

IMPACT
Company



2022 Climate Report

Digital and Electric:
for a sustainable and resilient future

se.com

Life Is On

Schneider
Electric

Leading on decarbonization

In this report

A changemaker for sustainability	2	5	Decarbonizing the Group's operations by 2030	13
1 Climate risks, opportunities and impact management	4	6	Decarbonizing the Group's supply chain by 2050	19
2 Schneider Electric's 2022 Greenhouse Gas footprint	8	7	Decarbonizing the Group's downstream emissions	24
3 Schneider Electric's Net-Zero commitment	10	8	Enabling customers to decarbonize with EcoStruxure™	26
4 Investing to achieve the Group's climate strategy and vision	12			

Context and the Group's commitments

As the United Nations Environment Programme (UNEP) points out in its Emissions Gap Report 2022, the window to limit the global temperatures rise to 1.5°C is closing. The world is not on track to reach the Paris Agreement goals, and global temperatures could reach a 2.8°C average increase by the end of the century. Urgent action and a system-wide transformation are needed to deliver the enormous cuts in emissions necessary to limit GHG emissions by 2030.

The number of companies pledging to align their business strategies to a 1.5°C (or well below 2°C) trajectory has increased. Since 2018, more than 2,000 companies have set science-based reduction targets approved by the Science Based Targets initiative (SBTi). To determine science-based targets and align with Net-Zero ambitions, the SBTi released the SBTi "Corporate Net-Zero Standard" at the end of 2021. Schneider Electric was one of the first companies to have its Net-Zero targets validated by the SBTi with this new standard in August 2022. But pledges are not enough – and Schneider Electric is committed to action, acknowledging that the world needs to move from pledges to progress.

As an Impact Company, the Group's climate strategy addresses all its stakeholders, from employees to supply chain partners, customers, as well as local communities and institutions, and shows that there are ways for companies to "do good while doing well and vice-versa". First, the Group takes responsibility for its carbon footprint, across its operations and full value-chain. Second, it adapts and improves the solutions and products it offers to its customers to help them in their decarbonization journey.

Concrete actions for the 2021-2025 period are monitored and shared transparently in Schneider Sustainability Impact, and Essentials. They are overseen by various dedicated Committees up to the Board of Directors. In the longer term, the Group is committed to be Net-Zero in its operations by 2030, and across its entire value chain by 2050. It has made specific commitments for energy efficiency, electrification, and renewable electricity under the EP100, EV100, and RE100 initiatives of the Climate Group. Schneider Electric also aims to deliver to its customers 800 million tonnes of saved and avoided CO₂ emissions between 2018 and 2025 thanks to EcoStruxure™ solutions.

“The fight against climate change is driving a profound transformation of our economic and energy systems. Schneider Electric is one of the world’s first companies to validate science-based Net-Zero targets and so far, we’ve made good progress in meeting them. Yet this requires faster and more concerted action, and we’re ready to engage with all our stakeholders and lead the way.”

Xavier Denoly, SVP Sustainable Development



Progress of our Climate commitments

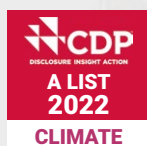
Schneider Sustainability	#	2021-2025 programs	Baseline ⁽¹⁾	2022 progress ⁽²⁾	2025 Target
Impact (SSI)	1.	Grow Schneider Impact revenues ⁽³⁾	2019: 70%	72%	80%
	2.	Help our customers save and avoid millions of tonnes of CO ₂ emissions	2020: 263M	440M	800M
	3.	Reduce CO ₂ emissions from top 1,000 suppliers' operations	2020: 0%	10%	50%
Essentials (SSE)	1.	Decarbonize our operations with Zero-CO ₂ sites	2020: 30	77	150
	2.	Substitute relevant offers with SF ₆ -Free medium voltage technologies	2020: 26%	41.5%	100%
	3.	Source electricity from renewables	2020: 80%	85%	90%
	4.	Improve CO ₂ efficiency in transportation	2020: 0%	-7.7%	15%

These programs contribute to UN SDGs



(1) The baseline year for each indicator is provided together with its baseline performance.
 (2) Each year, Schneider Electric obtains a "limited" level of assurance on methodology and progress from an independent third party verifier for all the SSI and SSE indicators (except SSI #+1 and SSE #12 in 2022), in accordance with ISAE 3000 assurance standard (for more information, please refer to the 2022 Universal Registration Document). In addition, SSI #8 received a "reasonable" assurance level in 2022. Please refer to the 2022 Universal Registration Document for the methodological presentation of each indicator. The 2022 performance is also discussed in more detail in each section of Chapter 2 of the 2022 Universal Registration Document.
 (3) Per Schneider Electric definition and methodology. Note that for the reporting requirements under the European Taxonomy Regulation, please refer to pages 253 to 263 of the 2022 Universal Registration Document.

2022 Highlights



Schneider Electric is on the CDP Climate Change A-List for the 12th year in a row.



Guidehouse Insights released its 2022 Power Purchase Agreement (PPA) Marketplace Solution Providers leaderboard, which ranked Schneider Electric in first place.



Altivar variable speed drives named The Most Climate-positive Carbon Handprint Product and RM AirSeT medium-voltage switchgear received an honorary certificate for High Potential Carbon Handprint Innovation.

Long-term roadmap

2025 → 2030 → 2040 → 2050

- Carbon neutral operations
- 25% absolute GHG emissions reduction across the entire value chain from a 2021 baseline
- "Net-Zero ready" operations
- Carbon neutral across the entire value chain (Scopes 1, 2, and 3), including carbon offsets
- Net-Zero CO₂ emissions across the entire value chain

A changemaker for sustainability

For over 15 years, sustainability has been at the core of Schneider Electric’s transformation journey. The Group is now a world corporate leader in sustainability and a 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.



At Schneider Electric, we pride ourselves in 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 your ecosystem

An Impact model recognized in external ratings



Platinum medal recognizing top 1% performance among 100,000+ companies.



The only company in its sector listed as A List 12 years in a row.

A Global 100 Most Sustainable Corporation

Schneider has been featured on Corporate Knights’ Global 100 list of sustainability leaders every year since 2012, ranking #4 in 2022.



Terra Carta Seal obtained in 2022, the guiding mandate for the Sustainable Markets Initiative.

Member of Dow Jones Sustainability Indices

Powered by the S&P Global CSA

#1 among industry peers, scoring 90 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 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 2022, the Group obtained a "reasonable" assurance for SSI #8 and will progressively cover all externally assured KPIs with this new level of assurance.

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

1 Climate risks, opportunities and impact management

Schneider Electric's Net-Zero Commitment is part of a broader awareness of the climate-related risks, opportunities, and associated sustainability and resilience measures that any company must undertake. The Group is assessing its risks and opportunities following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2022, it conducted a forward-looking climate scenario analysis, expanded its climate-related risk governance and defined its strategy to address climate-related risks and opportunities.

Risks are identified and assessed with specific internal and external metrics, but also with interviews with experts and leaders, run by the Internal Audit Department and the Group Risk Management Department, to update the list of general risks at Group level each year. The risk assessments cover market risks, acute physical risks, chronic physical risks, legal risks, current and emerging regulations as well as reputational risks. In 2022, around 40 of the Group's top managers were interviewed in addition to Board members.

Climate-related risks are included in Schneider Electric's Enterprise Risk Management framework built around 3 lines of defense and an independent control:

- businesses and operations manage risks while achieving organizational objectives;
- risk domain leaders act as risk overseers, set guardrails and review the risk management systems;
- the Group risk management is accountable for the overall risk governance with oversight by the Board of Directors.

Internal Audit acts as an independent assurance to advise on the adequacy and effectiveness of governance and risk management.

Schneider places dependency analysis at the heart of its risk management and performs a forward-looking climate risk and vulnerability assessment to identify and price the materiality of physical and transition climate risks that may affect its own operations and sites, its extended value chain (upstream and downstream), and overall economic activities in the short-term, medium-term and long-term, using scenario analysis.

The Group has developed a scenario-based analysis of climate physical and transition risks, applying climate-related risk scenarios entailing different emission pathways between 1.5°C and >4°C temperature rise by 2100, with a digital-twin of the company including financial projection, market breakdown, supply chain, and carbon footprint to quantify financially the physical and transition risks for the Group. Five emissions pathways have been considered: SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6 and SSP1-1.9 by 2050, 2070 and 2100.

1.1 Climate-driven opportunities

The climate crisis calls for significant action and innovation across businesses, industries, and governments. Increasing awareness of the risks posed by climate change has led thousands of businesses to make commitments to act on decarbonization, energy efficiency, electrification, renewable energy procurement, and more. More than 4,000 companies have either set or made a commitment to set targets in line with the Science-Based Targets initiative. However, only a fraction manage to reduce their carbon footprint in line with 1.5°C to 2°C scenarios.

2022 saw an unprecedented number of changes in climate or Corporate Sustainability Reporting (CSR) regulations – from the CSR Directive (CSRD) in Europe and the implementation of the climate objectives of the European Taxonomy Regulation, to the Securities Exchange Commission (SEC) Climate Disclosures consultation in the US and the Business Responsibility and Sustainability Reporting (BRSR) in India.

Schneider Electric is uniquely positioned to seize opportunities from the growing demand for greener, low-carbon products and services, and to help its suppliers and customers in their decarbonization journey. The Group promotes a three-step approach with its ecosystem: strategize, electrify, and decarbonize.

The Group sees the energy and climate transition as an opportunity for companies that are "part of the solution" to grow their revenues. Schneider's Energy Management and Industrial Automation solutions help customers use their energy and resources more efficiently, and reduce their CO₂ emissions. Furthermore, smart grid technologies unlock the potential to electrify and, optimize energy usage, powered by renewable electricity.

Following internal research, the Group sees an acceleration in the dominant roles of:

- electrification: the world is becoming more electric, with demand growing potentially up to 3x by 2050;
- digitization: with the increase in connectivity, complemented by real-time information and competitive computing capabilities, digital technologies play a major role in reaching decarbonization targets while augmenting economic productivity, notably around efficiency in energy, resource use, and circularity, as well as increased resiliency and security.

All these findings, and their potential financial impact on Schneider business has helped the Group fine-tune key development areas that will allow it to actively contribute to the low-carbon transition, enabling it to develop its portfolio of sustainability-related products and solutions.

In 2022, 72% of the Group's revenues qualified as "Impact", meaning revenues from products and solutions that generate energy or resource efficiency to customers. The Group aims to grow its Impact revenues to 80% by 2025 (SSI #1). Additionally, more than 90% of Schneider's innovation projects contribute to solutions relating to climate change mitigation and environment protection.

1.2 Climate-related risks

Reputation risk

As Schneider Electric has been working to reduce its own GHG emissions for over 15 years and has a proven track record of success with its past commitments related to reducing its own emissions, the Group does not anticipate significant reputational risk. Yet, the risk from the Group's actual or perceived failure to achieve its environmental targets, or commitments could negatively impact its reputation or otherwise materially harm its business. This risk is also tied to growing and moving environmental regulations.

Risk monitoring and management

The Group monitors and manages its reputation risk by:

- continuously monitoring its sustainability performance and revising its strategy to adapt to regulations, and customer demand;
- consistently and transparently presenting its sustainability performance to its stakeholders, across all environmental, social, and governance topics;
- considering the possible financial impacts of future CO₂ costs on its activities, by taking into consideration both operational and supply chain footprints. Given the relatively low level of the Group's Scopes 1 & 2 carbon emissions, carbon pricing has indirect rather than direct impacts, resulting in increased supply chain costs or product costs;
- working collaboratively with relevant stakeholders to develop and strengthen regulatory frameworks, advance standards to create common methodologies to measure the environmental footprint of products, and to improve corporate carbon accounting.

Supply chain disruption

Schneider Electric has over 200 industrial and logistics sites globally and is exposed to the physical effects of climate change in the form of more frequent and severe acute weather events. This could result in damage to assets, disruption to business operations, and human consequences. Extreme weather events do not only threaten Schneider's assets and properties but also the overall supply chain. Shortages or logistic bottlenecks in the upstream and downstream supply chain can translate directly into revenue losses, higher costs, and increased working capital requirements. Delays in production and delivery can impact customer experience.

Risk monitoring and management

To understand the risk exposure of Schneider's sites and extended supply chain and identify mitigation and adaptation actions, the Group performed a physical climate risks and vulnerability assessment. In this assessment, the Group developed a digital-twin of the company including geographic location and dependency of key facilities, and quantified for each site the exposure of both assets and business operations to acute and chronic climate-related perils, calculating the exposure of the Group's economic activities in the short, medium (2030) and long term (2050) under different scenarios from the Intergovernmental Panel on Climate Change (IPCC), from 1.5°C to >4°C temperature rise by 2100.

