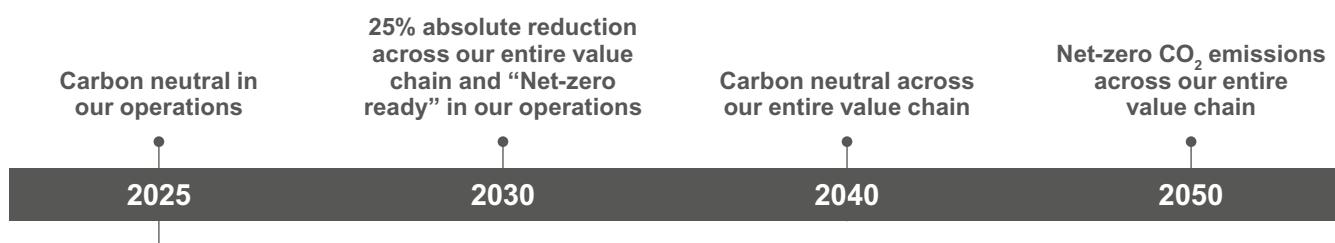
Climate and resources strategy

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

Schneider Electric was one of the first companies to have its Net-Zero targets validated by the most recent SBTi "Corporate Net-Zero Standard" in August 2022. The Group is committed to be "Net-Zero Ready" in its operations and to reduce its scope 3 emissions by 25% by 2030, and to be Net-Zero across its full value chain by 2050. In addition, as an intermediary milestone, by 2040,

the Group will be carbon neutral along its full value chain. With its resource programs, the Group aims to minimize the volume of resources it needs and optimize the use of these resources. The existing systems and infrastructure are not adequate to maintain, collect, and redistribute materials effectively for a global circular economy. As a result, waste, including plastics and e-waste, pollutes our land, and the world continues to deplete the limited natural resources. Schneider Electric embraces circular economy principles all along the lifecycle of products and offers.

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

Carbon neutral in our operations

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

Carbon neutral across our entire value chain

Net-zero CO_2 emissions across our entire value chain

| 2025 | 2030 | 2040 | 2050 |

2021 – 2025 initiatives to act for climate and preserve resources

Suppliers		Operations		Customers/Society	
SSI #3	Reduce CO_2 from suppliers operations	SSE #1	Transition to Zero-CO_2 sites	SSI #1	Grow our impact revenues
SSE #4	Improve CO_2 efficiency in transportation	SSE #3	Source renewable electricity	SSI #2	Save and avoid CO_2 emissions for customers
		SSE #5	Improve energy efficiency	SSE #2	Substitute products using SF_6
		SSE #7	Switch to electrical vehicles		
SSI #4	Use green materials in our product	SSE #8	Deploy local biodiversity programs	SSE #6	Product revenues covered by Green Premium™ eco-label
SSI #5	Switch to sustainable packaging	SSE #9	Make waste a resource		
SSE #10	Avoid primary resource use	SSE #11	Deploy water conservation action plans		

2023 achievements

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

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

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

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

Life Is On | Schneider Electric | www.se.com

Financial Calendar

Investor Relations

May 23, 2024   Annual Shareholders' Meeting

Financial Releases

February 15, 2024   2023 Annual Results
April 25, 2024   Q1 2024 Revenues
July 31, 2024   2024 Half Year Results
October 30, 2024   Q3 2024 Revenues

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