The Group monitors events across 10,000 nodes (such as ports and critical supplier locations) to shorten reaction time should events occur, and thereby minimize business impact. In addition, an analysis of criticality of industrial sites is performed by independent experts, covering areas including interdependency analyses, alternative supply, and time to recover in case of damage. At present, the impact of natural hazards is not material to the Group's financial statements. Indeed, the magnitude of impact, whether on physical or supply chain risks, is considered "medium to low", and likelihood "as likely as not", however the Group is proactively monitoring this risk. The Group's Supply Chain uses a resiliency index that includes natural and climate-related hazards to assess and mitigate business interruption risks.

To mitigate and adapt to these risks, the Group launched the "Power of Two in Manufacturing", a project to bolster greater supply chain resiliency. The project aims at ensuring that no product is manufactured in a single location, or with only one supplier for any critical parts or components. More information on Schneider's measures to adapt to climate change are provided in the next section.

Finally, the Group's Property Damage and Business Interruption program, aligned with ISO 22301 standard, maps substantive risks on the business and ensures crisis management, from the initial phase following an incident all the way to the recovery of critical activities.

Adaptation measures

Schneider Electric's approach to climate change adaptation consists of several resilience initiatives. Weather risks are part of the Group's Business Continuity & Risk Management program, leading to preventive investment to secure assets and mitigate material climate risks.

Firstly, Schneider's management method consists of risks quotations. Climate-related physical risks including floods are part of the risk assessments and standard practice reviews made by independent global risk experts (GRC), thereby defining potential financial impacts as well as the cost of response.

Leading on decarbonization

GRC measures and weighs (external and independent standard measurement):

- passive (exogenous) threats relating to floods, hurricanes (windstorms), earthquakes, construction, occupancy, other;
- active (endogenous) risks relating to physical protection, human exposure, natural hazards, business continuity plan.

All industrial and logistics sites worldwide are evaluated every three years. Risk profiles of each site are regularly updated, and recommendations are made to mitigate and adapt to identified risks.

The Group deploys protection measures to mitigate or avoid the risks. Action plans are being developed for its sites potentially exposed to floods. Plans may include installing flood gates or moving equipment to a higher level, production increase or reduction, delivery increase, checking external areas for possible objects that could float, and so on. As of 2022, eight Schneider sites are protected by levees.

The cost of management can be approximated by that of insurance plans. The cost (including tax) of the Group's main global insurance programs, excluding premiums paid to captives, totaled around €28 million in 2022.

In addition, the supply chain strategy called STRIVE, launched in 2021, includes an increased focus on resilience to ensure supply chain flexibility is continually improved. More than 80% of selected CapEx is engaged in the "Power of Two in Manufacturing" project, whereby the Group is proactively working to qualify alternate factories for same products and suppliers for all critical parts and components to improve continuity of supply. By doing so, the Group can dual-source critical components from partners in different geographies to help ensure availability regardless of business disruptions that may occur, such as natural disasters. As a result of the STRIVE strategy, 84% of top manufacturing risks are secured with strategic stocks, and 51% of top supply risks are secured under a specific multi-sourcing project.

For example, in the Philippines, the Group identified products at risk based on revenues, and then conducted a study to assess whether it should implement its Power of Two resilience strategy. The industrial planning team investigated associated existing technological challenges and budgeting. The site then worked with partners in the region (for example, in Vietnam) and invested in tools and equipment to mitigate potential business interruptions and secure the cost of goods sold (and therefore revenues), with the objective of securing around 35% of its sales through a business continuity plan by 2024.

1.3 Governance

Overall, the different governance bodies involved in the definition and monitoring of the sustainability commitments and programs are responsible for defining strategic mitigation programs in response to the risks and opportunities identified. Strategic programs defined at Group level are then cascaded into business divisions, down to the sites for implementation, and are monitored through the digital platform, EcoStruxure™ Resource Advisor. Each program of the Schneider Sustainability Impact (SSI) has a dedicated pilot in charge of driving the transformation and is sponsored at the Senior Vice-President and Executive levels to ensure management control and oversight.

The sustainability strategy, including climate, is overseen by the Board of Directors with the assistance of the Human Resources and Corporate Social Responsibility (HR & CSR) Committee. Schneider was one of the first companies to address this topic at the Board level with the creation of the HR & CSR Committee in 2014. The Group further addressed the topic by deciding that the annual variable compensation of the Chief Executive Officer and of the more than 64,000 employees (who benefit from a variable compensation), includes ESG criteria, part of which relates to climate. The long-term incentive plan is also correlated with ESG criteria (for more details on compensation, please refer to section 2.5.4, page 218 of the 2022 Universal Registration Document).

Several other governance bodies are involved in this matter: the Executive Committee and its Function Committee, the Stakeholder Committee and the Sustainability department. At Group level, the Chief Strategy & Sustainability Officer, who is part of the Executive Committee, helps determine and enforce the Group's environmental goals and underlying transformations. Three Committees involving Group Executive Vice-Presidents and Senior Vice-Presidents are dedicated to oversee the implementation of the Group's decarbonization roadmap, respectively focusing on the supply chain, low-carbon product design, and the decarbonization of Schneider's operational emissions.

Schneider Electric's Chief Strategy and Sustainability Officer is the head of the Global Environment team, leading the overall environmental vision, strategy, and program execution, including climate. The Global Environment team participates in the Group Enterprise Risk Management (ERM) program, which identifies, assesses, and prioritizes risks and, through regular reporting and discussion, assists senior management and the Board with governance of risk. The team gathers input from climate experts across the company to support this reporting.

In addition, environmental transformations are driven by a network of leading experts in various environmental fields (eco-design, energy efficiency, circular economy, CO₂, etc.). On an annual basis, a process identifies and recognizes those individuals who own a specific expertise that the company is keen to maintain and grow. Various governance bodies enable these communities of experts and leaders within the environmental function to meet every month or every quarter, depending on the topics and entities, to ensure consistent adoption of environment policies and standards throughout the Group. To implement these policies, Environment leaders coordinate a network of more than 600 managers responsible for the environmental management of sites, countries, product design, and marketing.

1.4 Climate scenarios embedded in the Group's strategy

In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Schneider Electric launched a prospective approach on climate change and energy transition three years ago, by setting up a dedicated organization, the Strategy Prospective & External Affairs team. This team is in charge of climate and environment scenario analysis, and reports to the Chief Strategy & Sustainability Officer.

Several scenarios to 2050 were developed in 2019. Those included critical reviews of the geopolitical landscape, commodity and resource availability, economic and financial evolutions, climate sensitivity and evolving policies, energy transition pathways, and technology developments, among others, with quantified consequences, taking into consideration ten regions and a number of sectors individually, framing the business landscape in which Schneider operates.

In 2020, those scenarios were further updated. Beyond long-term impact analysis, the COVID-19 short-term impact assessment has also been reviewed in detail, including the importance and feasibility of climate-compatible recovery plans.

Finally, in 2021, Schneider published a set of scenarios exploring the feasibility of a 1.5°C trajectory. The scenarios developed by Schneider demonstrate that a net-zero carbon future, aligned with IPCC's 1.5°C scenarios, is still possible.

Key findings are regularly cross-checked with new publications, particularly the ones from the International Energy Agency, BNEF, and the IRENA, among others. Both short- and long-term analysis are shared internally and used to inform strategic priorities across businesses and operations.



More about Schneider Electric's climate scenarios can be found on www.se.com



Leading on decarbonization

2 Schneider Electric's Greenhouse Gas footprint

Schneider Electric calculates its end-to-end carbon footprint (Scopes 1, 2, and 3) annually in line with the Greenhouse Gas Protocol Standards, and obtained a "reasonable" assurance from an independent third-party verifier on Scopes 1 & 2 reported Greenhouse Gas (GHG) emissions, and a "limited" assurance on Scope 3 reported GHG emissions.

The charts below represents Schneider's 2022 carbon footprint for Scopes 1, 2, and 3, including all GHG emissions, from the upstream activity of all its suppliers to the use and end-of-life of its products sold to customers.

Suppliers Scope 3 upstream		Schneider's Operations Scopes 1 & 2		Customers Scope 3 downstream	
14%		<1%		86%	
Purchased goods and services	7.6 MtCO ₂ e	Energy consumption in sites	0.17 MtCO ₂ e	Use of sold products	47.3 MtCO ₂ e
Freight	0.7 MtCO ₂ e	Company cars	0.06 MtCO ₂ e	End-of-life (mostly SF ₆)	4.6 MtCO ₂ e
Other	0.4 MtCO ₂ e	SF ₆ leakage	<0.01 MtCO ₂ e	Freight	0.4 MtCO ₂ e

Emissions from Scopes 1 & 2 are primarily from the use of electricity, gas, and fuel for the company fleet (respectively 43%, 23%, and 24% of total Scopes 1 & 2). Scope 3 emissions represent more than 99% of the Group's carbon footprint, of which:

- 77% are due to the use phase of products:** these emissions correspond to the electricity consumption of Schneider's products throughout their lifecycle, through heat dissipation (Joule effect). This value is based on a lifecycle approach, leveraging the Product Environmental Profiles (PEP) of products. This number is calculated following the GHG Protocol Scope 3 guidelines for category 11, use of sold products. It is not the volume of CO₂ emitted in the reporting year from the use of products sold and in use by customers. It is a forward-looking view and an estimate of emissions resulting from the use of products sold in the reporting year, during their full useful life. It is worth noting that the Group's products have long lifetime, which can be up to 30 years in calculations.
- 12% result from the purchase of goods and services:** the calculations are based on the purchasing database combining spending and volumes (e.g., tonnes). The methodology considers the wide heterogeneity of the Group's procurement portfolio: raw materials, electronic and electrical products, printed circuit board assembly, fabricated components, along with purchases that are not directly related to production (e.g., services such as insurance and banking services). As per the principles of carbon accounting, calculations are based on physical quantities as much as possible, using the tonnes of metals and plastics purchased for instance.
- 8% are from the products' end-of-life, and more specifically end-of-life treatment of SF₆:** the calculation is based on the SF₆ gas used by Schneider in products sold in 2022, and that may be released at the end of product life. An assumption is made on the release in the atmosphere of SF₆ at product decommissioning, based on Schneider's research, considering that some SF₆ in equipment is being recycled, while the majority is not recycled.

Coverage of reported emissions is 99% for energy, fugitive SF₆ emissions, waste, purchases, capital goods, commuting, travel, and freight (coverage is estimated using a relevant activity indicator for each source of emissions, such as spend on purchases and business travel, surface for energy and capital goods, headcount for commuting and waste). Schneider Electric reports no GHG emissions on franchises, investments, or downstream-leased assets, because these emission categories are not considered relevant for its activities.



2022 CO₂ footprint reduction performance

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

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

Between 2021 and 2022, the emission reduction (-22%) had three main drivers:

- consumption behavior changes linked to the energy crisis (with electricity consumption at sites decreasing by 5% and gas consumption by 20% as compared to 2021);
- energy efficiency (SSE #5): 6.6% in 2021, 7.8% in 2022. An additional modeled savings of 10GWh compared to 2021;
- the switch to more renewable electricity consumed by the Group's facilities, whether directly, via onsite renewable energy or green tariffs from the utilities serving Schneider's operations, or indirectly, via unbundled and bundled market mechanisms.

On Scope 3, emissions have decreased by 12% between 2021 and 2022. This is the result of two opposite evolutions in upstream and downstream emissions:

- the emissions from the supply chain upstream emissions, have increased by 5%. This increase is mainly due to the increased volume of purchased goods and services driven by the growth of the Group's activity, despite the efforts to support suppliers' decarbonization with the Zero Carbon Project, and to source green materials. Indeed, the outcome of these programs are not yet reflected into the Group's corporate carbon accounting due to necessary methodology and emission factors updates that are not yet implemented. The Group is working on the reconciliation of the data in 2023.

- the Group's downstream emissions, mostly emissions from the use of sold products, have decreased by 14% between 2021 and 2022. This is mainly due to external factors and the decarbonization of the grids that the Group's consumers rely on. The emissions under the "use of sold products" category correspond to the lifetime emissions from the use of products sold by Schneider during the year of reporting. These emissions are attributable to electricity consumption of products, either due to internal consumption or due to heat dissipation (Joule effect). When calculating these emissions, the Group has to factor the useful life of the products and the projected carbon intensity of the grids where its consumers are located over that lifetime. The Group has historically based the emission factor of the grids where its customers are located on a scenario from the International Energy Agency (IEA) that models the future decarbonization of the grids. Previously, the emission factors of the grids were based on the Reference Technology Scenario of the "Energy Technology Perspectives 2017" (IEA, 2017).

For the 2022 carbon footprint, the GHG emissions from electricity have been updated with the most recent scenario, to better reflect the current stated policies of countries (Stated Policies Scenario from the "World Energy Outlook 2022" (IEA, 2022), which is based on current policies, as well as policies announced by governments at the time of publication). This update of the emission factors of the electricity grids, where customers are located, is the major driver for the significant reduction in the emissions from category 11 between 2021 and 2022: -15% as compared to the reported emissions in 2021 for this category. To better illustrate the evolution of the emissions from this category under the evolution of Schneider Electric's activities, the 2021 emissions from category 11 have been re-calculated using the same scenario for the evolution of the carbon intensity of the grids. With this recalculation, the difference between 2021 and 2022 is a 3% emissions reduction.

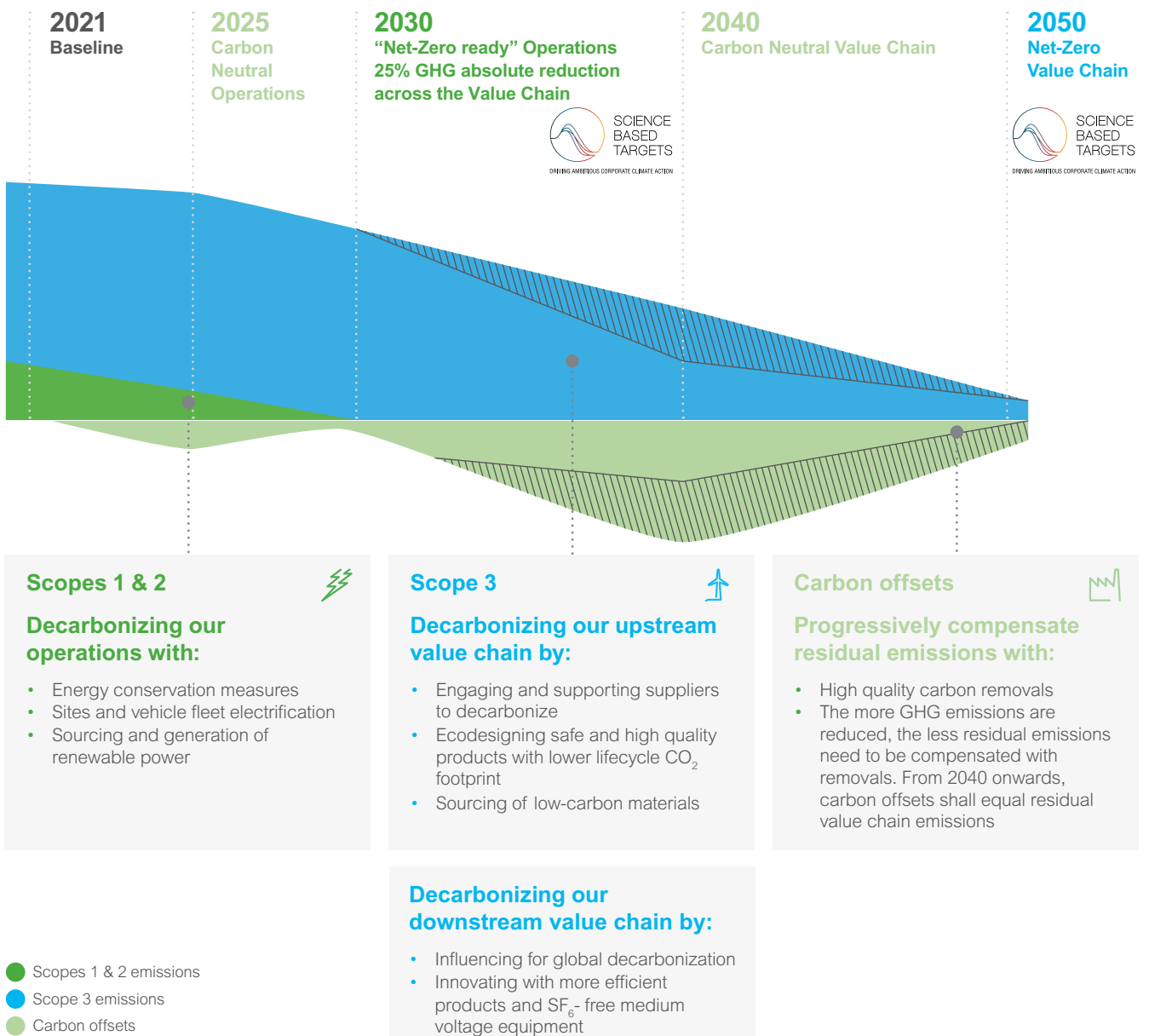
- The rate at which Schneider can implement emission reductions is dependent on many factors that can fluctuate over time, ranging from the Group's business growth and its geographic distribution, its supplier mix and their own decarbonization journey, to the rate of decarbonization of the grids that power the products the Group sells.
- The Group will work to develop increasingly robust and precise activity data and use more granular or higher quality emission factor datasets. The quality and granularity of the emission factor datasets are critical to support greater accuracy and reliability of GHG measurement and reporting. For example, on supply chain emissions, the Group is engaged with the Pathfinder Framework, a guidance for the calculation and exchange of product-level carbon emissions data across value chains.

Leading on decarbonization

3 Schneider Electric's Net-Zero Commitment

In August 2022, Schneider Electric was one of the first companies to see its Greenhouse Gas (GHG) reduction targets validated by the Science Based Targets initiative (SBTi), aligned with its "Corporate Net-Zero Standard" published in October 2021. As part of its Net-Zero Commitment, the Group has defined mid- and long-term targets. Ultimately, the Group is committed to be Net-Zero across its entire value chain by 2050, which means that the Group aims to reduce its 2021 footprint by an absolute 90% by 2050 and neutralize residual emissions with high quality and durability carbon removal credits.

The four milestones towards Schneider's Net-Zero Commitment are presented below together with the key decarbonization levers, and are detailed in the subsequent sections of this report. Please note that this graph is intended to provide a simple visualization of the Group's roadmap, so the proportions between Scopes 1, 2, and 3 have been adjusted to facilitate readability. It is not representative of year over year targets. Yet, what is important to note is that between 2040 and 2050, the above and below the line are symmetrical, meaning the emissions that are not reduced need to be compensated, and by 2050 at the latest removed.



By 2030, reduce value chain emissions by 25% and be “Net-Zero ready” in operations

Schneider Electric commits to reduce its absolute Scope 3 GHG emissions across its entire value chain by 25% from a 2021 base year. This encompasses all Scope 3 emissions, in particular upstream emissions from purchased goods and services, as well as downstream emissions from the use of electricity by its sold products.

Schneider is already carrying out concrete actions to engage its value chain in decarbonization under its Climate and Resources commitments:

- engage 1,000 top suppliers to reduce their operational CO₂ emissions by 50% with The Zero Carbon Project (SSI #3);
- increase green material content in products to 50% (steel, aluminum, and plastics) by 2025, favoring bio-sourced, recycled, and sustainable options (SSI #4), and improve the end-to-end lifecycle environmental footprint of its offers with EcoDesign Way™;
- have 100% of primary and secondary packaging free from single-use plastic and made from recycled cardboard (SSI #5);
- propose SF₆-free alternatives for all medium voltage technologies by 2025 (SSE #2);
- increase CO₂ efficiency in transportation of goods by 15% by 2025 (SSE #4), and replace at least 5% of conventional jet fuel use with sustainable aviation fuel by 2030 (WEF First Movers Coalition);
- reduce CO₂ emissions from waste management, and reach 200 “Waste-to-Resource” sites (SSE #9).

Having “Net-Zero ready” operations means the Group plans to reduce absolute emissions from Scopes 1 & 2 by 76% from a 2021 base year (equivalent to a 90% reduction compared to 2017) and neutralize residual emissions from its operations with carbon removal credits of growing quality and durability (see details thereafter).

To deliver on this operational target, the Group has launched several transformations:

- reach 150 Zero-CO₂ sites by 2025 (SSE #1);
- source 90% of electricity from renewables by 2025 (SSE #3), and 100% by 2030 (RE100);
- increase energy efficiency in its sites by 15% by 2025 (SSE #5), and double energy productivity by 2030 compared to 2005 (EP100);
- shift one-third of corporate vehicle fleet to electric vehicles by 2025 (SSE #7), and 100% by 2030 (EV100).

By 2050, reach Net-Zero CO₂ emissions across the entire value chain

To reach its Net-Zero Commitment, the Group will reduce its absolute Scopes 1, 2, and 3 GHG emissions by at least 90% from a 2021 base year, and compensate residual emissions with carbon offsets, in line with the SBTi “Corporate Net-Zero Standard”.

Schneider Electric has already implemented a solid foundation of initiatives, which will be reinforced and completed by additional actions. Considering the company profile in terms of GHG emissions, meeting the targets will require to engage even more with customers and suppliers on decarbonization, leveraging the Group’s portfolio of solutions to grow the energy efficiency of the global economy, the electrification of the energy mix, and the sourcing of renewable electricity.

In addition to that, the growing share of circularity services in the revenue of the company, along with the greater environmental value added by the Group’s Green Premium™ offers, are enablers to lead to the decoupling of company activity from absolute emissions.

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

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

Since 2011, Schneider has invested in the Livelihood Carbon Fund (LCF) and renewed its engagement with the LCF2 and LCF3 funds. These funds invest into three kinds of projects combining climate change resilience with strong social and economic impact:

1. agroforestry and regenerative agriculture (which combines productivity and biodiversity restoration);
2. reforestation and restoration of key natural ecosystems, including mangrove restoration (mangroves are powerful carbon sequestration agents and natural barriers to coastal areas);
3. rural energy (the fuel-efficient cookstoves distributed by Livelihoods decreases wood consumption by half, preserves forests, and mitigates climate change).

The return of the fund is measured in carbon credits from the highest available standards (VERRA and Gold Standard). To date, those credits have not been used to compensate the Group’s GHG emissions, but some have been used to compensate emissions from the Schneider Electric Paris Marathon.

To fulfill Schneider’s Net-Zero targets, solely carbon removal will be used to “net” the company’s emissions. At this stage, the current market maturity, lack of standard definition regarding quality and durability of carbon removals make it challenging to define the nature and composition of the company’s carbon removal portfolio.

Leading on decarbonization

4 Investing to achieve the Group's climate strategy and vision

Schneider Electric has defined short and medium-term financial investments priorities in order to set the course towards its SBTi validated Net-Zero Commitment, and more broadly to meet its long-term commitments for climate, and to preserve natural resources.

These investments mainly relate to the following areas:

1. The evolution of the Group's portfolio towards a greater proportion of Digital and Services, expanding the Group's portfolio of connected solutions for efficiency and sustainability. Those investments typically vary year on year.
2. Research and Development (R&D) to design products that use fewer virgin resources, bring additional CO₂ or resource efficiency for customers, have longer lifespans and lower end-of-life impacts, such as SF₆-free products. 5.4% of turnover (about €1.8 billion) was invested in 2022, and the Group expects a step-up in strategic R&D investments over the coming years.
3. The decarbonization of the Group's own operations, by investing progressively in energy efficiency, site electrification, renewable energies, and electric vehicles. In 2022, the Group has estimated the remaining cumulative investments needed until 2030 at about €200 million.
4. The decarbonization of the Group's upstream supply chain and decoupling business growth from virgin resource consumption, by improving traceability, and controlling that Schneider Electric's ESG expectations, including for climate (SSI #3) or resources (SSI #4 and #5), are met by its suppliers, while securing business resilience. Long-term investments required are under assessment.

Mergers and acquisitions

In 2022, Schneider Electric acquired the remaining minority shares of AVEVA, which will allow the Group to accelerate its software strategy, building a single data-hub to bring together the digital industry twin and the energy twin of its customer's enterprise, for holistic efficiency across domains, and across the lifecycle of assets and installations. The Group also performed early-stage acquisitions with EnergySage, Autogrid, EV Connect, and QMerit, and all of them are part of the new energy landscape, maximizing digitization and energy efficiency. Such investments can typically greatly vary year on year.

Redesigned investment tools and processes to embed low-carbon and resource criteria

In order to track and steer its low-carbon investments, the Group's investment monitoring and approval tool was redesigned in 2022 in order to:

- prioritize low-carbon investments, with a dedicated validation workflow;
- monitor investments to decarbonize its own operations, notably for Zero-CO₂ sites (SSE #1).

This process will improve both qualitative and quantitative information on individual low-carbon investments, thereby facilitating decision-making.

Investments in R&D

About 99% of the Group's carbon footprint are either related to upstream emissions from the transportation and transformation of raw materials by its suppliers, or to downstream emissions from product use or end-of-life that all depend on product design and R&D investments.

Schneider has been embedding environmental considerations into product design for more than 15 years, since the creation of its internal Green Premium™ label. In 2022, the Group revamped its EcoDesignWay™ process to better manage the environmental impact throughout the lifecycle of products, and to coordinate efforts across the value chain. In addition to that, Schneider is reinforcing its process at an early stage of product development, so that all future generations of products achieve substantial carbon footprint savings, meaning that any new product developed by the Group will result less greenhouse gases than the previous generation.

Schneider has been stepping up its investment in R&D, both in value and as a percentage of Group revenues, investing about 4.8% of its turnover in R&D between 2012 and 2016, 5.1% between 2017 and 2021, 5.4% in 2022 and, as outlined during its 2021 Capital Markets Day, expects a step-up in strategic R&D investments over the coming years with a strong focus on ensuring return on investment. In 2022, this represented an investment in R&D of approximately €1.8 billion. The Group estimates that about 90% of its innovation is either strictly green or neutral according to its Impact revenues methodology. More details on Schneider's Impact revenues and EU Taxonomy indicators is provided in Chapter 2.1.9 of the 2022 Universal Registration Document.

An example of investment priority is on SF₆-free products, in line with Schneider Electric's target to substitute 100% of relevant offers with SF₆-free medium voltage technologies by 2025 (SSE #2). For SF₆-free products, more than €100M have already been invested in both R&D and CapEx in factories, and a total future spend (2023-2027) close to €100M more is already planned.

Decarbonizing operations

For the past years, the Group has invested between €5 million and €15 million each year in energy efficiency, deploying its own solutions in its sites, which enabled equivalent savings on energy costs, and a reduction of 67% of Scopes 1 & 2 CO₂ emissions compared to 2017. The last miles in Schneider's journey to be "Net-Zero ready" in 2030, achieving 90% CO₂ reductions vs. 2017 will be the hardest.

To support this objective, an estimated €200 million will be invested by 2030, in technologies such as heat pumps to substitute comfort gas or to install electric vehicle chargers. Such investments are usually not linear year on year as large projects may take a few years to design and implement, and opportunities at a given time depend on the local economic and regulatory context.

5 Decarbonizing the Group's operations by 2030

Emissions from operations are the Scopes 1 & 2 of the Group's carbon footprint, representing 229,348 tonnes of CO₂e in 2022, and 0.4% of the company's GHG footprint. Direct Scope 1 emissions result mostly from the natural gas consumption of sites that are not yet electrified, from the fuel used by company cars as well as a small amount from SF₆ leakages in a limited number of manufacturing plants. Indirect Scope 2 emissions result primarily from the electricity consumption of sites (manufacturing and offices).

To deliver its "Net-Zero ready" target on these emissions by 2030, the Group leverages its Power and Building EcoStruxure™ IoT architectures, to monitor and optimize energy consumption, manage assets and grid infrastructure, manage distributed renewable energy resources and electricity load, and power electric vehicles.

Schneider set best-in-class operational ambitions engaging with the Climate Group on their EP100, EV100 and RE100 programs. The Group's approach has three pillars:

- save: foster energy conservation and avoid SF₆ leakages;
- electrify: switch from gas or car fuel to electricity;
- decarbonize electricity: use renewable energy, either from onsite generation, or through external procurement of renewable power.

This strategy has delivered an absolute reduction of 469,731 tonnes of CO₂e emissions on Scopes 1 & 2 (compared to 2017), which is a 67% decrease, as presented in the chart below, and a 64,703 tCO₂ reduction versus 2021.

5.1 Group energy policy and management system

Group Energy Policy

The Group's Energy Policy requires sites to implement the following actions:

- improve energy efficiency, sustainably decoupling energy consumption from activity growth;
- decarbonize energy consumption;
- adopt Schneider's own Energy Management and Automation EcoStruxure™ solutions, wherever feasible, to showcase the Group's solutions for customers and business partners, and help them embark on an energy excellence journey.

Progress against these goals is tracked in the Group's Schneider Sustainability Impact (SSI) and Schneider Sustainability Essentials (SSE) programs. Relevant SSI and SSE targets are SSE #1, SSE #3, SSE #4, SSE #5, and SSE #7.

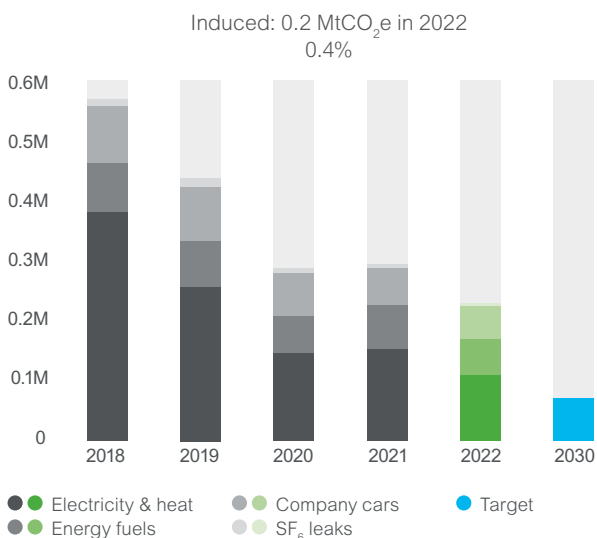
ISO 50001 Energy Management System

The Group certifies all sites consuming over 5GWh with ISO 50001. As of end 2022, 132 Schneider Electric sites are ISO 50001 certified as part of the Group's Integrated Management System to drive energy excellence, focusing on the highest energy-consuming sites. ISO 50001 certification is complementary to ISO 14001 certification and enables the company to define and sustain robust energy governance. With the support of this certification, sites are able to understand and reduce their energy footprint.

Resource Advisor data management system

Global, regional, and site energy reporting is delivered with the EcoStruxure™ Resource Advisor software suite. EcoStruxure™ Resource Advisor provides a data visualization and analysis application that aggregates volumes of raw energy data into actionable information. EcoStruxure™ Resource Advisor is a cloud-based software as a service (SaaS) model. It provides reduced solution costs, increased data storage capacity, and a flexible and mobile energy solution enhanced by Schneider expert services.

Schneider's Operations Scopes 1 & 2 annual GHG emissions (MTCO₂e)



-22%

GHG emissions reduction in Scopes 1 & 2 vs. 2021.

Leading on decarbonization

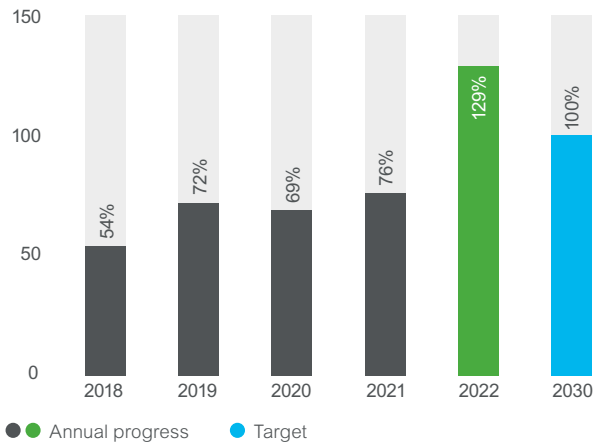
5.2 EP100: deliver efficiency from the inside out

Schneider Electric measures its energy program in a variety of ways. Two such ways are energy productivity and energy efficiency. On the one hand, energy productivity is the amount of output the Group produces vs. the amount of energy consumed (turnover/MWh), and the goal is to increase this value by both increasing the Group’s business performance while simultaneously reducing the energy consumed in its operations. Energy efficiency, on the other hand, uses linear regression models to predict how much energy the Group would consume based on various inputs (production, weather, worked hours, etc.) vs. the actual energy consumed. The goal here is to reduce energy consumption compared to predicted value by driving energy efficiency in its operations.

CLIMATE GROUP
EP100

Schneider Electric has been a member of Energy Productivity 100 (EP100), a Climate Group initiative, since 2017. Schneider’s target is to double energy productivity by 2030 against the 2005 baseline, which means doubling the economic output from every unit of energy consumed within 25 years. In 2022, the Group achieved 129% energy productivity (against a 2030 target of 100%) compared to 2005. This huge jump compared to 2021 performance (76%) is a result of strong business performance and intensified energy savings efforts. Achieving its commitment 8 years early, Schneider demonstrates the feasibility of decoupling business growth from energy consumption. Simultaneously it tangibly illustrates Schneider products, solutions, and services are a core foundation to energy saving opportunities. The Group will re-evaluate its energy productivity program in 2023 to identify its next ambition.

Annual energy productivity progress (in %) against 2030 EP100 target (vs 2005)



Climate
SSE #5



15% energy efficiency in our sites

A good example to illustrate the SSE #5 program is the Wuxi plant in China. Wuxi is an electronic manufacturing site that manages a large product mix. As one of the Group’s Smart Operations showcase sites, the Wuxi campus embraces Schneider Electric’s 4IR-based EcoStruxure™ technologies to rebuild its end-to-end value chain. Using the latest digital tools like automated supply chain management, 5G-supported flexible production, augmented reality, and digital twins, the site has achieved improved flexibility, efficiency, time-to-market, and sustainability. These implementations have earned the plant the following recognitions:

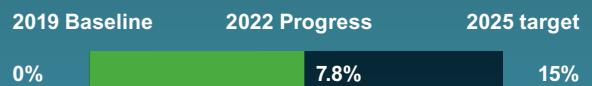
- 2021 End-to-End Advanced Manufacturing Lighthouse by World Economic Forum (WEF);
- Schneider Zero-CO₂ Site since 2021;
- 2021 Carbon neutral certification by Bureau Veritas;
- 2019 Green Factory by the Ministry of Industry and Information Technology of China.

The site has achieved the following results by implementing Schneider Electric EcoStruxure™ solutions in its site:

- **Building Operation (EBO):** EBO AI- box for Heating ventilation and air conditioning (HVAC) operation optimization reduced energy consumption of the HVAC system by 14% in 2022 compared to 2020;
- **Power Monitoring Expert (PME):** Optimizing with Power and Buildings has driven 721MWh energy reduction, and 38.4% water use reduction compared to 2020;
- **Microgrid Advisor (EMA):** 100% of site energy sourced from renewables, with onsite solar power and Power Purchase Agreements (PPAs).



Wuxi WEF Lighthouse factory in China



Despite being low consumers of energy compared with other industries, due to its discrete and assembly-based industrial processes, Schneider has had a clear obsession with efficiency since long before its EP100 commitment. The Schneider Energy Action program uses site energy experts along with Schneider’s Sustainability Business consulting team to report and analyze energy consumption, identify energy saving opportunities, and deploy actions. Since 2005, the Group has fixed annual objectives for energy efficiency each year. Schneider met or exceeded its energy efficiency goals during the previous four Company programs (2009–2011, 2012–2014, 2015–2017, and 2018–2020), by achieving 10%, 13%, 10%, and 10%, respectively. In 2021, the Group renewed its commitment to improve energy efficiency by another 15% between 2019 and 2025, tracked under SSE #5. 7.8% were achieved in 2022, totaling over 50% reductions between 2009 and 2022.

The Group measures energy efficiency in its 200+ largest energy-consuming sites, which account for 85% of the total energy consumption of the Group. At the end of 2022, this program enabled the following achievements:

- around €6 million and 75.7 million kWh were saved in 2022 compared to the 2019 baseline;
- around €5.8 million were invested, of which €5.5 million were capital expenses and €0.3 million were operating expenses.

Schneider Electric leverages the power of its EcoStruxure™ architecture to deliver energy savings, and uses its own sites as showcases for customers and business partners. In its smart factories and distribution centers, the Group implements the three-layer EcoStruxure™ architecture, with connected meters and sensors to monitor energy consumption and quality, Edge Control Power Monitoring software to optimize daily operations, and analytics and services to benchmark performance and optimize energy and maintenance. Asset Performance Management also enables the Group to optimize operations and maintenance, for maximum uptime and longevity.

Five of Schneider’s Smart Factories have been designated as 4th Industrial Revolution (4IR) Advanced Lighthouses by the World Economic Forum (WEF), with the newest 2022 member Hyderabad in India joining four others in China, France, the US, and Indonesia. In 2022, the Le Vaudreuil plant in France joined the Lexington facility in the US as a Sustainability Lighthouse designated by the WEF. At the time, these two factories were among only six worldwide facilities receiving this new recognition by the WEF. With its Smart Factory and Distribution Center (DC) programs, the Group has deployed advanced manufacturing technologies in over 120 smart factories and DCs in the past 6 years.

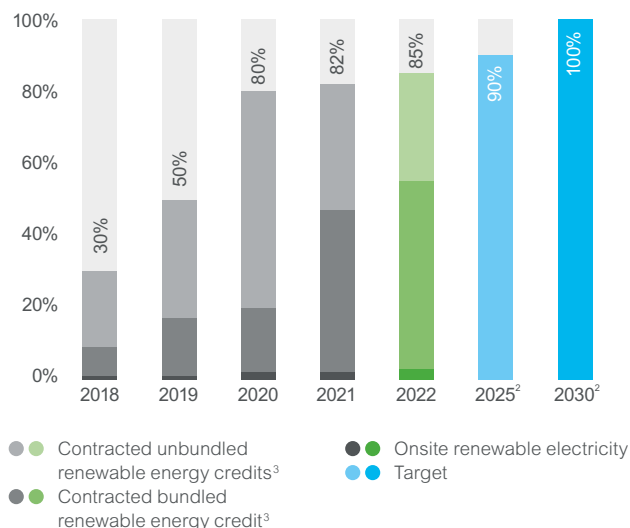
In offices, Schneider Electric’s EcoStruxure™ solutions Building and Workplace Advisor enable analytics of Building Management System data alongside space, utilization, and comfort metrics. These smart solutions enable the Group and site leaders to actively benchmark, and develop occupancy and facility management strategies to ensure continuous right sizing of its footprint and site occupation to keep energy consumption and resultant emissions to a minimum, while reducing costs and improving employee experience and comfort.

5.3 RE100: switch to 100% renewable electricity by 2030

In 2022, electricity consumption in Schneider Electric’s sites generated 98,312 tonnes of CO₂e emissions, i.e. 59% of emissions from energy consumption at sites. In 2017, Schneider joined Renewable Energy 100 (RE100) and committed to sourcing 100% of its electricity from renewables by 2030, with an intermediary target of 90% by 2025 (SSE #3).



SSE #3: annual share of global renewable electricity¹ (in %)



- 1 Data represents renewable electricity consumption for ISO 14001 sites, in alignment with the scope of SSE #3.
- 2 Specific targets are not defined for the split between onsite renewable, bundled renewable, and unbundled renewable for 2025 or 2030. However, the Group is committed to reducing the amount of unbundled certificates and increasing the amount of onsite renewables and bundled certificates as it moves towards 2030.
- 3 Contracted unbundled renewable energy credits include options such as Energy Attribute Certificates (EACs) and unbundled Renewable Energy Certificates (RECs). Contracted bundled renewable energy credits include options such as “green tariffs”, power purchase agreements (PPAs), virtual PPAs (VPPAs), bundled RECs, etc.

Since 2017, Schneider Electric has accelerated renewable electricity sourcing and the installation of on-site solar panels, coupled with EcoStruxure™ metering and power architectures. As its program has progressed, the Group has progressively increased the share of renewable electricity coming from onsite renewable generation and bundled renewable electricity sourcing.

Leading on decarbonization

The Group will continue to focus on additionality where feasible and prioritize onsite sourcing of renewables or bundled renewable electricity opportunities. It will progressively reduce the reliance on unbundled certificates as it moves towards its 2030 goal of 100% renewable electricity. Critical to the success of this program is leveraging Schneider Electric's Sustainability Business (SB), an expert in sourcing renewable electricity with additionality benefits. SB helps Schneider and many customers source renewable electricity. Their expertise on renewable electricity markets around the world is key to finding solutions in less mature renewable markets as well as monitoring the evolution of marketing offerings, funding mechanisms, and sourcing requirements (e.g., RE100 2022 revised technical criteria).


5.4 EV100: shift 100% of company fleet to electric vehicles



Company cars generated 56,856 tonnes of CO₂e emissions in 2022, 25% of Schneider Electric's Scopes 1 & 2 emissions.

To reduce these emissions, Schneider looks at opportunities to reduce the use of cars for travel by improving the accessibility of sites, with commuting shuttles, secure bicycle storage, personal lockers and changing areas, as well as pedestrian-friendly access paths connecting to local routes. The Group also promotes flexible working arrangements to avoid unnecessary or avoidable trips thereby reducing travel-induced emissions by enabling employees to connect remotely, to work from home, and at customer sites.

Additionally, Schneider began its journey towards 100% electric cars by 2030 in 2019, with an intermediary target of one-third by 2025 (SSE #7). The Group demonstrates this commitment by being a member of Electric Vehicles 100 (EV100), a Climate Group initiative bringing together forward-looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. At the end of 2022, electric vehicles represented 14% of the Group's corporate car fleet.

Climate SSE #3



90% of electricity sourced from renewables

In 2022, 14 countries signed contracts to source 100% renewable electricity for Schneider operations in their country, and 203 ISO 14001 sites sourced 100% renewable electricity which accounted for 60% of the Group's measured electricity consumed. Additionally, there are 56 sites generating onsite renewable electricity, for a total of 23,000 MWh. Onsite generation and bundled certificates now account for 64% of the Group's total renewable electricity consumption, up from 58% in 2021.

2020 Baseline	2022 Progress	2025 target
80%	<div style="width: 85%; background-color: #4CAF50; height: 15px;"></div> 85%	90%

CLIMATE GROUP EV100

Resources SSE #7





One-third of corporate vehicle fleet comprised of electric vehicles (100% by 2030)

The United Kingdom (UK) has significantly accelerated the deployment of electric vehicles, starting in 2019 with less than a 2% electrified fleet and achieving 41% at the end of 2022. The country has achieved this strong growth despite facing global challenges around supply chain shortages, increased vehicle costs and delays in infrastructure deployment. UK maintains its vision to roll out a green fleet in line with Schneider Electric's values, ensuring the deployment strategy is agile, and provides the right vehicle to each driver without penalizing the employee or the performance of the zone.

2020 Baseline	2022 Progress	2025 target
1%	<div style="width: 13.8%; background-color: #4CAF50; height: 15px;"></div> 13.8%	33%

5.5 Going further with Zero-CO₂ sites

The Group aims to eliminate fossil-based energy consumption from 150 of its sites by 2025 through electrification and sourcing renewable electricity, and biofuels.

In 2022, emissions from energy consumption at sites accounted for 167,715 tonnes of CO₂e, which is 73% of Scopes 1 & 2 emissions, of which 53,895 tonnes from natural gas consumption. The path towards “Net-Zero ready” operations by 2030 will require more than just powering sites with renewable electricity. While many applications can be electrified, some applications from industrial sites are more challenging to electrify with current technologies. As such, Schneider Electric has begun identifying applications at sites that currently have electrification alternatives as well as those which will require the use of fossil-free fuel solutions under the current circumstances.

As a general rule, a Zero-CO₂ site emits no greenhouse gases related to energy and monitors energy digitally, meaning:

- no fossil fuels from energy consumption (exceptionally up to 3% of a site’s total energy can be exempted from the fossil-free requirement, on a case-by-case basis, if the application does not have a feasible fossil-free alternative on the market. In 2022, 15 out of 77 Schneider’s Zero-CO₂ sites benefitted from this exception);
- digital energy monitoring;
- no SF₆ leaks;
- no CO₂ offsets.

Beyond using renewable electricity and fuels, it remains critical to continuously improve energy efficiency. That is why the program also requires digital energy monitoring. For large sites, this means installing meters to monitor the site’s significant energy uses and connecting them to systems like EcoStruxure™ Power Monitoring Expert, EcoStruxure™ Resource Advisor, or EcoStruxure™ Building Operation to ensure real-time monitoring of energy consumption, which allows for active energy management and efficiency improvement.

In 2022, thanks to the Zero-CO₂ sites, Schneider reduced 54,000 tonnes of CO₂.

Climate
SSE #1



150 Zero-CO₂ sites

AHM is a site located in Hungary, established in 1964. The site is part of Schneider Electric’s Global ETO Power System and manufactures medium voltage switchgears (PIX, MCSet). In 2022, as part of the company’s Zero-CO₂ sites commitment, the site worked to electrify and decarbonize a paint line, and oven renewal process for its equipment, which had been built over forty years earlier.

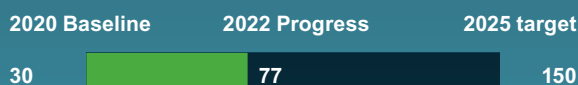
With the help of governmental subsidies and the Hungarian Investment Promotion Agency (HIPA), the site achieved three major successes:

- surface pre-treatment modernization which resulted in less usage of chemicals and decreased water consumption;
- automatized powder recovery unit which reduced painting powder consumption by 70%;
- 100% renewable electricity powered drying oven, which reduced the natural gas consumption of the entire paintline by 33%.

In 2023, the site will implement actions to fully power the paintline with 100% renewable electricity, reducing CO₂ by nearly 140 tonnes annually. This transformation to electrify its operations, combined with Schneider Electric Building and Power Management technologies, highlights one of the many actions the Group is taking in its commitment to decarbonize its operations. For the benefit of customers and the industrial community, that illustrates the importance of electrification and renewable sourcing, and demonstrates the real and tangible opportunities and solutions that exist today.



Renovated paint line in AHM site in Hungary



Leading on decarbonization

5.6 Reduce SF₆ leakage on sites

SF₆ is an excellent gas in terms of insulating properties, which is why it is commonly used in the electric power industry. Yet, SF₆ is a harmful greenhouse gas with a global warming potential 25,200 times higher than CO₂ over 100 years. While Schneider Electric's product portfolio is progressively moving away from SF₆, (see additional information in section 7.1, page 24) SF₆ is used in 13 of the Group's manufacturing sites. Handling this greenhouse gas can inevitably result in leakages despite having good practices in place. Converted into CO₂-equivalent, these leakages represented 4,777 tonnes of CO₂e in 2022, which is 2% of emissions from Scopes 1 & 2. The GHG emissions at end-of-life is 4,477,721 tonnes of CO₂e, which is 7.3% of total GHG emissions of 2022.

All the Group's manufacturing sites handling SF₆ gas in their processes are working hard to actively reduce SF₆ leaks and emissions during the different phases of their activities. A worldwide community of SF₆ experts shares best practices for processes, including procedures, equipment, and training.

In 2022, an advanced and digital system of emission monitoring has been designed, to be deployed at the Group's biggest manufacturing sites in 2023. This technology allows for continuous measurement of SF₆ concentration in enclosures around devices and piping networks. In the event of any deviations, an alarm notification is automatically sent to maintenance teams. Additionally, the seal testing processes of the products are mainly carried out with helium instead of SF₆. This method ensures that no emissions come from non-compliant enclosures during production.

Thanks to this global activity and to the commissioning of efficient equipment, the Group achieved 0.08% leakage rate globally in 2022, exceeding the 0.11% target set for 2022 and systematically decreasing from 0.26% since 2018. This SF₆ leakage reduction enabled the avoidance of 900 tonnes of CO₂ equivalent in 2022 versus 2021.


5.7 Energy sufficiency plan in Europe

In 2022, Europe faced an unprecedented energy crisis: risks on energy supply (mainly electricity and gas), along with escalating prices placed pressure on businesses and households. On companies especially, this had an impact on costs, profits, and – in some cases – business continuity.

Tackling Europe's energy security problem and the climate crisis are two sides of the same coin. Reducing both our use and dependence on fossil fuels, increasing electrification and the transition to renewable energy are now essential to tackling both the current energy crisis and reducing Europe's greenhouse gas emissions.

In this context, Schneider Electric implemented an energy sufficiency plan to adapt quickly to the fast-changing energy situation. Criticality assessments were conducted at Schneider's sites across Europe, assessing the potential likelihood that electricity or gas supplies may be cut. Business continuity plans were proactively put in place to ensure the Group is able to continue to serve customers through this time of uncertainty. Schneider adopted European Commission recommendations on energy consumption reduction as targets for sites in Europe: gas consumption by 15%, and electricity consumption by 10%.

From August to December 2022, Schneider Electric succeeded in reducing gas consumption by more than 32% and electricity consumption by more than 10% for its operations across Europe, as compared to the same period in 2021 and with no disruption to operations or service to customers.

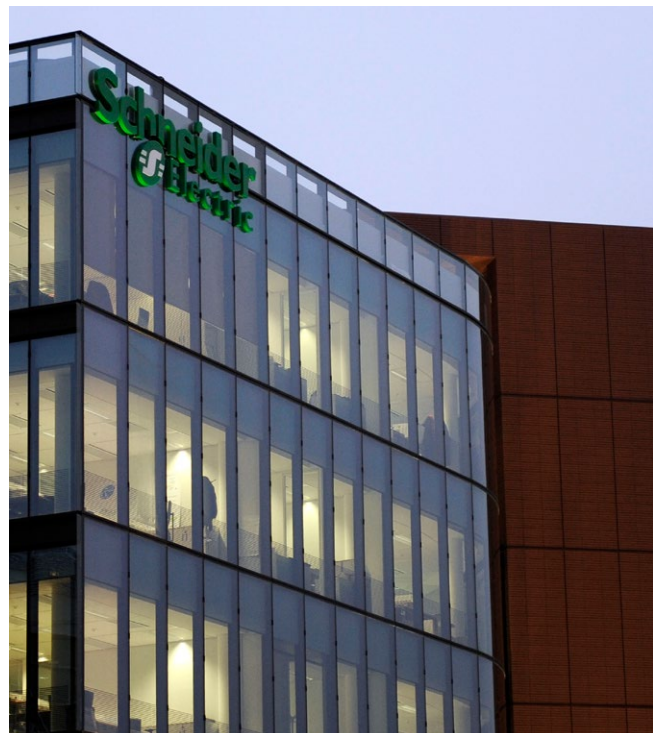
 More about Schneider Electric's management of the energy crisis can be found on Schneider's blog.

Spotlight: sufficiency actions at "The Hive", Schneider Electric's Paris headquarters

Schneider Electric is responding to the energy crisis with a plan that supports France's EcoWatt charter and aims to reduce energy consumption by 10% and shed or shift loads to avoid demand peaks when required.

Enabled by integrated EcoStruxure solutions, the indoor temperature at this Schneider building has been reduced a few degrees, with ventilation and heating start times adjusted. In addition, hot water to washroom taps has been cut all year long. The kitchen lighting and ventilation schedule is optimized. Corridor lighting is reduced from 100% to between 40 and 70%, and car park lighting hours are reduced. All employees have been encouraged to take additional steps.

In total, electricity consumption has been reduced by almost 300 MWh per year. The facility can also automate responses to EcoWatt peak period alerts, reducing demand by more than 500 kW by controlling heating and ventilation, limiting or shifting EV charging, and more.



"The Hive", Schneider Electric's Paris headquarters

6 Decarbonizing the Group's supply chain by 2050

In 2022, upstream emissions in Scope 3 accounted for 8.6 million tonnes of CO₂e, which is 14% of the total carbon footprint of the company. Purchases are the predominant source of emissions, and transportation of goods make a significant contribution as well.

Decarbonizing the world at scale requires immediate collective action. Schneider Electric is already taking concrete actions to meet its absolute 25% reduction across its value chain by 2030 and to be on track for its net-zero emissions by 2050. This includes:

- the Zero Carbon Project (SSI #3), which aims at halving emissions from operations of the top 1,000 suppliers;
- sourcing more and more green materials, including materials such as steel and plastics with lower carbon footprints (SSI #4);
- increasing the CO₂ efficiency of transportation of goods (SSE #4).



+4.6%

CO₂e emissions in Scope 3 upstream vs. 2021. Note that total Scope 3 GHG emissions decreased by 11.5% in 2022 vs. 2021.

6.1 The Zero Carbon Project

Carbon emissions from Schneider Electric's procurement of goods and services (emissions from its suppliers up to the last tier) represented 7.6 million tonnes of CO₂e in 2022, which is 12% of its cradle-to-grave carbon footprint, and 88% of its cradle-to-gate industrial footprint. This is the largest contributor to the Group's Scope 3 upstream emissions. The Zero Carbon Project (TZCP), launched in April 2021, is the first step of a journey to reduce the greenhouse gas (GHG) emissions from Schneider Electric's suppliers.

The ambition of TZCP is to collaborate with 1,000 suppliers and reduce their operational (Scopes 1 & 2) GHG emissions by 50% by 2025 (SSI #3).

Participating suppliers are required to make public commitments for their reduction targets and share the emission reduction progress with Schneider. The participating companies in the program are based in more than 50 countries, represent 60 procurement categories and vary in terms of carbon maturity and size. To adapt to this diversity, the participating suppliers are allowed flexibility to customize their reduction plans by defining their own base year and baseline and adopting relevant reduction targets and time frames.

The fundamental actions that need to be implemented by suppliers, as part of this program include:

- quantifying their GHG emissions (Scopes 1 & 2 are mandatory and Scope 3 is optional for now);
- establishing an ambitious emission reduction target;
- implementing an action plan to achieve the target.

As of 2022, more than 1,000 suppliers have committed to participate in the program, achieving an overall operational emission (Scopes 1 & 2) reduction of 10%.

The GHG emission reduction reported in Schneider Sustainability Impact (SSI) #3, is measured as the average supplier carbon intensity reduction for the proportion of the reporting suppliers out of 1,000 suppliers. This normalization helps achieve a more reliable picture of the overall progress of all participating suppliers.

The extensive capacity building efforts towards the quantification of carbon footprint and decarbonization actions have resulted in:

- increased participation and quality of carbon accounting response from suppliers. As of December 2022, 946 suppliers out of 1,013 participating suppliers have calculated their CO₂e emissions. This is 6 times higher than at the end of 2021, when 126 suppliers reported their CO₂e calculations.
- strong supplier actions, resulting in ~10% GHG reduction for 1,000 suppliers vs. 1% reduction at the end of 2021. Schneider Electric remains committed to working together with its partners to strengthen their efforts for stronger decarbonization. The Group will continue to record its suppliers' GHG declarations on an annual basis to ensure the most accurate and updated information is available for reporting performance.

Leading on decarbonization

Climate SSI #3







Reduce CO₂ emissions from top 1,000 suppliers' operations by 50%

To accelerate the decarbonization journey of Schneider Electric suppliers, partnership is at the heart of The Zero Carbon Project. This is especially important as over 70% of participating suppliers had no previous experience of GHG emission quantification. Schneider Electric deployed an extensive supplier support framework. This framework focuses on three focal areas:

1. Capacity building
2. Digital support
3. Expert consultation

Key figures In 2022:

- 946 suppliers computed their CO₂ footprint
- Accelerated decarbonization led by continuous deployment of:
 - Supplier Support Framework
 - iAccelerate Zero Carbon Day workshops
 - Dedicated 1:1 support led by Schneider's procurement team
 - More than 130 live trainings
- Supply Chain Renewable trainings
- "S3" digital tool (for SME) to be launched in 2023

2020 Baseline	2022 Progress	2025 target
0%	<div style="width: 10%; background-color: white; height: 15px; margin: 0 auto;"></div> 10%	50%

Capacity building

One of the first barriers for suppliers to embark on their sustainability journey is measuring their carbon footprint and understanding what they can do to reduce their carbon footprint. Extending Schneider's spirit and effort of collaboration from the quantification of the GHG emissions to the implementation of decarbonization actions, an acceleration plan was developed and deployed with the suppliers. This acceleration plan identified various levers of emission reduction that can be implemented by the suppliers. Each lever was analyzed in detail and compared with the characteristics of the participating supply base to determine the reduction potential per lever. To increase the practicality of implementation, individual actions were identified for each lever.

More than 130 live, training, mentoring and experience sharing sessions were conducted for suppliers in a variety of settings (group; focused; 1-1). Building on the foundation of the end-to-end decarbonization training delivered in 2021, a common feedback received from suppliers was the need for guidance and implementation support for the first steps towards decarbonization. Schneider Electric defined a simple step-by-step roadmap of decarbonization, and explained each step in detail.

iAccelerate

To drive and scale up the adoption of emission reduction levers by suppliers, Schneider Electric adopted an innovative approach and curated a dedicated workshop under the aegis of "iAccelerate Zero Carbon Day". The India Middle East Africa (IMEA) and East Asia Japan (EAJ) regions of Schneider Electric, led by the local Procurement leadership teams successfully piloted its execution in Singapore and this is now being rolled out to other regions.

The fundamental idea behind iAccelerate workshop is that suppliers lack the practical knowledge to decarbonize, and if this information gap were filled, they would readily adopt emission reduction practices. To ensure this gap was bridged, a suitability analysis was conducted to identify the appropriate decarbonization levers and the specific actions that are feasible and applicable across various geographies. Specific diagnostic tools were then developed and shared with suppliers to analyze their own operations and identify their most relevant actions. These diagnostic tools included:

1. Low-hanging energy efficiency checklist
2. Solar energy suitability calculator
3. Digital emission calculator

In addition to the diagnostic, which was self-administered by the suppliers, subject matter experts were identified within the Schneider Electric ecosystem. The main task of these experts was to demystify and explain to the suppliers in very practical terms, for each action, what needs to be done, how it impacts their in-house processes and what are the overall benefits to the organization. In addition, service/solution providers were identified who can support suppliers in the execution of these actions. The Schneider Electric procurement team executed an expression of interest to identify the right companies and held screening discussion to ensure they were aligned with the idea and objective. This created a pool of service providers, in case they were needed.

Following this background preparation, the suppliers were engaged in an intensive five-week pre-workshop process to review the GHG emission data, results of diagnostics and commitment of the leadership to overall decarbonization. During the iAccelerate Zero Carbon Day, the supplier teams were able to listen to and understand subject matter experts who explained how individual actions can help their companies, and subsequently were able to visit the roadshow organized by the service/solution providers and engage on implementation modalities.

The purpose of the iAccelerate workshop is to provide an overview of actions and approaches to decarbonize and no commercial interests are associated. The suppliers are free to learn and discuss with the stakeholders, to treat it as an educational experience and then to explore the market to find the most suitable partner to engage for implementing decarbonization measures.

The power of peer-to-peer experience sharing was also harnessed. Separate sessions were organized with participating companies who are leading the decarbonization journey, to share their experiences and lessons learnt with other suppliers. We are thankful to Henkel AG and ArcelorMittal teams, who shared the actions and processes implemented in their companies and provided practical suggestions for enhancing decarbonization efforts.

A dedicated series on renewable energy procurement was organized, enabling experts from the cleantech domain to explain various renewable energy options including onsite/offsite installations and various market instruments that can be adopted, including suitability conditions.

The outcome of the iAccelerate event resulted in the strong acceleration in the decarbonization commitment from the supplier partners. As a result of the exercise, the emission reduction forecast for the two regions increased.

Digital support

To ensure that participating suppliers have access to all the latest knowledge, research, trainings, and tools for decarbonization, the Group developed a dedicated web portal on decarbonization, which is exclusively available to TZCP member companies. The portal hosts all the key trainings conducted so far. To automate the supplier emission calculation, a digital tool was developed and made available to suppliers. This tool removes the need to identify appropriate emission factors and manual calculations. The suppliers can simply collect and enter the usage data of various energy sources and the tool refers to the appropriate emission sources and gives the emission sources, standardizing and improving the quality of the data reported by suppliers.


Supply Chain Renewable Initiative

A dedicated program called “Supply Chain Renewable Initiative” (SCRI) is under implementation to help suppliers with low electricity demand to access renewable electricity.

Expert consultation

Suppliers can engage deeply with Schneider, and leverage its in-house expertise. Several visits of factories and offices were organized for suppliers to learn about operational decarbonization solutions. Specific knowledge-sharing was done on energy management, field services and automation.

In addition, Schneider leveraged its partnership with organizations delivering best-in-class trainings. The Group invited 500 suppliers who are CDP members to respond to the survey and use their resources. In Singapore, Schneider launched a SME kickstarter decarbonization program, leveraging incentives offered by the Government to SME to decarbonize.

 Learn more about the Zero Carbon Project from the Sustainability section on www.se.com

6.2 Buying more Green Materials

Schneider Electric has committed to increasing the volume of green materials in products to 50% by 2025, for about 30% of its procurement volume, and is tracking quarterly progress as part of the Schneider Sustainability Impact program (SSI #4).

While this program does not focus solely on CO₂, but also mitigates other environmental impacts such as resources, biodiversity or toxicity, it will contribute to reducing the Group’s Scope 3 upstream emissions, in line with its Net-Zero Commitment. To achieve this ambition, Schneider is actively participating with industry leaders in dedicated working groups to become a change agent of the low-carbon economy while enhancing the traceability of materials. At the end of 2022, 18% of materials in scope were qualified as “Green”.



Leading on decarbonization

6.3 CO₂ efficiency in the transportation of goods

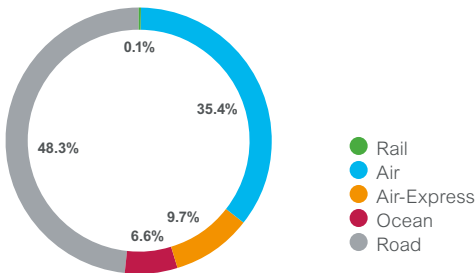
Schneider Electric uses a robust transport network to connect factories and distribution centers, and to deliver to customers. The related CO₂ emissions are part of the Scope 3 upstream emissions of the Group's carbon footprint, as this activity is performed by external transport suppliers.

In 2022, emissions from the transportation of goods represented 1.1 million tonnes of CO₂, which is 2% of the Scope 3 upstream emissions company-wide. The transportation that is directly paid by the Group (about 60% of the freight CO₂ emissions) is closely monitored, with primary data coming from detailed shipment information from the top 70% of transport suppliers. The CO₂ emissions are then calculated including the emissions from the full lifecycle of fuels, which means upstream emissions in the energy sector and the direct emissions at point of use.


From 2015 to 2017, CO₂ emissions intensity from transportation was reduced by 10%, and an additional decrease of 8.4% was achieved between 2018 and 2020. With its Schneider Sustainability Essentials (SSE) 2021-2025, the Group aims to further reduce CO₂ intensity in transportation by 15% compared to 2020 (SSE #4).



For 2022, continued shortages and supply chain challenges early in the year led to the use of more expedited modes of transport. Additionally, internal focus on building resilience within operations through increased regionalization of manufacturing resulted in an increased use of regional road freight and a decrease in international sea freight. Together, these factors shifted the transportation mode mix, resulting in a 7.7% increase in transport CO₂ emissions intensity compared to 2020. Looking forward, as operations normalize, there will be a continued focus internally to optimize the transportation mode mix towards lower CO₂ options.

2022 freight CO₂e emissions by mode (%)



Climate
SSE #4



15% CO₂ efficiency in transportation

As part of its efforts to reduce the CO₂ intensity of transportation, Schneider Electric is focusing on both the optimization of its transport networks, modes, and utilization, and on piloting low-carbon transportation technologies such as electric vehicles.


For example, for one of the Group's critical transport lanes, from Singapore to France, a multi-modal solution was implemented to replace airfreight with a hybrid sea freight-airfreight solution. This achieved an estimated 47% annual reduction in CO₂ emissions for this flow. Additional multimodal opportunities have been deployed globally and new ones are being identified as the Group seeks to reduce the overall impact of airfreight emissions.

In Europe, an annual road freight optimization contest is held internally within plant and distribution center operations to reduce the total number of outbound road freight trips. This has led to a reduction in the number of trucks used by 419 and resulted in saving 347 tonnes of CO₂ across 14 sites in the past two years, with plans to expand this best practice globally to scale the CO₂ savings opportunity.

2020 Baseline	2022 Progress	2025 target
0%	-7.7%	15%

In 2022, Schneider joined the World Economic Forum (WEF) First Movers Coalition, a global initiative harnessing the purchasing power of companies to decarbonize seven “hard to abate” industrial sectors that currently account for 30% of global emissions: aluminum, aviation, chemicals, concrete, shipping, steel, and trucking; along with innovative Carbon Removal technologies.

The 50+ companies who make up the Coalition seek to send a powerful market signal to commercialize zero-carbon technologies. To jump-start the market, the coalition’s members commit in advance to purchasing a proportion of the industrial materials and long-distance transportation they need from suppliers using near-zero or zero-carbon solutions, despite the premium cost.

 More about the First Movers Coalition of the World Economic Forum can be found on the organization’s page



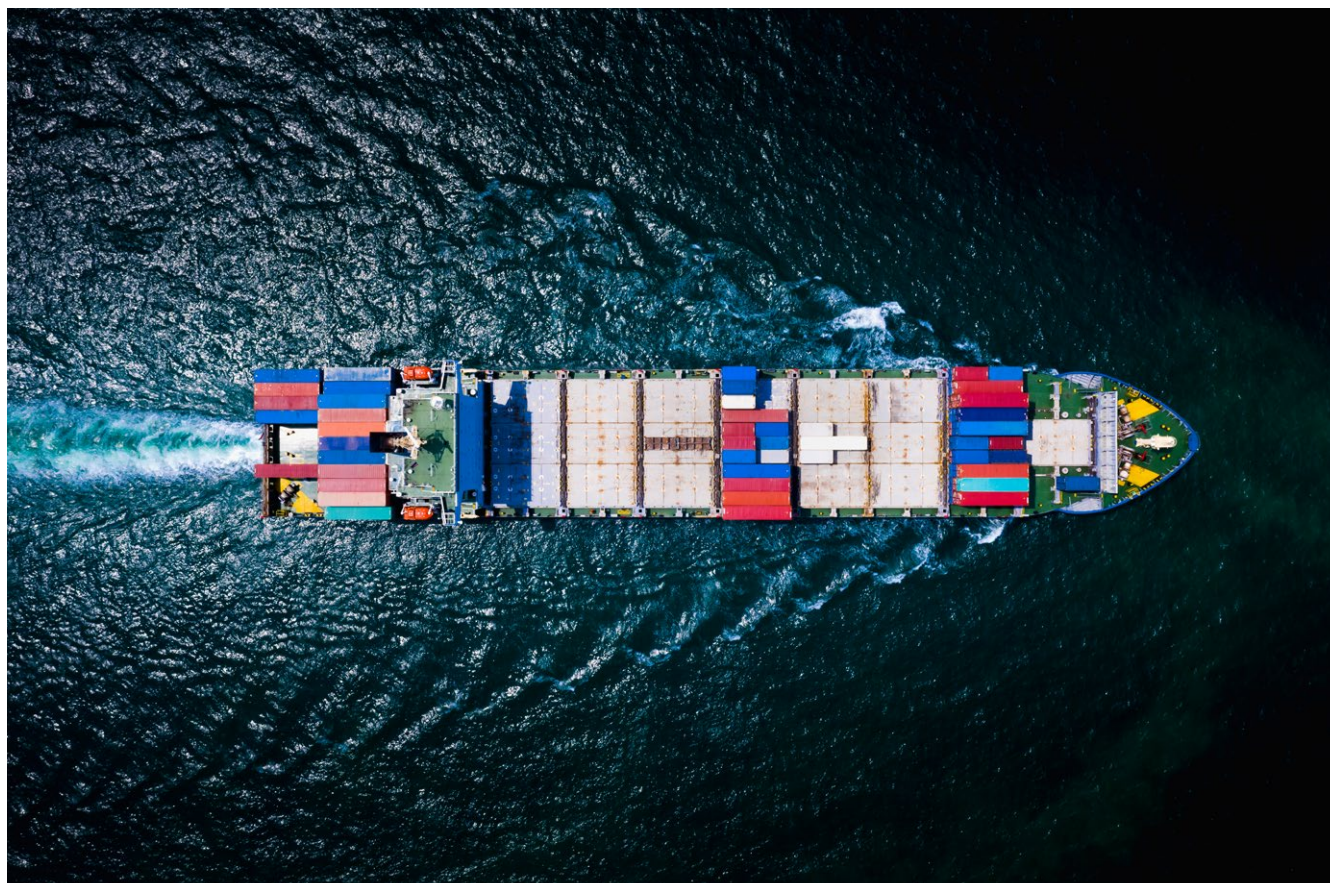
First Movers Coalition

Schneider made an initial commitment to the aviation working group to replace at least 5% of conventional jet fuel use with Sustainable Aviation Fuel (SAF) by 2030. This commitment to the use of SAF, in conjunction with a focus on reducing company use of air freight, will have a significant impact on Schneider’s carbon footprint from the hard-to-abate aviation sector. Additionally, the Group further enhanced CO₂ reporting capabilities to not only report on freight CO₂ footprint, but to provide analytics to facilitate engagement internally, and with transport suppliers, on decarbonization initiatives.

Collaborative engagement with the Group’s transportation suppliers will continue, focusing on the pillars of optimizing existing transport footprint, as well as supporting and piloting advanced low carbon transportation technologies across all transport modes – air, sea, and overland freight.

Evidence of Schneider’s initiatives to mitigate the impact of transport-related CO₂ emissions include:

- ongoing reviews globally of lead-time requirements, allowing a shift to lower CO₂ emissions transport modes and introduction of multimodal solutions;
- network design optimization to move towards more direct flows or opportunities to source products closer to the customer;
- in all regions, pilot implementations of electric vehicles for final mile customer deliveries;
- in Asia, implementation of a rail solution from China to Singapore to replace existing air, sea, and road freight solutions;
- with the Group’s key transport providers, identifying opportunities to use sustainable fuel options where zero-emission options are not available.



Leading on decarbonization

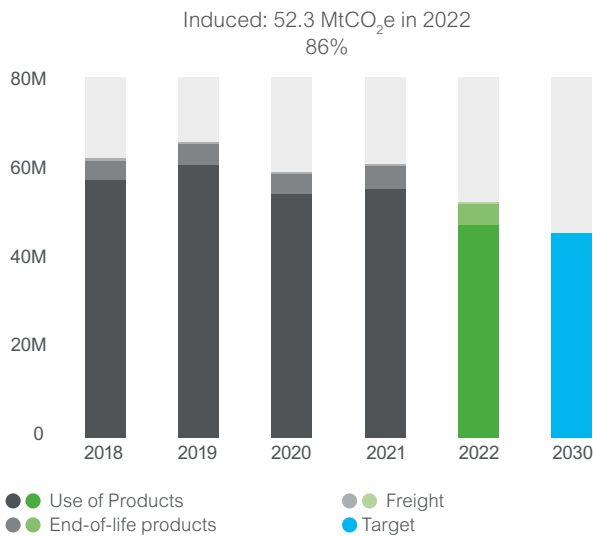
7 Decarbonizing the Group's downstream emissions

Downstream emissions are by far the largest category of emissions. They represent 86% of Schneider Electric's footprint, and largely come from the electricity consumption by the Group's customers during the use phase of the products.

Schneider's strategy to decarbonize its downstream emissions is articulated around 4 main pillars:

- innovating and eco-designing in product development: eco-design principles aim at reducing the environmental impact of products, including the product carbon footprint, for instance by increasing the energy efficiency of products in use phase;
- substituting all relevant offers with SF₆-free medium voltage technologies by 2025: since end-of-life emissions from sold products are predominantly due to their SF₆ content, this substitution will result in a significant drop in the downstream carbon footprint;
- using the Group's voice for influencing the transition towards a more electric, digital, and decarbonized world;
- supporting customers in their own decarbonization journey by providing products and services that drive significant decarbonization of their operations.

Customers Scope 3 downstream



-13.7%

CO₂e emissions reduction in Scope 3 downstream vs. 2021, mostly driven by an update of electricity emission factors projections.

7.1 Developing SF₆-free offers and SF₆ recovery services

The SF₆ gas has excellent insulating properties and has therefore been widely used for building switchgear – especially medium voltage gear – for the past 30 years, as it allows a reduction in the size of the electrical equipment. The electric power industry uses roughly 80% of all SF₆ produced worldwide, and the global installed base is still expected to grow by 75% by 2030.

SF₆-free AirSeT, a suite of award-winning medium voltage innovations

While helping ensure the safety and quality of certain medium voltage equipment, SF₆ gas has a Global Warming Potential (GWP) 25,200 times higher than CO₂, making it one of the highest greenhouse gases. Schneider is therefore innovating its offers to move away from SF₆ gas, as part of the SSE #2: 100% substitution with SF₆-free medium voltage technologies by 2025. In 2021, Schneider's promises to deliver new SF₆-free medium voltage switchgear became a reality with the installation of innovative products at several customer sites. 2021 was the year of the industrialization of several new product lines, free of SF₆, to prepare for the full commercial launch of this new generation of products. In 2022, Schneider unveiled the latest equipment in the SF₆-free medium voltage solutions contributing to the global fight against climate change, with GM AirSeT, a breakthrough primary gas-insulated technology for electrical networks and demanding applications in industrial buildings and critical infrastructure.

Schneider's technology has been piloted at numerous electric utilities, infrastructure and buildings, by customers such as GreenAlp in France, EEC Engie in New Caledonia, Renault Group in France, and Azienda Trasporti Milanese in Italy. AirSeT has also received multiple recognitions, most recently at the Greek Energy Mastering Awards 2022 and by the International Carbon Handprint Award at Climate Week NYC.

The average RM AirSeT switchgear installation removes the need for up to 3 kg of SF₆ gas, the equivalent of over 75 tonnes of CO₂.

SF₆ recovery services

In 2013, Schneider Electric started offering its customers a seamless service for the removal and/or recycling of obsolete equipment called "SF₆ recovery services". Today, recovery services are available in France and 10 other countries, and customer support is being developed to expand a model adaptable to different markets in different countries all over the world. The ambition is to offer recovery services to any SF₆ Schneider legacy by 2025.

The recovery service allows the Group's customers to dispose correctly of their machinery, against a green disposal certificate, thus granting them peace of mind. The service consists in collecting the equipment and, together with our partners, dismantling and reusing, recycling or disposing of all the components (such as metals or thermoplastics) appropriately. Specifically, SF₆ is extracted from machines and sent to a specialist company for regeneration and destruction.

Climate

SSE #2





100% substitution with SF₆-free medium voltage technologies

As part of its sustainability strategy, Renault Group is transforming its factory in Flins, France, into a Refactory: Europe's first circular economy factory dedicated to mobility.

Electrical distribution was identified as an area to deploy an innovative solution that reduces greenhouse gases; therefore Renault Group chose AirSeT MV switchgear that eliminates SF₆ and offers lower total cost of ownership.

AirSeT switchgear also addresses the Group's concern to maximize reliability, since the integrated smart sensors will allow Refactory to remotely monitor all operating parameters.

2020 Baseline	2022 Progress	2025 target
26%	<div style="width: 41.5%; height: 15px; background-color: #008000; margin: 0 auto;"></div> 41.5%	100%

7.2 Using the Group's voice to drive collective action

Getting to net-zero is going to take more than commitments, and technologies. Policies underpin the pace and the progress that the world will be able to make towards decarbonization. The Group will use its voice to speak out on public policy issues that Schneider Electric thinks can advance the world's carbon efforts:

- public policy initiatives that accelerate the electrification, digitization, and decarbonization of the economy;
- the removal of regulatory barriers to help catalyze markets to enable carbon-reduction technologies to scale more quickly;
- the use of market and pricing mechanisms so people and businesses can make more informed carbon decisions;
- the empowerment of consumers through transparency based on universal standards to inform purchasers about the carbon content of goods and services.


In 2022, Schneider Electric signed Corporate Knights' Action Declaration on Climate Policy Engagement together with more than 50 other companies to support climate action aligned with the Paris Agreement when engaging with policymakers, work with trade associations to advance alignment with the Paris Agreement and monitor and disclose climate policy alignment.

Schneider is engaged in sectoral and multi-stakeholder organizations that drive ecosystem change.

Electrification policies

Schneider advocates for strong climate and clean energy policies in many jurisdictions where it operates. The Group supports innovative technologies and projects that reduce carbon dioxide, modernize and digitize the grid, accelerate clean energy, and strengthen resilience to the impacts of a changing climate. In the USA, Schneider submitted comments to the U.S. Securities and Exchange Commission's proposal for The Enhancement and Standardization of Climate-Related Disclosures for Investors.

In Europe, Schneider engages actively with the European institutions advocating for rapid electrification and decarbonization of the grid. For example, in May 2022, it submitted its views about the REPowerEU plan of the European Commission, a strategy plan that aimed to fast forward the green transition. Schneider's own position paper highlighted ten ideas to move forward Europe policy framework into that direction.

 Discover the white paper "REPowerEU: Empowering energy consumers for a more sustainable and resilient Europe" on www.se.com

The Group engages with local governments on the electrification, digitization and decarbonization of the economies.

Carbon policies

Schneider Electric calls for policymakers to define robust and predictable carbon pricing for companies, enabling companies to integrate collaterals on climate into their strategy. A high and stable price for carbon will strengthen incentives to invest in sustainable technologies and to change behaviors.

Schneider supports the implementation of carbon pricing. Internally, the Group is incorporating an internal or shadow price for carbon to test its portfolio's resilience to climate scenarios. The Group internal shadow price is meant to uncover inefficiencies, incentivize low carbon innovation, and understand the potential impact of external carbon pricing on the profitability of a project, a new business model, or an investment. Schneider uses different carbon price scenarios, varying from EUR 50-130/ton (depending on time horizons) to inform the Group's climate strategy.

The internal carbon price is used to assess the performance and resiliency of operations. The cost of carbon is evaluated for industrial activities, taking into account CO₂ emissions from energy consumption and SF₆ leaks at industrial sites. CO₂ cost is also taken into consideration in industrial network modelling to account for future CO₂ prices in industrial decisions. This enables the measurement of the potential impact of CO₂ pricing on the Group's supply chain.

Leading on decarbonization

8 Enabling customers to decarbonize with EcoStruxure™

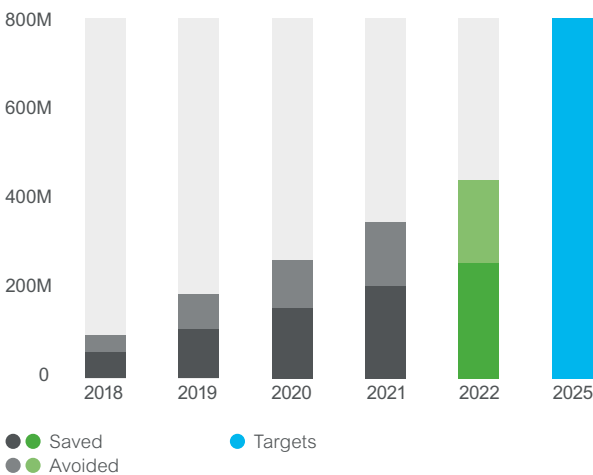
8.1 Schneider Electric helps customers decarbonize and aims to avoid 800 million tonnes of CO₂e emissions by 2025

Schneider Electric products and services can help customers decarbonize and reduce their environmental footprint, thanks to various value propositions that leverage the IoT-enabled architecture EcoStruxure™. Examples include:

- **energy Efficiency:** the Group helps companies become more efficient and reduce their CO₂ emissions, for instance with variable speed drives or energy performance contracting;
- **renewable power generation:** Power Purchase Agreements or microgrids lead to the consumption of less carbon-intensive electricity;
- **reduced GHG leakage:** SF₆-free equipment or SF₆ recovery services lead to reduced emissions;
- **materials efficiency:** circularity business models (e.g., refurbish) or lead battery recycling lead to reduced emissions for manufacturing virgin materials.

To demonstrate this positive impact, a new indicator was launched in 2018 which tracks how Schneider's offers enable its customers to save and avoid emissions. The Group has committed to reaching a cumulated 800 million tonnes of CO₂e of saved and avoided emissions by its customers between 2018 and 2025 (SSI #2). This commitment is one of the three performance indicators of the first ever convertible Sustainability-Linked Bond launched by the Group at the end of 2020. Overall, from 2018 to 2022, Schneider Electric helped customers save and avoid 440 million tonnes of CO₂e.

Cumulative saved & avoided CO₂e emissions since 2018 (MtCO₂e)



+93M tonnes

CO₂e emissions saved and avoided for our customers in 2022.

Climate
SSI #2



Deliver 800 million tonnes of saved and avoided CO₂ emissions to our customers (cumulated between 2018 and 2025)

Altivar variable speed drives were awarded as "Most Climate-Positive Carbon Handprint Product Award" at Climate Week 2022. By allowing motors to operate at the ideal speed for every load condition, Altivar variable speed drives can generate up to a 30% reduction in energy consumption in industrial processes.

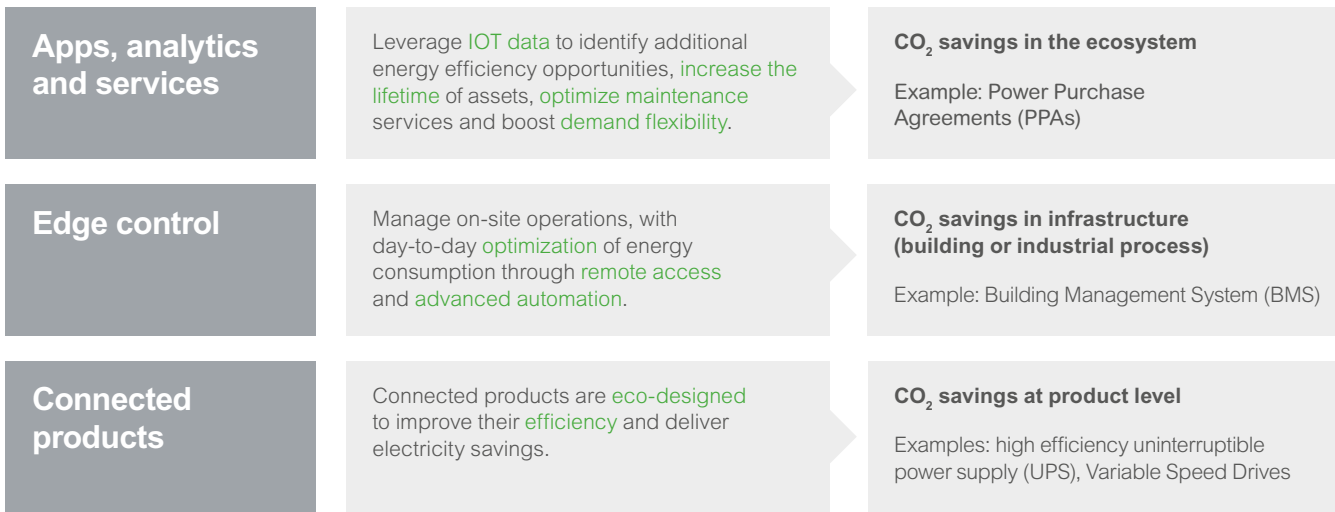
Consequently, it's estimated that over 180 million tonnes of CO₂ emissions could be saved or avoided during the service life of the drives sold by Schneider Electric during the 2018-2022 period.



* cumulated since 2018

To transparently measure these saved and avoided emissions, the Group developed a methodology that is publicly available on the Group's website. It was developed with Carbone 4, an expert CO₂ accounting consulting company. The methodology is designed to become a shared industry standard. Its principles are applicable across the capital goods and consumer durables sectors.

Attention was given to defining rigorous calculations, with conservative assumptions. The methodology was first published in July 2019 and was independently reviewed by the audit company EY with regards to its consistency, accuracy, understandability, neutrality, completeness, and relevance. The methodology has been assessed in view of the requirements of ISO 14067 and ISO 14021.



Saved and avoided CO₂ emissions arise from the difference between the induced emissions of Schneider Electric’s offer compared to the induced emissions of the reference situation. For both cases, induced emissions are evaluated on the expected lifetime of the offer and cover the full lifecycle (manufacturing, use and end-of-life). The reference situation is carefully defined, and transparently described, in order to reflect the most realistic market situation in the absence of the sale of the offer. Saved emissions are delivered on brownfield (retrofit) projects when emissions are actually reduced compared to a previous situation, whereas avoided emissions are defined with respect to greenfield sales (new infrastructures), where emissions are smaller than the reference situation, yet lead to an increase in emissions, due to the fact that there are new assets.

Schneider Electric’s saved and avoided methodology, “CO₂ Impact Methodology” is available for download on se.com. The detailed calculation rules and assumptions for each offer covered by the SSI #2, and the report of the independent review, are also available.

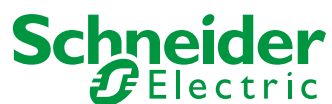
8.2 Delivering access to energy products and solutions

Schneider Electric’s products and solutions aim to address this “energy paradox”, balancing the need to reduce the planet’s carbon footprint while ensuring the inalienable human right to modern energy and digital access. The Group is committed to providing access to green electricity to 100 million people in underserved areas by 2030, both as a fundamental right and a means for social and economic development.



Read more about Schneider’s saved and avoided methodology on www.se.com

Life Is On



Schneider Electric SE

Headquarters:

35, rue Joseph Monier - CS 30323

F-92506 Rueil-Malmaison Cedex (France)

Tel.: +33 (0) 1 41 29 70 00

Fax: +33 (0) 1 41 29 71 00

Incorporated in France,

governed by a board of directors with a

share capital of EUR 2,284,371,684

Registered in Nanterre, R.C.S. 542 048 574

Siret no.; 542 048 574 01791

se.com